METROPOLITAN UTILITIES DISTRICT

Committee Meetings Agenda

8:15 a.m. **April 5, 2023**

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

Construction and Operations – *Friend, Sidzyik, Cavanaugh*

1. Capital Expenditures [Gina Langel - SVP, Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates
   [Stephanie Henn – Director, Plant Engineering] – **Tab 6**
3. Bids on Materials and Contracts
   [Jon Zellars – Vice-President, Procurement & Enterprise Services] – **Tab 7**

Services & Extensions – *Friend, Begley, Howard*

1. Main Extensions [Masa Niiya –VP, Engineering] – **Tab 8**

Personnel – *Begley, Sidzyik, Friend*

1. Wage and/or Salary Increases and Ratifications
   [Bonnie Savine – VP, Human Resources] - **Tab 9**

Judicial & Legislative – *Cavanaugh, Cook, Howard*

1. Third Legislative Report for 2023
   [Rick Kubat – Governmental Relations Attorney] – **Tab 10**
2. Condemnation Authorization for 168th Street and Capehart Road, Sarpy County
   [Mark Mendenhall – SVP, General Counsel] - **Tab 11**

Governance – *Begley, Cook, Cavanaugh*

1. Rules of Order & Procedure, Statement of Values and Code of Ethics
   [Mark Mendenhall – SVP & General Counsel] – **Tab 12**

Insurance and Pensions – *Howard, McGowan, Cook*

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

Audit - *McGowan, Howard, Begley*

1. 2022 Audited Financial Statement
   [Mark Myers, SVP & Chief Financial Officer] – **Tab 14**

Accounts, Expenditures, Finance & Rates (*McGowan, Begley, Cook)*

1. 2022 Financial Recap [Mark Myers – SVP & Chief Financial Officer] – **Tab A**
   (INFORMATION ONLY)

Committee of the Whole

1. Infrastructure Replacement Program Update [Jared Svagera – Director, Infrastructure Integrity & Evan Martin, Senior Infrastructure Engineer] – **Tab B (INFORMATION ONLY)**

Public Comment

(Turn over for regular monthly Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT

Regular Monthly Board Meeting Agenda

9:00 a.m. **April 5, 2023**

	1.	Roll Call
	2.	Open Meetings Act Notice
	3.	Pledge of Allegiance
	4.	Approval of Minutes – Committee Meetings & Regular Board Meeting for March 1, 2023
CONSTRUCTION & OPERATIONS	5.	Capital Expenditures
	6.	Acceptance of Contracts and Payment of Final Estimates
	7.	Bids on Materials and Contracts
SERVICES & EXTENSIONS	8.	Main Extensions
PERSONNEL	9.	Wage and/or Salary Increases and Ratifications
JUDICIAL & LEGISLATIVE	10.	Third Legislative Report for 2023
	11.	Condemnation Authorization for 168th Street and Capehart Road, Sarpy County
GOVERNANCE	12.	Rules of Order & Procedure, Statement of Values and Code of Ethics
INSURANCE & PENSION	13.	Actuarial Valuation Report on the Retirement Plan
AUDIT	14.	2022 Audited Financial Statement
BOARD	15.	President’s Performance and Salary Review
	16.	Other Matters of District Business for Discussion
	17.	Public Comment
	18.	CLOSED SESSION – Litigation, Personnel and Real Estate

Adjourn Regular Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of Committee Meetings

March 1, 2023

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

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 19, 2023, and on its online platform for seven consecutive days beginning with the date of the first print publication. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the March 1, 2023, Committee and Board Meetings were emailed to Directors and posted to the MUD website by February 24, 2023.

Chairperson Cook announced that the meeting was being livestreamed and a recording of the meeting would be uploaded to the MUD website after the meeting's conclusion.

Safety Briefing

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

Roll Call

On a roll call vote, the following Directors acknowledged their attendance: Tanya Cook, Dave Friend, Bob Sidzyik, Mike McGowan, Gwen Howard, Tim Cavanaugh, Jim Begley.

Open Meetings Act Notice

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

Construction and Operations – *Friend, Sidzyik, Cavanaugh*

Senior Vice-President and Chief Operations Officer Gina Langel presented the proposed capital expenditures as outlined in her letter to the Committee dated February 23, 2023. Ms. Langel noted that the reference to 'the new gas main' in the description for the #2 capital expenditure under System Improvements should have also been referenced in the title as 'a 30-foot section of gas main' along the same path as the water main.

Director of Plant Engineering Stephanie Henn reviewed the Acceptance of Contracts and Payment of Final Estimates as outlined in her letter to the Committee dated February 16, 2023.

Ms. Henn reviewed the Change Order for the construction of the 153rd & West Dodge Pump Station as outlined in her letter to the Committee dated February 22, 2023. Ms. Henn presented a series of slides documenting the current status of the construction project. In response to Director Cavanaugh inquiry, Ms. Henn reported that due to supply chain issues, the pump station will be online later in the summer instead of the originally estimated date of May of 2023.

Director of Procurement Sherri Meisinger reviewed the bids on materials and contracts as outlined in her letter to the Committee from dated February 17, 2023.

Services & Extensions – *Friend, Begley, Howard*

Vice-President of Engineering Masa Niiya reviewed the proposed main extensions as outlined in his letter to the Committee dated February 21, 2023.

Personnel - *Begley, Sidzyik, Friend*

Vice-President of Human Resources Bonnie Savine reviewed the wage and/or salary increases and ratifications as outlined in her letter to the Committee dated February 17, 2023.

Ms. Savine reviewed the selection of current Vice-President of Accounting Mark Myers for the position of Senior Vice-President, Chief Financial Officer as outlined in her letter to the Committee dated February 21, 2023.

Ms. Savine reviewed the Requisition for Manager of Diversity, Equity & Inclusion (DEI) as outlined in her letter to the Committee dated February 27, 2023. Director Begley requested that Keith Station, the Deputy Chief of Staff for Diversity, Equity & Inclusion in the Mayor's Office, be permitted to address the Board.

Mr. Station provided an overview of the significance and value of a specifically designated DEI position within an organization. He noted how the DEI role provides a leadership platform for necessary conversation(s) to take place within the organization. It also provides an opportunity to examine how the organization hires, what the organization funds and what kinds of initiatives are supported, which are all important from a retention and recruitment standpoint. Mr. Station noted the importance of having the DEI role directly connected to the Human Resources Department along with the organization's chief executive. He also pointed out that the DEI role has a built-in support system made up of peers at other organizations, across various industries, including other energy industry DEI practitioners. This network will serve as a significant resource for a new DEI Officer. Mr. Station encouraged MUD to reach out to him for any needed assistance and support.

Ms. Savine reviewed the SPA (Supervisory, Professional and Administrative) general salary increase as outlined in her letter titled SPA Salary Structure Adjustment, dated February 27, 2023. An increase of 4.5% was recommended for SPA employees. Some discussion took place.

Accounts, Expenditures, Finance & Rates - *McGowan, Begley, Cook*

Senior Vice-President and Chief Financial Officer Joseph Schaffart reviewed the proposed Resolution which authorizes the District to refinance Water Department Series 2012 Bonds. The par value of the bonds at the time of issuance in 2012 was $40,745,000 and the present outstanding principal balance of $24,140,000 could be subject to refinancing. Due to the financial market volatility, the timing for refinancing has been difficult to pinpoint because it changes so quickly. The purpose of the proposed Resolution is to enable Management to act swiftly when conditions are financially advantageous. Mr. Schaffart clarified that the District would incur no fees if bonds are not issued. The District will be guided by its financial advisor Piper Sandler, and its bond counsel Gilmore & Bell P.C. Representatives from both entities were in attendance at the Board Meeting and available to answer any questions.

Judicial & Legislative - *Cavanaugh, Cook, Howard*

Governmental Relations Attorney Rick Kubat presented the Second Legislative Report for 2023 as outlined in his letter to the Committee dated February 22, 2023. Mr. Kubat provided an update on some of the legislative bills being tracked by the District. No change in the District's position was proposed with respect to any legislative bill that had been previously presented at the February Board Meeting.

Due to scheduling issues, President Mark Doyle took the opportunity to recognize two soon-to-be retiring MUD employees, Senior Vice-President & Chief Financial Officer Joseph Schaffart and Vice-President of Construction Cory O'Brien. President Doyle offered his praises and congratulations, which was followed by Board Members' compliments and congratulatory messages as well. Mr. Schaffart will retire with 10 years' experience at the District and Mr. O'Brien will retire with 36 years' experience at the District.

Senior Vice-President and General Counsel Mark Mendenhall presented the proposed condemnation authorization for acquiring permanent and temporary easements in the Windsor West subdivision in Sarpy County as part of a project to install a 36" water main extension along Giles Road from South 180th Street to South 185th Street. A Resolution authorizing the condemnation was included along with the letter to the Committee from Assistant General Counsel Joseph Kehm.

Committee of the Whole

At the request of Director Friend, the Infrastructure Replacement Program Update was postponed to the April 5, 2023, regular Board Meeting due to time constraints.

Public Comment

Chairperson Cook asked if any member of the public would like to address the Board. There were none.

Chairperson Cook asked if any Board Members had any comments they would like to share. Director Howard reminded all in attendance that the Heat the Streets fundraising event would be held the following Saturday, March 4th and encouraged all those who had not yet signed up to participate or donate to please do so.

Mr. Mendenhall reported to the Board that the Rules of Order and Procedure would be brought at the April Board Meeting and that the Governance Committee would be meeting in the next few weeks to formally issue its recommendation on the final draft.

At 10:10 a.m., Chairperson Cook announced the Committee Meetings had concluded and that the Board would reconvene in ten minutes for the regular monthly Board Meeting.

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Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT

Minutes of the Regular Monthly Board Meeting

March 1, 2023

Chairperson Tanya Cook called to order the regular Board Meeting of the Metropolitan Utilities District Board of Directors at 10:20 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 19, 2023, and on its online platform for seven consecutive days beginning with the date of the first print publication. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the March 1, 2023, Committee and Board Meetings were emailed to Directors and posted to the MUD website by February 24, 2023.

Chairperson Cook announced that the meeting was being livestreamed and a recording of the meeting would be uploaded to the MUD website after the meeting's conclusion.

AGENDA NO.1
ROLL CALL

On a roll call vote, the following Directors acknowledged their attendance: Tanya Cook, Dave Friend, Bob Sidzyik, Mike McGowan, Gwen Howard, Tim Cavanaugh, Jim Begley.

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

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

AGENDA NO. 3
PLEDGE OF ALLEGIANCE

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

AGENDA NO. 4
APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR MONTHLY BOARD MEETING FOR FEBRUARY 1, 2023

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for February 1, 2023, which was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 5
CAPITAL EXPENDITURES

Director Friend moved to approve the proposed capital expenditures as presented in the Committee Meetings by Senior Vice-President and Chief Operations Officer Gina Langel and as outlined in her letter to the Committee dated February 23, 2023. Director Friend's motion included the addition of language in the title and the explanatory paragraph in #2 under 'System Improvements' to state that the project will include 30 feet of 2-inch gas main along the same route as the proposed water main. The motion was seconded by Director Howard and carried on a roll call vote.

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

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

Director Friend moved to approve the proposed acceptance of contracts and payment of final estimates as presented in the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated February 16, 2023. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 7
CHANGE ORDER FOR CONSTRUCTION OF THE WEST DODGE PUMP STATION

Director Friend moved to approve the change order for construction of the West Dodge Pump Station as presented in the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated February 22, 2023. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 8
BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve the bids on materials and contracts as presented by Director of Purchasing Sherri Meisinger and as outlined in her letter to the Committee dated February 17, 2023. The motion was seconded by Director McGowan and carried on a roll call vote.

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

AGENDA NO. 9
MAIN EXTENSIONS

Director Friend moved to approve the proposed main extensions as presented by Vice-President of Engineering Masa Niiya and as outlined in his letter to the Committee dated February 21, 2023, which was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 10
WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Director Begley moved to approve the wage and/or salary increases and ratifications as presented by Ms. Savine in the Committee Meeting and as outlined in her letter dated February 17, 2023. The motion was seconded by Director Howard and carried on a roll call vote.

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

AGENDA NO. 11
SELECTION OF SENIOR VICE-PRESIDENT, CHIEF FINANCIAL OFFICER

Director Begley moved to approve the selection of Mark Myers for the position of Senior Vice-President, Chief Financial Officer as presented by Ms. Savine in the Committee Meeting and as outlined in her letter dated February 21, 2023. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 12
REQUISITION FOR MANAGER – DIVERSITY, EQUITY & INCLUSION

Director McGowan moved to postpone consideration of the Requisition for Manager for Diversity, Equity & Inclusion until the April 5th regular Board Meeting.

Mr. Mendenhall pointed out that according to the Bylaws, a second motion was not necessary and that a majority vote of the Directors was necessary to postpone consideration. The vote proceeded and the motion failed.

Voting Yes: McGowan
Voting No: Cook, Friend, Sidzyik, Howard, Cavanaugh, Begley

Director Begley moved to approve the requisition for a Manager of Diversity, Equity & Inclusion, which was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Cook, Sidzyik, Howard, Begley
Voting No: Friend, Cavanaugh
Present, Not Voting: McGowan

AGENDA NO. 13
SPA GENERAL SALARY INCREASE

Director Begley moved to approve the SPA salary structure adjustments as presented by Ms. Savine in the Committee Meetings and as outlined in her letter dated February 27, 2023. The motion was seconded by Director Howard and carried on a roll call vote.

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

AGENDA NO. 14
BOND RESOLUTION FOR POTENTIAL REFINANCE OF WATER DEPARTMENT SERIES 2012 BONDS

Director McGowan moved to approve the Bond Resolution for potential refinance of Water Department Series 2012 Bonds, as presented in the Committee meetings by Mr. Schaffart and as outlined in his letter to the Committee dated February 21, 2023. The motion was seconded by Director Begley.

Director Cavanaugh inquired as to who would be authorized to make the decision. Mr. Schaffart reported that the monitoring and the identification of the timing would be conducted by Piper Sandler, and if refinancing is deemed appropriate, the MUD Chief Financial Officer would confer with the MUD President and the Resolution would enable the District to proceed with refinancing without taking the matter to the Board. Mr. Schaffart reminded the Board that the only reason for the refinancing proposal is to save money. Mr. Doyle stated that the Board would be informed throughout the process but taking action would not need to be delayed until the next Board Meeting.

The motion carried on a roll call vote.

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

AGENDA NO. 15
SECOND LEGISLATIVE REPORT FOR 2023

Director Cavanaugh requested that the Second Legislative Report as presented by Governmental Relations Attorney Rick Kubat, and as outlined in his letter to the Committee dated February 22, 2023, be placed on file as no changes were made with respect to the District's position on legislative bills in the Report.

AGENDA NO. 16
CONDEMNATION AUTHORIZATION FOR WINDSOR WEST

Director Cavanaugh moved to approve the condemnation authorization for Windsor West as presented by Mr. Mendenhall in the Committee Meetings and as outlined in his letter to the Committee dated February 23, 2023. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 17
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Chairperson Cook asked whether any Directors had any matters of District business for discussion. Director Cavanaugh stated that the City will begin its street widening project on 168th Street between Center and Q Streets within a similar time frame as its street widening project on 156th Street between Wycliffe and Pacific Streets. Director Cavanaugh stressed the importance for MUD to work efficiently along with the City in conducting the needed utility relocations and not cause any delays for these projects. Both projects will take well over a year to complete and will present significant inconvenience for the customers in those areas. He also stressed the importance for MUD to be prepared to mobilize in order to complete the relocations as quickly as possible. President Doyle indicated that the feedback he receives from Board Members on such projects, especially given their magnitude, is appreciated and he offered to solicit regular updates from staff as to how the projects are proceeding. Director Cavanaugh indicated he did not wish to create more work but may ask for updates intermittently to ensure there are no surprises.

AGENDA NO. 18
PUBLIC COMMENT

AGENDA NO. 19
CLOSED SESSION – LITIGATION, PERSONNEL & REAL ESTATE

At 10:34 a.m., Director Begley moved to go into Closed Session for the purpose of discussing litigation, personnel and real estate, which was seconded by Director Howard and carried on a roll call vote.

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

At 11:00 a.m., Director Friend moved to return to Open Session which was seconded by Director Begley and carried on a roll call vote.

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

Chairperson Cook asked if any Directors or members of the public had any comments to share. There were none.

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

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

The regular monthly Board meeting was adjourned at 11:00 a.m.

Mark E. Doyle
Secretary and President

MED/mjm

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

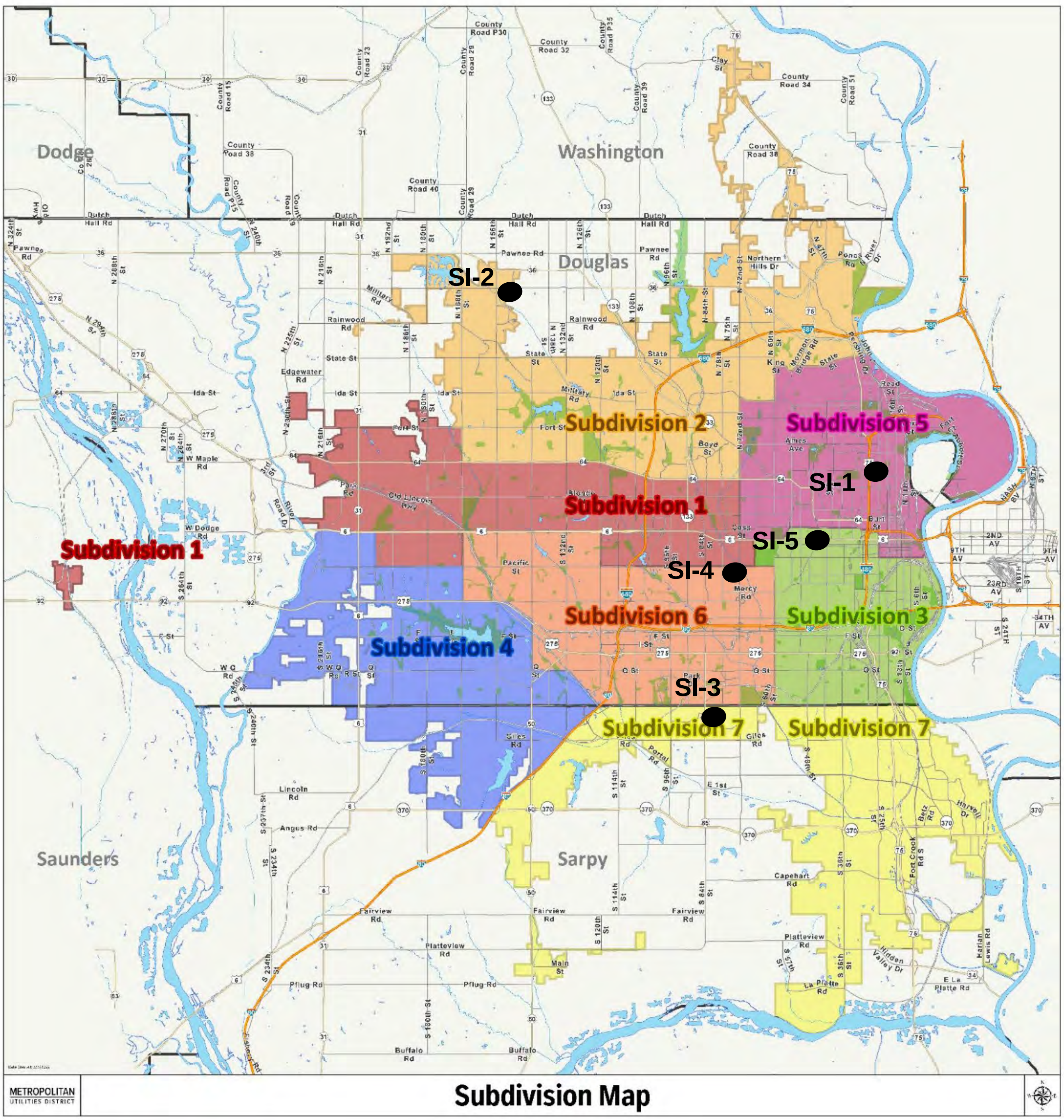
March 31, 2023

Subject: CAPITAL EXPENDITURES

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

From: Gina Langel, Senior Vice President, Chief Operations Officer

The following items will be on the April 5, 2023, Committee Agenda for consideration and the Board Agenda for approval:



SYSTEM IMPROVEMENTS

1. 100051001066 - $120,000 – Install 260 feet of 8- and 12-inch water main, 28th Avenue and Spencer Street. This work is being done to improve water system reliability and fire protection to the area. Coordinating this work with the redevelopment of Spencer Homes Court into new apartment buildings provides an economical and timely opportunity for this improvement. The new water mains will provide a new feed for this area and better interconnect the distribution system. This project is anticipated to start in Spring 2023 and will be completed by a District crew. **(Subdivision 5 – Cook)**

2. 100054001126 and associated job numbers - $204,000 – Install 770 feet of 2-inch gas main and 550 feet of 8-inch water main, Warehouse Street from Stark to Allen Streets. This work is required to eliminate conflicts with proposed grading, paving, and storm sewers being done for a City of Bennington project. The project is anticipated to start in April 2023 and will be completed by a District crew. This work is not reimbursable as the mains are in public right-of-way. **(Subdivision 2 – Friend)**

3. 100053001512 and 100067001493 - $ 108,000 – Abandon and install seven fire hydrants, various locations from Harrison Street to Florence Street and 71st Avenue to 69th Street. This work is required to relocate seven hydrants in conflict with proposed ADA ramps on a City of La Vista's project. These hydrants were originally installed in 1958. This project is anticipated to start April 2023 and will be completed by a District crew. This work is not reimbursable as the mains and hydrants are in public right-of-way. **(Subdivision 7 – Sidzyick)**

4. 100053001538 and associated job numbers - $93,000 - Install 330 feet of 6-inch water main and Install 40' +/- of 2" 10# plastic gas main, Poppleton and Ridgewood Avenues. This work is required to eliminate conflicts with proposed paving, grading, and storm sewers being constructed for a City of Omaha project. This project is anticipated to start in the spring of 2023 and will be completed by a District crew. This work is not reimbursable as the mains are in public right-of-way. **(Subdivision 6 – McGowan)**

5. 100053001548 and associated job numbers - $380,000 - Install 110 feet of 8- and 12-inch water mains and install 1,140 feet of 2-, 4-, 12- and 16-inch gas mains, 46th and Farnam Streets. This work is required to eliminate conflicts with proposed grading, paving, and storm sewers being installed for a City of Omaha project, which is being constructed in conjunction with the UNMC Saddle Creek Campus development. This project is anticipated to start in April of 2023 and will be constructed by a District crew. This work is not reimbursable as the mains are in public right-of-way. **(Subdivision 3, Howard)**

BUILDINGS, PLANTS AND EQUIPMENT

1. 100090001428 - $128,200 – Purchase one Tracstar fusion machine, Construction. This fusion machine will be capable of joining large diameter plastic water and gas pipe up to 18-inch diameter. This additional fusion unit will improve equipment availability and provide an additional machine needed to increase the amount of large diameter main being installed. This machine will be equipped to fuse various sizes of both gas and water pipe and fittings.

2. 100085000658 - $114,729 – Land acquisition, 53rd and Maass Road Pump Station. The District has identified the need to provide a booster pump station to supply the future Lakewood West Subdivision and future developments. The expected water pressure in the subdivision is below targets due to the high elevation of the development. The booster station will be a small, packaged above ground station. The station will be placed on approximately 0.12 acres west of Maass Road. A water main connection to the Lakewood West Subdivision will be provided in an easement. This authorization is for the land and easement purchase and consulting services to complete the site investigation and preliminary planning for the booster station site. Approval of this request will authorize the President to enter into a consultant agreement with JEO to provide site survey, investigation, and platting coordination services.

3. 100031000000 - $167,000 – Rebuild of a traveling intake screen and trash rack cleaning, Florence Water Treatment Plant. The last time the screen was refurbished was over six years ago. With the recent flooding events and very low river conditions, the screens experienced extensive wear. The traveling screen takes on numerous zebra mussels which can make their way through the plant. To prevent damage to the screens or other areas of the plant, the refurbish cost includes an anti-foulant coating to prohibit the zebra mussels from attaching to the screens. Currently, three out of the four screens have this coating, and it has helped significantly. Recently, the trash racks at the intakes were inspected and significant amount of debris on the trash racks were restricting flow into the intakes. This is a concern during low river conditions and may cause additional ice buildup and flow restrictions. This debris can make its way to the pumps causing damage. Included in the request is hiring divers to clean and remove the debris in front of the trash racks.

4. 100051001061- $105,000 – Replace isolation valves, Cornhusker Pump Station. The existing Cornhusker Pump Station is located south of Cornhusker Road just west of Fort Crook Road. The pump station installed in 1972 and since then Cornhusker Road has widened making the pump station dangerously close to the curb line. This allows snow/salt to pile on the lid and rainwater to collect near the station leading to significant structural and electrical degradation. This location is a safety concern when District staff is performing maintenance on the station. Therefore, the pump station is being relocated. As part of this project, two isolation valves are required to minimize outages to customers. This request will cover the purchase and installation of a 16-inch valve and the installation of a 20-inch valve. The 20-inch valve was purchased on the pump station procurement authorization sent to the August 2022 Board of Directors meeting.

5. 100020000001 - $76,580 – Purchase and install replacement commercial windows for the LNG Administrative Building. This project is to replace 19 original and aging commercial windows in the LNG Administrative Building. These windows are original to the construction of the building and range in age from 40 to 50 years old. The windows are very cold and have leaky seals. Replacement of the windows will decrease heating and cooling costs of the building.

6. 100097000010 - $105,000 – Professional services to maintain and enhance the water distribution system master plan and hydraulic model. The District’s water distribution system is a network of over 3,100 miles of mains, water towers, reservoirs, and pump stations working together to move water across the city to provide reliable water service and fire protection in the metro area. The metro area’s growth and water demands change over time impacting the operational effectiveness of our large distribution assets. Professional engineering services are requested to maintain and enhance the Master Plan and hydraulic model developed over the last few years. The maintenance and enhancements include utilizing data from MAPA that will become available in 2023 and extend the plan study from 2050 to 2060. The hydraulic water model will be updated and enhanced with more concise consumption data from large users including data centers and better calibrated to reflect system operations. It is essential to look long range to evaluate growth projections to ideally size near term capital improvements like transmission mains and the Southwest

Reservoir and Pump Station which is scheduled to start design in 2024. Another enhancement will be developing metrics and criteria for the amount of capacity needed to support resilient operations. HDR Engineering Inc. developed the District's current Master Plan and has extensive experience and expertise with master plan projects for large utilities. HDR's background with the District's Master Plan and water hydraulic model provides unique knowledge and efficiencies for analyzing and further developing our plan. Approving this request authorizes the President to enter into an agreement with HDR Engineering Inc. to provide services required to maintain and enhance the Master Plan and hydraulic model.

Gina Langel
Gina Langel
Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle
Mark E. Doyle
President

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 24, 2023

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

From: Stephanie L. Henn, Director, Plant Engineering

The following items will be on the April 5, 2023, Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
a. Murphy Pipeline Contractors, WP1866, 100093001351, 100041000138, Pipe Bursting Water Mains in Parkview Blvd. to Emiline St.; South 78th St. to South 81st St.	6/1/2022	$1,251,126.00	$1,252,618.18

Comments: There was an overall net increase in this project of $1,492.18. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		Contract Bid	Actual
b. HDR Engineering, WP1971, 100097000008, Professional Engineering Services to Support Lincoln's Evaluation for a Second Source of Water	8/26/2022	$225,705.00	$185,891.19

Comments: There was an overall net decrease in this project of $39,813.81, which is approximately 17.6% under the original estimated cost. At the time of the original estimate, not all the parameters of the work were known. As the project progressed, less work than originally anticipated was required. The cost of this work is being reimbursed to the District by the City of Lincoln. All the work required by the agreement has been completed by the consultant and is acceptable and in compliance with the scope of work.

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

DocuSigned by:
Stephanie L. Henn
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Stephanie L. Henn
Director, Plant Engineering

Approved:

DocuSigned by:
Masa Niiya
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Masa Niiya
Vice President
Engineering

DocuSigned by:
Gina Langel
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Gina Langel
Senior Vice President
Chief Operations Officer

DocuSigned by:
Mark Doyle
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Mark E. Doyle
President

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 24, 2023

Subject: BIDS ON MATERIALS AND CONTRACTS DURING THE MONTH OF MARCH
To: Construction & Operations Committee
cc: All Board Members, Doyle, Ausdemore, Langel, Lobsiger, Mendenhall, Myers, and all Vice Presidents

From: Sherri A Meisinger, Director, Procurement

The following items will be on the April 5, 2023 Committee Agenda for consideration and the April 5, 2023 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install a 36" Approach Water Main in Giles Road from Carry Street to West 100055001192 100057000431 100057000502 WP1493 WP1870 Engineering Estimate: $2,766,560.00	18/2	**Roloff Construction** Cedar Construction	**$3,377,660.00** 3,723,479.00

(A C&A in the amount of $4,173,134.00.00 will be presented to the Board on April 5, 2023 for approval.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Avenue One Replat 2 Lots 2-4 SE. of 188th St. and Harney Street 100055001441 WP2006 Engineering Estimate: $247,992.00	18/2	**Cedar Construction** Kersten Construction	**$246,006.00** 295,810.00

(A C&A in the amount of $297,598.00 will be presented to the Board on April 5, 2023 for approval.)

RATIFICATION

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Replace Eleven (11) Turbidity Meters at Platte South 100033000000	2/2	**Core & Main**	**$63,486.90**
		Hach	*67,013.95*

(C&A for 100033000000 approved November 2, 2022 in the amount of $90,000.00.)

INFORMATION TECHNOLOGY

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Servers and Engineering Workstation for Platte South SCADA Project 100086000763	3/3	***Sterling***	***$44,780.89***
		Regency	*47,019.92*
		Dell EMC	*54,488.05*

(C&A for 100086000763 approved March 1, 2023 in the amount of $250,000.00.)

OTHER

Item	Bids Sent / Rec'd	Bidders	Bid Amount
One (1) Traveling Water Screen Rebuild and Trash Rack Cleaning at Florence WTP 100031000000	2/2	***Atlas SSI***	***$136,880.82***
		Evoqua	*207,663.00*

(A C&A in the amount of $167,000.00 will be presented to the Board on April 5, 2023 for approval.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
One (1) Mini Excavator for Water Distribution 100087000668	1/1	**Kubota**	**$71,584.00**

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 4, 2023 in the amount of $18,504,550.00.)

Ten (10) Compact Crew Cab 4x4 Pick-Up Trucks 100088000819 *State Contract 15699 OC	1/1	***Husker Auto Group***	***$390,430.00****

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 4, 2023 in the amount of $18,504,550.00.)

Two (2) Crew Shack Trailers 100088000759 100088000880	2/2	**Predator** *EZ Stack*	**$186,482.76** *232,232.00*

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 4, 2023 in the amount of $18,504,550.00.)

ANNUALS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Ductile Iron Water Pipe (April 1, 2023 to March 31, 2024)	5/4	**Omaha Winwater** *American Cast Iron* American Underground Core and Main	**$805,952.00** *816,990.00* 819,340.00 864,570.00
High Density Polyethylene (HDPE) Water Pipe	6/1	**Omaha Winwater**	**$109,317.60**
Resilient Seated Gate Valves (May 1, 2023 to April 30, 2024)	6/3	**Core and Main** American Underground Omaha Winwater	**$250,521.60** 251,400.00 252,355.39
Polyvinyl Chloride PVC Water Pipe *Rejected	6/3	American Undgrd Core and Main Omaha Winwater	$1,151,825.00* 1,169,455.00* 1,181,679.10*
Lawn Mowing Services for Various District Facilities (2023-2025 Mowing Seasons)	9/2	**A-Plush Lawns** Grass Cut Right	**$743,873.00** 1,842,099.00

Gas Regulator Station Monthly Maintenance at Various Locations (April 1, 2023 to November 30, 2023)	6/2	**NE Conc. Caulking** *Ground Builders*	**$29,825.00** *38,473.00*
Gas Odorant (Approximately 40,000lbs)	6/1	***USDI***	***$154,200.00***

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

Approved:

Jon Zellars
Vice President, Procurement and Enterprise Services

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

Mark E. Doyle
President

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

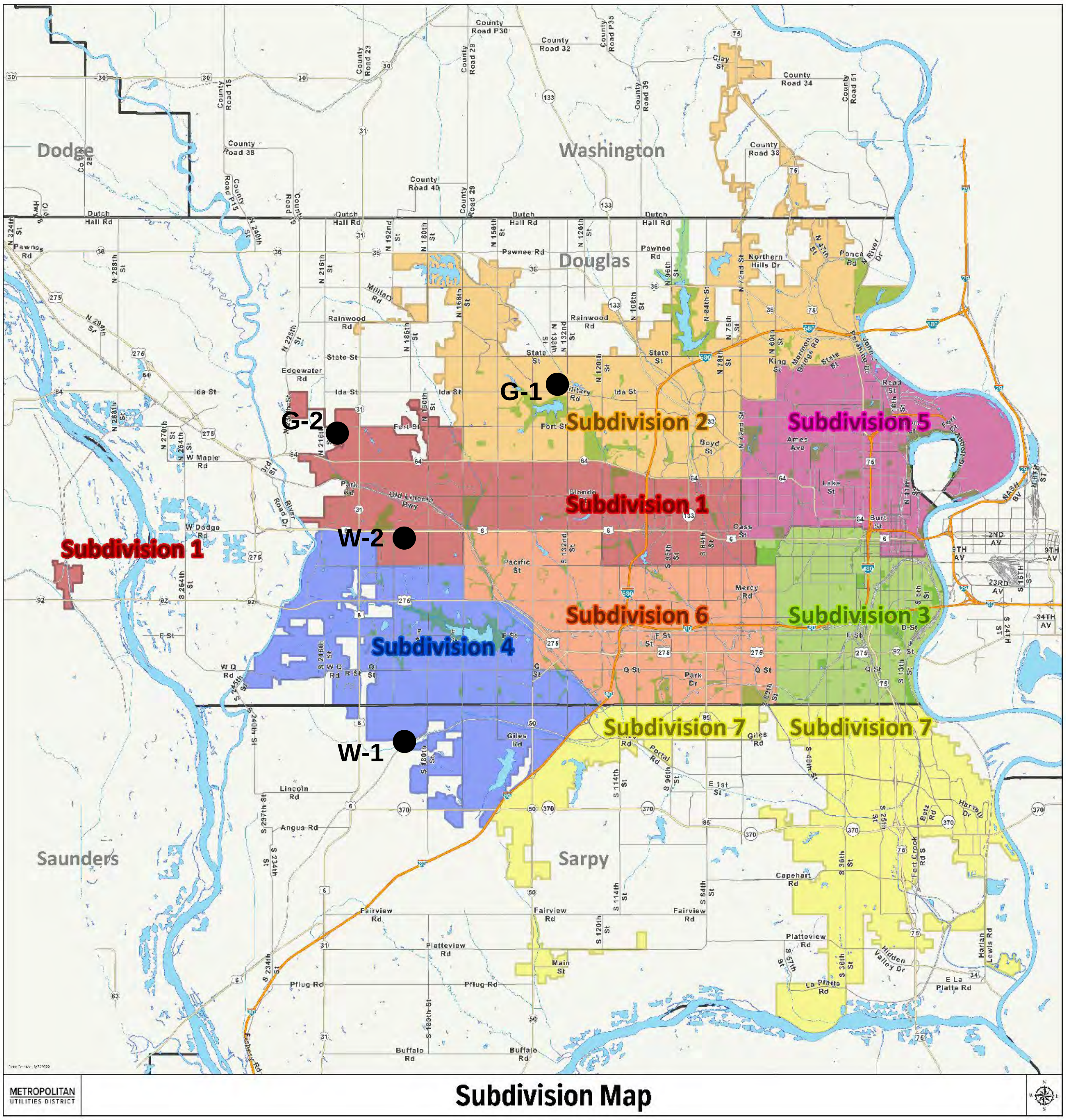
March 27, 2023

Subject: MAIN EXTENSIONS

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

From: Masa Niiya, Vice President, Engineering

The following main extensions will be on the April 5, 2023, Committee Agenda for consideration and the Board Agenda for approval:



<u>WATER MAINS</u>:

1. **GILES ROAD TRANSMISSION MAIN EXTENSION, Subdivision 4, Cavanaugh:** This 36" water main extension is the second of three remaining pipeline segments needed to complete the transmission main system between the Platte West Water Treatment Plant and the rapidly developing areas of Sarpy County. The main extension under WP1493 was approved in April 2017 as part of the Garden Oaks subdivision and was subsequently placed on hold pending Sarpy County road improvement plans. This request is for re-authorization of WP1493 and the installation of mains under WP1870. Work is planned to be completed in 2023. (Sarpy County's zoning jurisdiction)

   Subdivision: N/A
   Project Number: WP 1493 and WP 1870
   Project Cost: $4,173,134
   Applicant Contribution: $0.00
   Construction by Applicant: $0.00
   M.U.D. Cost: $4,173,134

2. **AVENUE ONE REPLAT 2, Subdivision 1, Begley:** This work is being done to provide water service and fire protection to three commercial lots in Avenue One Replat 2 Subdivision, 188th and Harney Streets. Work is requested to be completed by July 2023. Pioneer main fees are due to the existing 30-inch water mains in Pacific Street in the amount of $13,234. (City of Omaha's zoning jurisdiction, Dakoda Kilzer)

   Subdivision: Avenue One Replat 2 Subdivision
   Project Number: WP 2006
   Project Cost: $297,598
   Applicant Contribution: $310,832
   Construction by Applicant: $0.00
   M.U.D. Cost: $0.00

<u>GAS MAINS</u>:

1. **WESTBROOK HILLS SUBDIVISION, Subdivision 2, Friend:** This work is being done to provide gas service to 202 single residence lots and 1 public park lot in Westbrook Hills Subdivision, 138th and Ida Streets. Work is requested to be completed by October 2023. To properly expand our system to serve future developments, it is necessary to oversize 4,230 feet of 2-inch mains to 4- and 6-inch mains at a District cost of $89,846. (City of Omaha's zoning jurisdiction, Ryan Schwarz).

   Subdivision: Westbrook Hills Subdivision
   Project Number: GP 2782
   Project Cost: $318,596
   Developer Equivalent Cost: $228,750
   Developer Adjusted Estimated Cost: $207,449
   Allowable Revenue Credits: $217,958
   Deficiency: $0.00

2. **ARBOR VIEW SUBDIVISION, Subdivision 1, Friend:** This work is being done to provide gas service to 108 single residence lots in Arbor View Subdivision, 210th and Fort Streets. Work is requested to be completed by September 2023. To properly expand our system to serve future developments, it is necessary to oversize 1,210 feet of 2-inch mains to 4- inch mains at a District cost of $20,265. (City of Omaha's zoning jurisdiction, Ryan Schwarz).

   Subdivision: Arbor View Subdivision
   Project Number: GP 2778
   Project Cost: $108,105
   Developer Equivalent Cost: $87,840
   Developer Adjusted Estimated Cost: $79,661
   Allowable Revenue Credits: $116,532
   Deficiency: $0.00

Masa Niiya
Vice President, Engineering

Approved:

Gina Langel
Sr. Vice President, Chief Operations Officer

Mark E. Doyle
President

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 23, 2023

Subject: Wage and/or Salary Increases and Ratifications, April 2023 Board Meeting

To: Personnel Committee members Begley, Friend, and Sidzyik
cc: Board Members Cavanaugh, Cook, Howard, and McGowan
President Doyle, and Senior Vice Presidents Ausdemore, Langel, Lobsiger, Mendenhall, and Schaffart

From: Bonnie Savine, Vice President, Human Resources

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

1. Operating and Clerical (OAC) Wage Increases Due To Promotion

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

Employee:	**Jerry Dekay**
Current position (department):	Water Plant Maintenance Mechanic (Platte West)
New position (department):	Plant and Wellfield Maintenance Worker (Platte West)
Current rate; step/grade:	$31.11; Step 1
Proposed rate; step/grade:	$32.67; Step 2
Percent of increase:	5.01%
District hire date:	September 7, 2021

Employee:	**Richard Erlandson**
Current position (department):	Chemical Equipment Mechanic I (Platte West)
New position (department):	Material Handler Trainee (Stores)
Current rate; step/grade:	$31.78; Step 1
Proposed rate; step/grade:	$33.32; Step 4
Percent of increase:	4.85%
District hire date:	April 29, 2019

Employee:	**Kevin Hensel**
Current position (department):	Machine Operator I (Construction)
New position (department):	Welder I (Construction)
Current rate; step/grade:	$37.01; Step 4
Proposed rate; step/grade:	$37.37; Step 4
Percent of increase:	0.97%
District hire date:	May 29, 2018

Employee:	**Scott Johnson**
Current position (department):	Utility Worker (Construction)
New position (department):	Crew Leader (Construction)
Current rate; step/grade:	$39.19; Step 4
Proposed rate; step/grade:	$41.36; Step 3
Percent of increase:	5.54%
District hire date:	November 6, 2006

Employee:	**Stuart Longmeyer**
Current position (department):	Pipe Layer Trainee (Construction)
New position (department):	Pipe Layer Welder (Construction)
Current rate; step/grade:	$27.71; Step 3
Proposed rate; step/grade:	$29.61; EN
Percent of increase:	6.86%
District hire date:	May 17, 2021

Employee:	**Jason Querry**
Current position (department):	Crew Leader (Construction)
New position (department):	Group Leader (Construction)
Current rate; step/grade:	$43.54; Step 4
Proposed rate; step/grade:	$45.72; Step 4
Percent of increase:	5.00%
District hire date:	August 3, 2009

Employee:	**Adam Zierott**
Current position (department):	Utility Worker (Construction)
New position (department):	Crew Leader (Construction)
Current rate; step/grade:	$39.19; Step 4
Proposed rate; step/grade:	$41.36; Step 3
Percent of increase:	5.54%
District hire date:	October 3, 2011

2. <u>Operating and Clerical (OAC) Wage Increases Due To Job Transfer</u>

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

There are no recommendations for approval this month

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

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

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

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

Employee:	**Anna Bennett**
Current position (department):	ERP Technical/Functional Analyst II (Information Technology)
New position (department):	Senior ERP Technical/Functional Analyst (Information Technology)
Current rate; step/grade:	$121,641; SPA – 05TX
Proposed rate; step/grade:	$125,694; SPA – 06
Percent of increase:	3.33%
District hire date:	December 14, 2009

Employee:	**Venkat Bethapudi**
Current position (department):	ERP Technical/Functional Analyst II (Information Technology)
New position (department):	Senior ERP Technical/Functional Analyst (Information Technology)
Current rate; step/grade:	$115,849; SPA – 05
Proposed rate; step/grade:	$121,641; SPA – 06
Percent of increase:	5.00%
District hire date:	October 4, 2021

Employee:	**Greg Cardenas**
Current position (department):	Senior Engineering Technician – Operations (Florence)
New position (department):	Operations Risk Manager (Operations)
Current rate; step/grade:	$98,475; SPA – 03
Proposed rate; step/grade:	$106,924; SPA – 07
Percent of increase:	8.58%
District hire date:	March 15, 1993

Employee:	**Nick Clifford**
Current position (department):	Engineer I (Plant Engineering)
New position (department):	Design Engineer (Plant Engineering)
Current rate; step/grade:	$83,084; SPA – 02
Proposed rate; step/grade:	$91,749; SPA – 05
Percent of increase:	10.43%
District hire date:	June 29, 2020

Employee:	**Venkata Satturi**
Current position (department):	Senior Software Developer (Information Technology)
New position (department):	Senior ERP Technical/Functional Analyst (Information Technology)
Current rate; step/grade:	$121,641; SPA – 05TX
Proposed rate; step/grade:	$125,694; SPA – 06
Percent of increase:	3.33%
District hire date:	February 1, 2021

Employee:	**Brandon Pokorski**
Current position (department):	Senior Customer Service Technician (Field Services)
New position (department):	Field Foreman (Field Services)
Current rate; step/grade:	$45.10; Step 4
Proposed rate; step/grade:	$98,498; SPA – 04
Percent of increase:	5.00%
District hire date:	October 10, 2011

Employee:	**Pete Suski**
Current position (department):	Senior Utility Locator (Safety and Security)
New position (department):	Foreman, Utility Locating (Safety and Security)
Current rate; step/grade:	$40.74; Step 4
Proposed rate; step/grade:	$88,976; SPA – 04
Percent of increase:	5.00%
District hire date:	May 13, 2002

Employee:	**Robert Taylor**
Current position (department):	Senior Design Engineer (Engineering Design)
New position (department):	Water Supply Engineer (Water Operations)
Current rate; step/grade:	$136,114; SPA – 07
Proposed rate; step/grade:	$142,920; SPA – 08
Percent of increase:	5.00%
District hire date:	May 19, 2014

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

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

There are no New Hire Ratifications for this month

Bonnie Savine
Vice President, Human Resources

Mark A. Mendenhall
Senior Vice President, General Counsel

Mark E. Doyle
President

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 28, 2023

Subject: THIRD LEGISLATIVE REPORT – 2023 SESSION

To: Judicial and Legislative Committee

cc: All Board Members; Doyle, Mendenhall, Ausdemore, Schaffart, Langel, Lobsiger; all Vice Presidents; Nowka

From: Rick Kubat, Government Relations Attorney

At the time of this report, the legislature has thirty-nine remaining business days left in the ninety-day session. LB 785, an appropriations bill by Senator McKinney has been added at the end of this report to list of legislation requesting District support. A pending amendment to LB 785 would provide grant funding to the District for lead service line replacements. Provided below are legislation positions established by the Board of Directors along with updates to pending legislation.

LB 40 (Blood) – Establishes the Riparian Protection and Water Quality Practices Act (Act). Requires Nebraska's Department of Agriculture to consult with local management authorities to develop a summary of watercourses for inclusion in a comprehensive local watershed management plan and to create buffer protection maps. The District is defined as a water management authority. LB 40 requires riparian buffers and water quality practices to: (a) protect state water resources from erosion and runoff pollution, (b) stabilize soils, shores, and banks, and (c) protect or provide riparian corridors. The bill requires landowners with property adjacent to a water source identified on a buffer-protection map to maintain buffers in accordance with the Act. The bill requires the District, with assistance from the Dept. of Agriculture, to assist landowners with riparian protection requirements including planning, technical assistance, implementation of approved alternative practices, and tracking progress towards compliance. The District would be required to notify the Dept. of Agriculture if a landowner is not in compliance. The Dept. of Agriculture is authorized to levy civil penalties not to exceed $1,000 per violation. The bill further provides categories of exempted properties to include land enrolled in a Conservation Reserve Program, recreational use, regulated by a National Pollutant Discharge Permit, part of a water-inundation cropping system, or in a temporary non-vegetated condition. The District supports the underlying goals of LB 40 to enhance water quality with the recommendation that financing be made available to support volunteer agricultural practices.

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

LB 122 (Bostelman) – Changes provisions of the One-Call Notification Act. Current law enables the State Fire Marshall (SFM) to investigate One-Call violations specifically related to natural gas. LB 122 expands the duties of the SFM to investigate One-call violations to include water, fiber, sewer, electricity and all other utilities. The bill requires initial complaints be filed with the SFM. It requires the SFM to investigate each complaint and refer One-Call violations to an Excavation Safety Committee. It creates the Underground Excavation Safety Committee (UESC), referred to as a “hit court”. LB 122 has a pending amendment. As amended, the UESC would be comprised of three excavators and three operators appointed by the Governor and a designee of the SFM. The Committee would determine whether complaints constitute One-Call violations and impose civil penalties. Penalties may include the requirement of completion of educational courses established by the SFM. Violations related to gas or hazardous liquid may not exceed ten thousand dollars for each violation for each day a violation persists, up to a maximum of five hundred thousand dollars. Violations related to any other underground facility, may not exceed five thousand dollars for each violation for each day a violation persists, up to a maximum of fifty thousand dollars. Any recommendations by the UESC for penalties above these statutory amounts would be referred to the Attorney General’s Office for further prosecution. The amendment to LB 122 further provides that it is a violation to request utility locates in an area in which excavation can not reasonably commence within seventeen calendar days after the indicated excavation start date or within fourteen calendar days after a request for remarking or reidentification is completed.

Board Pos: Neutral
Status: Placed on General File with AM 647

LB 161 (McDonnell) – Prohibits employers from requiring employees to wear electronic communication devices to track an employee’s location or travel patterns or to confirm contacts with other employees. An exception is provided if the Governor proclaims a state of emergency related to a pandemic. Under the pandemic exclusion, employee tracking information is to be used only for the limited purpose of contact tracing. Senator McDonnell was informed by the District and other employers that tracking systems are used for vehicular safety and to track the location of District assets. Senator McDonnell’s office has indicated that the intent of the bill is to provide an exception for the tracking of employer property. Provided this exclusionary language becomes part of the bill, Management is recommending a neutral position.

Board Pos: Neutral
Status: Placed on General File

LB 171 (McKinney) – LB 171 is a bill intended to “clean up” the District’s enabling act which is found in Neb. Rev. Stat. § 14-2101 through §14-2157. Every year, the Urban Affairs Committee picks a chapter under their jurisdiction to update and remove obsolete statutory language. The intended purpose of “clean-up” is not to make any substantive law changes. The bill moves the enabling act into its own section of law that will be known as the Metropolitan Utilities Act. Below are two changes made under LB 171 Management would like to bring to your attention.

1. The Bill eliminates language that the District “may”, by resolution, move to subdivisions and replaces it with “shall”. Those involved in bill drafting have taken the position that once the District moved to subdivision elections, there is no

mechanism under current law that would permit the District to move back to at-large elections.

2. Current law requires a two-thirds vote of the “full” Board for termination of a regular full time employee. LB 171 changes the language to two-thirds of the Board. This change would permit employee removal if 4 of 6 Directors voted for termination *if* a Board Director was absent. Current law requires two thirds of the full Board which is interpreted as 5 Directors regardless of the number of Directors that are absent.

Board Pos: Neutral
Status: Placed on General File

LB 205 (von Gillern) – Would establish the Government Neutrality in Contracting Act. Unless otherwise required by federal law, a government entity shall ensure that any requests for proposals or bid specifications for a public contract or the procurement procedures for a public contract *do not contain*:

(a) A term that requires, prohibits, encourages, or discourages bidders, public contractors, or subcontractors from entering into or adhering to a collective-bargaining agreement relating to construction under the public contract; or
(b) A term that discriminates against bidders, public contractors, or subcontractors based on status as a party or nonparty to, or the willingness or refusal to enter into, a collective-bargaining agreement relating to construction under the public contract; or
(c) Contract award pass or fail scoring criteria regarding a bidder's hiring requirements, labor assignments, local headquarters, political affiliation, political activity, or demographic makeup.

An amendment was offered at the committee hearing to remove gas, water and electric utilities from the bill.

Board Pos: Neutral
Status: Placed on General File

LB 237 (Wayne) – Appropriates $1 million from the General Fund to the Department of Environment and Energy for the Low-Income Weatherization Assistance Program, to aid in carrying out energy efficiency audits and weatherization improvements.

Board Pos: Support
Status: Remains in the Appropriations Committee

LB 267 (Brewer) – Provides for the prioritization of resources for the protection of critical infrastructure utility workers to include specific District employees during any civil defense emergency. It provides priority access to personal protective equipment, medical screening, testing, preventative health services, medical treatment, and the administration of vaccines in the event of an emergency involving a severe threat to human health.

Board Pos: Support

Status: Placed on General File

LB 270 (McKinney) – Changes provisions to the Landlord and Tenant Act and rental registration ordinances. LB 270 provides requirements for a city or village when rental property is condemned to include meeting with residents of the rental property and providing a plan for providing housing, food, transportation, moving expenses, and legal services for residents. Of interest to the District is a provision contained within LB 270 that would require landlords to remove and replace lead service lines.

Board Pos: Neutral
Status: Remains in the Judiciary Committee

LB 292 (Cavanaugh M.) - No land within the Lake Development District, as designated by the Department of Natural Resources under the JEDI bill passed last year shall be acquired by the State or any political subdivision of the State through the use of eminent domain.

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

LB 389 (Linehan) – Would prohibit the use of Tax Increment Financing (TIF) for any property that has used TIF in the preceding 50 years.

Board Pos: Neutral
Status: Remains in the Urban Affairs Committee

LB 394 (Erdman) – LB 394 changes the calculation of fair market value and severance damages when an entity uses eminent domain. Current law allows for fair market value and all compensable damages suffered by the condemnee including, but not limited to, reasonable severance damages and condemnee's abstracting, or more generally, title research expenses. LB 394 divides out compensation for agricultural lands and all other property. For property other than agricultural land, the damages include: (i) The fair market value of the condemned property; (ii) Reasonable severance damages; and (iii) The condemnee's abstracting expenses. For agricultural land, the damages include: (i) Two times the fair market value of the condemned property; (ii) Reasonable severance damages; and (iii) the condemnee's abstracting expenses.

Board Pos: Oppose
Status: Remains in the Judiciary Committee

LB 477 (Wayne) – Appropriates $100 million of general fund dollars for the Omaha Streetcar Authority. Fifty percent or $50 million is to be used to establish a North Omaha line.

Board Pos: Neutral
Status: Remains in the Appropriations Committee

LB 506 (Bostar) – Appropriates $200 million in American Rescue Plan (ARPA) dollars to the City of Lincoln for an alternative water supply. Appropriates $20 million to small and rural communities for reverse osmosis to address nitrates.

Board Pos: Neutral
Status: Remains in the Appropriations Committee

LB 613 (McDonnell) – Appropriates $45 million of general fund dollars over a two-year period to the Nebraska Department of Environment and Energy for the removal of lead service lines for District customers. Up to ten percent of the funds may be used for workforce training. MUD is exploring the possibility of an amendment to LB 613. The Amendment would enable allocated funds under the bill to be used as a match for funds granted through the Nebraska Department of Environment and Energy Drinking Water Revolving Fund for lead services.

Board Pos: Support
Status: Remains in the Appropriations Committee

LB 636 (Albrecht) – Prohibits municipal ordinances from limiting fuel choices. LB 636 would prohibit regulations or ordinances limiting fuel choices to include propane and natural gas.

Board Pos: Support
Status: Placed on General File

LB 672 (Hansen) – Appropriates $30 million of the Drinking Water Facilities Loan Fund to the Nebraska Department of Environment and Energy for loan funds for municipal water grants. Provides up to fifty percent loan forgiveness to expand municipal drinking water treatment plants and related expenditures. Management is recommending a neutral position on LB 672 because the target of this legislation is for the City of Blair.

Board Pos: Neutral
Status: Remains in the Appropriations Committee

LB 691 (Linehan) – Amends Nebraska Revised Statute 14-3,109. If a fixed rail or streetcar system is constructed in a city, all project-related costs for natural gas and water utilities shall be paid by the city or owner of the fixed rail or streetcar system. Project-related costs include any and all necessary utility work required for the construction of such a project and shall include engineering services for any and all gas and water utility work. Senator Linehan has requested the Urban Affairs Committee Indefinitely Postpone LB 691 due to the agreement reached with the City of Omaha on relocations.

Board Pos: Support
Status: Indefinitely postponed

LB 693 (Linehan) – If a City of the Metropolitan class uses Tax Increment Financing for any project that includes a fixed rail or streetcar system, an authority shall pay for all project-related costs for natural gas and water utilities. Project-related costs shall include any and all necessary utility work required for the construction of a fixed rail or streetcar system and shall include engineering services performed for any and all gas and water utility work. Senator Linehan has requested the Urban Affairs Committee Indefinitely Postpone LB 693 due to the agreement reached with the City of Omaha on relocations.

Board Pos: Support
Status: Indefinitely Postponed

LB 734 (Bostar) – Creates a Class II Felony if an actor intentionally causes a substantial interruption or impairment of public communication, transportation, supply of water, gas or power, or other public service if such impairment or interruption is a significant contributing factor in death or serious injury to any person.

Board Pos: Support
Status: Remains in the Judiciary Committee

LB 746 (Cavanaugh M.) – Beginning on the effective date of the bill, if the total amount of ad valorem taxes estimated to be generated exceeds $20 million for a Tax Increment Financed project, such project shall be submitted to a vote of the people.

Board Pos: Neutral
Status: Remains in the Urban Affairs Committee

LB 785 (McKinney) – Appropriates $250 million in American Rescue Plan Act (ARPA) funds to the Department of Natural Resources and $350 million in general funds to the Nebraska Department of Economic Development to provide financial support for the North and South Omaha fiscal recovery grant programs. Pending amendment, AM 865, adds specificity to the allocation of both ARPA and general funds contained within LB 785. AM 865 contains a $30 million allocation of ARPA funds to be administered by the Nebraska Department of Environment and Energy to provide grant funding to the District for the removal of lead service lines.

Mgmt. Rec: Support
Status: Remains in the Appropriations Committee

Richard A. Kubat
Government Relations Attorney

Approved:

Mark A. Mendenhall
Senior Vice President/General Counsel

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 29, 2023

Subject: CONDEMNATION AUTHORITY:

To acquire fee simple rights and permanent and temporary easements, as specifically described in the attached proposed resolution, undeveloped land near 168th and Capehart Road in Sarpy County, Nebraska

To: J & L Committee

Cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Langel, Lobsiger, Mendenhall, and Schaffart, and all Vice Presidents

From: Mark Mendenhall, Senior Vice President/General Counsel

For several months the Law Department and a third-party real estate broker have been attempting to obtain fee simple rights for approximately 20 acres of land along with permanent and temporary easements near 168th and Capehart Road in Sarpy County, Nebraska. The 20-acre parcel was identified as critical for the development and operation of a water reservoir and pump station to further support the District's water distribution system. The permanent and temporary easements are needed to construct and operate large diameter water distribution mains that will connect the water reservoir, generally referred to as the Southwest Water Reservoir, to the remainder of the District's water distribution system. A map depicting the locations of the property rights described herein is attached to this letter.

It is necessary to obtain this property to develop and operate the water reservoir due to continued growth throughout the distribution system. This reservoir will provide critical and needed peak hourly support as described within the District's Water Master Plan. It is necessary to obtain the easements to facilitate installation of the large diameter distribution mains to further enhance the District's water distribution system. The mains to be installed in the easement areas will support growth and enhance reliability in the area.

The Law Department seeks condemnation authority to acquire these property rights by eminent domain. Eminent domain requires that the District negotiate in good faith and make a good faith offer to acquire the property rights prior to seeking the a court's intervention.

We have communicated with the owner of the subject parcels on numerous occasions. We have modified plans to address specific concerns. We have considered impacts to the owner's farming operations and provided solutions to such impacts. We have provided multiple offers to acquire and considered the owner's demands. To date, however, we have been unable to reach agreement with the owner.

To avoid possible delays in the project, Board approval is sought to authorize condemnation proceedings for these easements. The Law Department will continue efforts to acquire these property rights through negotiations before or even after condemnation is filed.

A resolution authorizing the condemnation (attached) has been prepared for consideration, and this matter will appear on the agenda at the J & L Committee meeting for discussion on April 5, 2023, and on the agenda of the April 5, 2023 Board Meeting.

Mark Mendenhall
Senior Vice President/General Counsel

Approved:

Mark E. Doyle
President

RESOLUTION

WHEREAS, George Schramm and Marilyn Schramm own undeveloped and unplatted land at approximately 168th and Capehart Road in Sarpy County, Nebraska;

WHEREAS, the Metropolitan Utilities District of Omaha (the "District") has sought to acquire and purchase fee simple rights over approximately 20 acres of land and permanent and temporary easements as more fully described on Exhibit A attached hereto;

WHEREAS, the permanent and temporary easements are needed as part of a District project to install multiple, large diameter water main extensions along 168th Street and Capehart Roads to provide potable water to developing areas of Sarpy County and the District's future Southwest Reservoir and associated pump station;

WHEREAS, the District has identified the 20-acre site as ideal for the development of the Southwest Water Reservoir and associated pump station which will provide critical water distribution benefits to Sarpy County;

WHEREAS, the District has negotiated in good faith with Mr. Schramm to obtain such property rights by agreement, including by making a good faith offer of compensation to Mr. Schramm to acquire such property rights;

WHEREAS, despite good faith efforts the District has been unable to reach agreement with Mr. Schramm;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Metropolitan Utilities District of Omaha determines that it is necessary to appropriate the property described on Exhibit A for the public purpose of installing and maintaining a water main and that the acquisition of permanent and temporary easement rights, as set forth on Exhibit A, is necessary for the stated public purposes and further that fee simple property rights over the approximate 20 acres for the public purpose of developing and operating a water reservoir and pump station is necessary.

BE IT FURTHER RESOLVED that attorneys for the District are authorized to institute condemnation proceedings on behalf of the District to obtain permanent and temporary easement, as more particularly described on Exhibit A, pursuant to Nebraska Revised Statutes §§ 14-2113 and 14-2116.

Adopted:

<u>EXHIBIT A</u>

Permanent Easement A:

A PERMANENT MUD OMAHA EASEMENT LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6TH P.M., SARPY COUNTY, NEBRASKA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 10; THENCE ON THE EAST LINE OF SAID NORTHWEST QUARTER OF SECTION 10 ON AN ASSUMED BEARING OF S02°33'39"E, 33.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF CAPEHART ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING; THENCE CONTINUING ON SAID EAST LINE OF THE NORTHWEST QUARTER S02°33'39"E, 68.00 FEET; THENCE S87°38'11"W, 22.20 FEET; THENCE N48°00'00"W, 18.59 FEET; THENCE S87°38'11"W, 2557.31 FEET; THENCE S03°06'58"E, 46.61 FEET; THENCE S87°10'00"W, 42.92 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF S 168TH STREET; THENCE ON SAID EAST RIGHT-OF-WAY LINE OF S 168TH STREET N02°42'55"W, 101.96 FEET TO A POINT INTERSECTING SAID EAST RIGHT-OF-WAY LINE OF S 168TH STREET AND SAID SOUTH RIGHT-OF-WAY LINE OF CAPEHART ROAD; THENCE ON SAID SOUTH RIGHT-OF-WAY LINE OF CAPEHART ROAD N87°38'11"E, 2635.50 FEET TO THE POINT OF BEGINNING.
SAID PERMANENT MUD OMAHA EASEMENT CONTAINS A CALCULATED AREA OF 147,323.13 SQUARE FEET OR 3.382 ACRES, MORE OR LESS.

Temporary Easement A:

A TEMPORARY CONSTRUCTION EASEMENT LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6TH P.M., SARPY COUNTY, NEBRASKA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 10; THENCE ON THE EAST LINE OF SAID NORTHWEST QUARTER OF SECTION 10 ON AN ASSUMED BEARING OF S02°33'39"E, 101.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ON SAID EAST LINE OF THE NORTHWEST QUARTER S02°33'39"E, 10.00 FEET; THENCE S87°38'11"W, 26.32 FEET; THENCE N48°00'00"W, 18.59 FEET; THENCE S87°38'11"W, 2553.10 FEET; THENCE N03°06'58"W, 10.00 FEET; THENCE N87°38'11"E, 2557.31 FEET; THENCE S48°00'00"E 18.59 FEET; THENCE N87°38'11"E, 22.20 FEET TO THE POINT OF BEGINNING.

SAID TEMPORARY CONSTRUCTION EASEMENT CONTAINS A CALCULATED AREA OF 25,980.57 SQUARE FEET OR 0.596 ACRES, MORE OR LESS.

Permanent Easement B:

A PERMANENT MUD OMAHA EASEMENT, LOCATED IN THE SOUTHWEST QUARTER IN SECTION 3, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6TH P.M., SARPY COUNTY NEBRASKA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 3; THENCE ON THE NORTH LINE OF SAID SOUTHWEST QUARTER OF SECTION 3 ON AN ASSUMED BEARING OF N87°49'11"E, 33.00 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF S 168TH STREET, SAID CORNER ALSO BEING THE POINT OF BEGINNING; THENCE CONTINUING ON SAID NORTH LINE OF THE SOUTHWEST QUARTER OF SECTION 3 N87°49'11"E, 52.01 FEET; THENCE S03°07'01"E, 1602.61 FEET; THENCE S08°07'59"W, 51.26 FEET; THENCE S03°07'01"E, 966.91 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF CAPEHART ROAD; THENCE ON SAID NORTH RIGHT-OF-WAY LINE OF CAPEHART ROAD S87°38'11"W, 42.00 FEET TO A POINT INTERSECTING SAID NORTH RIGHT-OF-WAY LINE OF CAPEHART ROAD AND SAID EAST RIGHT-OF WAY LINE OF S 168TH STREET; THENCE ON SAID EAST RIGHT-OF-WAY OF S 168TH STREET N03°07'01"W, 2620.09 FEET TO THE POINT OF BEGINNING.
SAID PERMANENT MUD OMAHA EASEMENT CONTAINS A CALCULATED AREA OF 126,318.98 SQUARE FEET OR 2.900 ACRES, MORE OR LESS.

Temporary Easement B:

A TEMPORARY CONSTRUCTION EASEMENT, LOCATED IN THE SOUTHWEST QUARTER IN SECTION 3, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6TH P.M., SARPY COUNTY NEBRASKA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 3; THENCE ON THE NORTH LINE OF SAID SOUTHWEST QUARTER OF SECTION 3 ON AN ASSUMED BEARING OF N87°49'11"E, 85.01 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ON SAID NORTH LINE OF THE SOUTHWEST QUARTER OF SECTION 3 N87°49'11"E, 10.00 FEET; THENCE S03°07'01"E, 1602.99 FEET; THENCE S08°07'59"W, 51.26 FEET; THENCE S03°07'01"E, 966.49 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF CAPEHART ROAD; THENCE ON SAID NORTH RIGHT-OF-WAY LINE OF CAPEHART ROAD S87°38'11"W, 10.00 FEET; THENCE N03°07'01"W, 966.91 FEET; THENCE N08°07'59"E, 51.26 FEET; THENCE N03°07'01"W, 1602.61 FEET TO THE POINT OF BEGINNING.
SAID TEMPORARY CONSTRUCTION EASEMENT CONTAINS A CALCULATED AREA OF 26,203.27 SQUARE FEET OR 0.602 ACRES, MORE OR LESS.

Permanent Easement C

An approximate 75-foot-wide easement being part of Parcel ID 010403779 in the NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6TH P.M., SARPY COUNTY, NEBRASKA, BEING MORE GENERALLY REPRESENTED BY THE CROSS HATCHED AREA DEPICTED BELOW BEING SOUTH OF CAPEHART ROAD ALONG outside of the eastern boundary of the right of way for 168TH ST.

20-Acre parcel:

Part of Parcel ID 010403779 being in the NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 13 NORTH, RANGE 11 EAST OF THE 6^{TH} P.M., SARPY COUNTY, NEBRASKA, BEING MORE GENERALLY REPRESENTED BY THE CROSS HATCHED AREA DEPICTED BELOW BEING SOUTH OF CAPEHART ROAD ALONG 168^{TH} ST.

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT

March 29, 2023

Subject: PROPOSED RULES OF ORDER AND PROCEDURES, STATEMENT OF VALUES AND CODE OF ETHICS

To: Governance Committee (Begley, Cook, Cavanaugh)
cc: All Board Members; President Doyle; Senior Vice Presidents Langel, Ausdemore, Myers and Lobsiger and all Vice Presidents

From: Mark Mendenhall, Senior Vice President, General Counsel

The Board of Directors was presented with the proposed Rules of Order and Procedure, Statement of Values and Code of Ethics at the Governance Committee Meeting and Regular Board Meeting on February 1, 2023. Since that time, the Governance Committee convened a separate meeting to further discuss the proposed guidelines. The Committee recommended further edits and also recommended they be incorporated into the Board of Directors' Bylaws.

These changes have been incorporated into the Rules of Order and Procedure, Statement of Values and Code of Ethics and are attached to this letter for the Board's consideration at the April 5, 2023 Regular Board Meeting.

Sincerely

Mark Mendenhall
Senior Vice President / General Counsel

Mark E Doyle

Mark Doyle
President

Metropolitan Utilities District
Of Omaha
Board of Directors

* * *

Rules of Order and Procedure
Statement of Values
Code of Ethics

Effective date: ______ , 2023

Board Meeting Rules of Order and Procedures

The Rules of Order and Procedure are guidelines to be followed at the Metropolitan Utilities District of Omaha's Board of Directors meetings for the purpose of promoting orderly discussion and deliberation. These Rules of Order and Procedure are hereby incorporated into the Board of Directors Bylaws.

1. Directors – Opportunity to Speak. The Chairperson may require that any Director who wishes to speak must first be recognized by the Chairperson. Such recognition is not normally needed as each Director is expected to provide each other the courtesy of speaking. Each Director shall be given an opportunity to speak to each agenda item.

2. Putting a Motion to a Vote. A motion must be presented by a Director and seconded by a separate Director to be considered by the Board. After the motion receives a second, discussion may follow, and a roll call vote shall be taken. A quorum of the Board is required for Board action.

3. Motions Handled in the Order They are Presented. Each motion shall be voted on in the order in which it was presented.

4. Questions Decided by Chairperson. The Chairperson shall decide all questions regarding any rule of order or procedure with the advice of General Counsel.

5. Voting.

(a) Roll Call Voting and Voting Order. Voting is to be conducted by roll call and the votes must be recorded in the minutes for that meeting (Bylaws, Article IV, Section 5). For each Board meeting, voting order shall be a rotation of a fixed order of Directors' names, whereby the first name on the roll call list moves to the bottom of the list for the following Board meeting.

(b) Voting Requirements and Procedure. When a motion is presented and seconded, each attending Director shall vote "yes" or "no" unless "present, not voting." In the latter case, if the reason for not voting is due to a provision of state or local law or due to a conflict of interest, the reason shall be disclosed and recorded in the minutes.

(c) Quorum Required. A majority of the Board shall constitute a quorum for the transaction of business. (Neb. Rev. Stat §14-2106)

(d) Remote Attendance Voting. Remote attendance participation and voting at Board Meetings is permissible so long as the circumstances meet the requirements of the Nebraska Open Meetings Act (Neb. Rev. Stat. § 84-1407 et seq.).

(e) Explanation for Vote or Absence. A Director may present an explanation for his or her vote prior to, or immediately after a roll call vote on the matter at hand and such explanation will be recorded in the minutes of the meeting. A Director may present an explanation for his or her absence to be recorded in the minutes if forwarded to the Chairperson in advance of the Board Meeting.

6. Motions.

(a) Motion. A motion is a formal proposal by a Director, typically to introduce proposition for consideration by the Board. Such motion is made in the normal course of business by a Director. A motion may be a motion to approve or deny a particular action presented by the District's Management. In addition, a motion may include the following although these examples are not intended to be exhaustive. A motion must receive a second vote in order to be considered by the Board. A motion that does not receive a second vote, fails.

(b) Motion to Amend. A motion 'to amend a motion' is to modify wording or text in a previously presented motion and is permitted if the motion has not yet been seconded. The motion to amend a motion must be seconded and carried by a majority vote of the full Board. A motion to 'amend an amendment to a motion' is not permitted.

(c) Motion to Reconsider. A 'motion to reconsider' is intended to bring back to the Board a decision or action as if it had not been voted on. The motion must be seconded and carry a majority vote of the full Board.

(d) Motion to Withdraw. A Director that proposed a motion may withdraw that motion if it does not receive a second.

(e) Motion to Table (or Postpone) Vote. A Director may motion to table or postpone a vote on a matter in order to, for example, await further information or understand a change in circumstances. The motion must be seconded and be supported by a quorum. The matter may or may not be raised at a following meeting.

(f) Call the Question. To "call the question" ends discussion. A request to call the question requires a second and a roll call vote. If the quorum votes in favor, discussion is ended.

(g) Suspension of the Rules of Order and Procedure. A Director may motion to suspend the Rules herein, so long as the suspension does not conflict with the Bylaws, regulations or any local, state or federal statutes. The motion must be seconded and carried by a majority of the full Board. Such suspension must be supported by the General Counsel.

7. Other Board Actions

(a) Place on File. For agenda items at a regular Board Meeting that are typically presented to the Board "for information only" and do not require a Board vote, a Director shall request that the document in question be 'placed on file.' Some examples of the types of documents to which this action would apply include, but are not limited to, the following: the Notice of Purchases letter between $25,000 and $50,000; the Legislative Report if no change is recommended since previously reviewed at a regular Board Meeting; the Actuarial Valuation on the Retirement Plan; and the annual Audited Financial Statement.

(b) Point of Order: A Director may call for a 'point of order' when questioning an actual or potentially improper procedure or a breach of rules, bylaws or statute. The Chairperson shall decide the question, with the advice of the General Counsel.

(c) Point of Information: A Director may state 'point of information' when more information is desired, or an issue requires clarification to ensure Directors are fully informed before voting. The Chairperson shall decide the question, with the advice of the General Counsel.

(d) Point of Personal Privilege: A point of personal privilege covers a broad range of topics, from addressing the accuracy of published reports or questioning the conduct of a Director or member of the public. The Chairperson shall decide the question, with the advice of the General Counsel.

8. Vacancy – Office of the President or Board of Directors. If a vacancy occurs for the Office of the President or a Director's seat, the Chairperson (or 'Acting Chairperson'), with the advice and consent of a majority of the Board, may choose to conduct interviews with the full Board or may choose to appoint a committee to conduct interviews and make recommendations to the full Board. Interviews and the Board vote for the selection of a successor shall be conducted in an open meeting in compliance with the Nebraska Open Meetings Act and any other pertinent state or local laws.

Board Meetings: Public Participation

1. Introduction. This section provides guidelines for public engagement at all public committee and regular monthly Board Meetings.

2. Policy of the Board. It is the policy of the Board that public engagement is essential to the role of the Board of Directors representing the interests of the District and its customer-owners.

3. Open Sessions. All Board Meetings shall be conducted in compliance with the Nebraska Open Meetings Act.

4. Closed Sessions. Closed sessions permit the exclusion of members of the public so long as the session meets the criteria outlined in Nebraska Open Meetings Act.

5. Communications and Testimony. Members of the public may communicate with Directors (a) by emailing Directors using the email address published on the District's website (www.mudomaha.com); (b) by mailing correspondence to the District's headquarters office at 7350 World Communications Drive, Omaha NE 68122; or (c) by

attending a Board Meeting in-person to offer written or oral comments. If comments are submitted in writing, the Chairperson may elect to read those comments into the record.

6. Attendance and Public Comment at Monthly Meetings. Individuals wishing to speak at a meeting may do so at the direction of the Chairperson.

7. Rules Governing Public Participation at Meetings. It is the policy of the Board of Directors to encourage and welcome public participation at all its public meetings. The Board may establish and enforce reasonable guidelines as necessary for public participation at any time by majority vote. Notwithstanding, members of the public are expected to comply with the following:

(a) Identification. Members of the public who attend public meetings are not required to identify themselves. Members of the public who choose to address the Board may be required by the Chairperson to identify themselves by name and address.

(b) Signing in. The Chairperson may require members of the public who wish to address the Board to sign in.

(c) Time Limits for Speakers. The Chairperson may establish time limits for testimony and may request or otherwise direct members of the public to limit their testimony. The Chairperson may limit or extend the amount of time an individual speaker may have if necessitated by circumstances. Comments shall become part of the official record.

8. Public Comment - Guidelines for Directors and Speakers

(a) Speakers. Speakers' remarks shall be addressed to the Chairperson or Board as a whole, and not to individual Directors or the audience.

(b) Directors. Directors' interactions with a member of the public are limited to (a) providing factual information, or (b) providing policy reference or other legal basis for his or her action; or (c) proposing to place the subject on the agenda for a subsequent meeting. The purpose is to ensure that the Board does not violate the Nebraska Open Meetings Act by reaching a consensus or arriving at a decision on a topic that has not been given the required public notice in advance of the meeting.

9. Conduct for Public Meeting Participants. In addition, all attendees of meetings are expected to abide by the following requirements: (a) respect others in attendance; (b) respect diversity of viewpoints and opinions; (c) abide by these rules and any other rules announced by the Chairperson; and (d) refrain from disrespectful or disruptive conduct. The Chairperson may at his or her discretion issue an individual warning for conduct violations; restate the expectation for all to abide by the rules of conduct; order that individual(s) in violation leave the meeting; order removal of individual(s) by security personnel.

Statement of Values

The Statement of Values reflects the District's core principles that guide its decisions, the way it operates, and the way all people are to be treated. Directors are expected to be committed to these same principles as representatives and advocates for the District, its employees and its customer-owners.

1. Honesty, truthfulness and integrity.
2. Impartiality, fairness and transparency.
3. Equal opportunity, diversity and inclusion.
4. Respect and consideration for others and their viewpoints.
5. Respect for the role of a Director as one of public service.
6. Responsibility and accountability for all personal and professional actions that reflect upon the District and the Board as a whole.
7. Respect for, and compliance with, the rule of law including pertinent regulations and District policies.

Code of Ethics

The Code of Ethics is an affirmation of each Director's responsibility to personify the highest standards of professional and personal ethics, to build and safeguard the public trust, and to always act in the best interests of the District, its employees and its customer-owners.

1. *Conflict of Interest.* A Director shall comport with applicable state law and further shall disclose a conflict of interest according to District policies with the advice of the General Counsel, and if necessary, abstain from voting on any related matters. Questions regarding a conflict of interest shall be decided by the District's General Counsel.

2. *Favorable treatment or personal gain.* A Director shall avoid favorable treatment or any personal or financial benefit that may be obtained by virtue of one's position as a Director.

3. *Confidentiality*. A Director shall maintain confidentiality of information received by virtue of one's position as a Director including matters discussed in closed sessions or matters concerning privileged information.

4. *Influence personnel matters.* A Director shall avoid undue influence regarding personnel matters.

5. *Compliance with all applicable laws, rules and regulations.* Directors are required to comply with all pertinent laws, rules and regulations. Suspected violations shall be reported to the District's General Counsel.

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 28, 2023

Subject: ACTUARIAL AND ACCOUNTING REPORTS FOR THE RETIREMENT PLAN

To: Insurance and Pensions Committee
cc: All Board Members; Doyle, Ausdemore, Langel, Lobsiger, Mendenhall, and all Vice Presidents

From: Mark F. Myers, Senior Vice President, Chief Financial Officer

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

1) The Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Actuarial Valuation as of January 1, 2023
2) GASB Statements No. 67 & 68 Report for the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Measurement Date: December 31, 2022
3) Cavanaugh Macdonald Consulting – Retirement Plan for Employees of MUD – Summary Presentation of the Highlights of the Actuarial Valuation Results

The first document, the Actuarial Valuation of the Retirement Plan, is used to determine the annual Actuarially Determined Contribution amount to fund the Plan as well as provide an actuarial funded ratio. Annual funding of the Plan is comprised of both Employer and Employee contributions. Pursuant to the approved Labor Agreement for the period April 1, 2018 through March 31, 2023, employee contributions rise from 6% of "covered payroll" in 2017 to 9% in 2023. For 2022, the Employee Contribution rate was 8.5% of "covered payroll", an increase of .5% from 2021's level, and reaches the full 9% contribution level in 2023.

An Executive Summary of the Actuarial Valuation document can be found on pages 1-10 of the report, which provides an excellent synopsis of the information contained therein. Though the report contains considerable detail, the key statistical highlights follow:

	2023	2022
Funded Ratio at January 1 (Actuarial Value)	93.9%	97.0%
Actuarially Determined District Contribution	$ 10,203,922	$ 8,588,396

As a point of reference, the District's actual pension contribution in 2022 was $10.5 million, which was 22.3% greater than the Actuarially Determined District Contribution noted in the table above. Given the uncertainty and volatility of investment performance, we err on the side of conservatism in the determination of required District contributions when preparing the budget; this resulted in a 2023 budgeted contribution of $11.1 million. The District has historically contributed more than the Actuarially Determined Contribution, and we believe it is prudent to continue this practice in that it serves to reduce the unfunded actuarial liability and serves to offset any unfavorable experience that may occur in 2022. Management is recommending that the District contribute $11.1 million towards the pension in 2023, consistent with assumptions used in the preparation of the 2023 budget.

The second document, the "GASB Statements No. 67 & 68 Report", provides the District with necessary information to meet the requirements of the Governmental Accounting Standards Board, most notably relative to financial reporting, which includes the determination of annual pension expense. Guidance prescribed by GASB 67 & 68 was first reflected in our financial statements in

2015. This guidance separates the funding of the pension plan, which is addressed in the actuarial valuation report, from pension expense recognition, which is prescribed by GASB 68. Following are key statistics contained in the GASB 67 & 68 Report:

	2022	2021
Plan Fiduciary Net Position as % of Total Pension Liability (At December 31)	84.5%	108.7%
Pension Expense (Income)	$ 16,501,369	$ (13,856,876)

As you compare the difference in funded percentage as well as pension expense vs. actuarial required funding levels, it becomes very apparent that the GASB 67/68 guidance is much more sensitive to market return volatility, as compared with the information derived from the actuarial valuation. It is important to note that multiple years of strong investment performance within a five-year period can result in negative pension expense (i.e., pension income), as experienced in both 2020 and 2021. Though market return impacts the actuarial required contribution as well as actuarial funding levels, the actuarial plan valuation uses an actuarial (smoothed) value of assets, not the pure market value.

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

The Retirement Plan of the District remains in a very strong financial position. The Board’s continuing commitment to the financial health of the Plan is consistent with the District’s “Fiscal Responsibility” core value, which encompasses a key tenet: properly funding promises to our employees. The documents attached and referred to above will be on the April 5, 2023 Committee and Board Agendas to be placed on file.

Mark F. Myers
Senior Vice President, Chief Financial Officer
(402) 504-7174

Approved:

Mark E. Doyle
President

Attachments

For Informational Purposes
April 5, 2023

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

GASB STATEMENTS NO. 67 & 68 REPORT

FOR THE

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

MEASUREMENT DATE: DECEMBER 31, 2022

www.CavMacConsulting.com

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

February 9, 2023

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

Dear Mr. Schaffart:

Presented in this report is information to assist the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. GASB Statement No. 67 (GASB 67) is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 (GASB 68) establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. The information in this report is presented for the December 31, 2022 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of January 1, 2022. The valuation was based upon data, furnished by the District's staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency, but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete our results may be different and our calculations may need to be revised. Please see the actuarial valuation report for additional details on the funding requirements for the Plan including actuarial assumptions and methods and the funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the Plan, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the Plan. In addition, in our opinion, the calculations meet the requirements of GASB 67 and GASB 68.

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

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

Respectfully submitted,

Patrice Beckham

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

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

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ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	January 1, 2022
Prior Measurement Date:	December 31, 2021
Measurement Date (MD):	December 31, 2022
Membership Data:	
Retirees and Beneficiaries	710
Disabled Members	25
Inactive Vested Members	53
Inactive Nonvested Members	1
Active Employees	813
Total	1,602
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.75%
Municipal Bond Index Rate at Prior Measurement Date	2.05%
Municipal Bond Index Rate at Measurement Date	3.65%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.75%
Single Equivalent Interest Rate at Measurement Date	6.75%
Net Pension Liability:	
Total Pension Liability (TPL)	$557,004,039
Fiduciary Net Position (FNP)	470,606,758
Net Pension Liability (NPL = TPL – FNP)	$86,397,281
FNP as a percentage of TPL	84.49%
Collective Pension Expense:	$16,501,369
Collective Deferred Outflows of Resources:	$118,938,269
Collective Deferred Inflows of Resources:	$56,011,534

INTRODUCTION

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

This report, prepared as of December 31, 2022 (the Measurement Date), presents information to assist the District in meeting the requirements of GASB 67 and GASB 68. Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Plan performed as of January 1, 2022 (the Valuation Date). The results of the valuation were detailed in a report dated March 24, 2022.

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

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

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

Our calculations indicated that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for the December 31, 2022 TPL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.75%, the long-term assumed rate of return on investments. Please see Paragraph 31.b.(1) for more explanation of the development of the SEIR.

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

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

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

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

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 67 and GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by MUD for use in this report. These sections, not prepared by Cavanaugh Macdonald, LLC are: Paragraphs 30a (1)-(3), 30a (5)-(6), 30b-f and 32d for GASB 67 and paragraphs 37, 38, 40(a)-(b), 40(d)-(e), 43 and 45(e)-(f) for GASB 68.

SECTION I – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

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

Paragraph 30.a. (3): The Board of Directors of the District (the Board) has fiduciary responsibility for the Plan along with Vanguard Institutional Advisory Services, who serves in the role of discretionary asset manager/co-fiduciary. The Board consists of seven directors, elected by the District's customer-owners. Administrative responsibility for the Plan has been delegated to the Board's Insurance and Pension Committee, which consists of three Board members who are appointed by the full Board. The Committee's decisions and direction are implemented by the Management Pension Committee, comprised of the following Metropolitan Utilities District employees: the President, the Chief Financial Officer, the General Counsel and the Vice President of Accounting.

Paragraph 30.a. (4): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2022, the date of the valuation used to determine the December 31, 2022 TPL.

Membership

Number as of January 1, 2022	
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

Paragraph 30.a. (5): The Plan was established and may be amended only by the Board. The Plan provides retirement, disability (in the form of continued credited service), death, and termination benefits for all regular full-time employees of the District. An employee of the District is eligible for coverage at the time of employment. Vesting is achieved upon the completion of five years of service. Normal retirement age is 60 with 5 years of service. Retirement benefits are calculated using the average compensation for the highest paid 24 consecutive months out of the most recent

120 months, multiplied by the total years of service and the formula factor of 2.15% for the first 25 years of service, 1.00% for the next 10 years of service and 0.50% for each year of service above 35. The benefit amount is reduced under early retirement which is available at age 55 and 5 years of service.

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

Paragraph 30.a. (6): Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual contribution. For calendar year 2022, each member contributed 8.50% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There is one additional increase to the employee pension contributions: 9.00% effective January 1, 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023. District contributions to the Plan totaled $10,500,000 for the fiscal year ending December 31, 2022.

Paragraph 30.b. (1):

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

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

1. Utilizing incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of the Portfolio on an ongoing basis.
2. Reviewing the Portfolio quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time under the following circumstances:
    a. If any asset class (equity, fixed income, alternatives or cash) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.

b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio may be rebalanced.
c. Rebalancing the Portfolio at any other time if the Investment Advisor in its discretion deems it appropriate to do so.

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

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

Paragraph 30.b. (3): As of December 31, 2022, the Plan did not own an investment in any one organization that represented 5 percent or more of the Plan's fiduciary net position.

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

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of the time they are available to earn a return during that period. External cash flows are determined on a monthly basis. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses. For the year ended December 31, 2022, the money-weighted rate of return was -17.1%, as calculated by Vanguard.

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

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

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

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

Paragraph 31.a. (1)-(4): As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2022 is presented in the following table.

Fiscal Year Ending December 31, 2022		
Total Pension Liability	$	557,004,039
Fiduciary Net Position		470,606,758
Net Pension Liability	$	86,397,281
Ratio of Fiduciary Net Position to Total Pension Liability		84.49%

Paragraph 31.b.: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of December 31, 2022 was determined based on an actuarial valuation prepared as of January 1, 2022, rolled forward one year to December 31, 2022, using the following key actuarial assumptions and other inputs:

Price Inflation	2.50 percent
Wage Growth Rate	3.40 percent
Salary increases, including price inflation	3.65 to 11.40 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.75 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.05 percent
Measurement Date	3.65 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	6.75 percent
Measurement Date	6.75 percent
Cost-of-Living Adjustment	2.50 percent

Mortality

a. Healthy lives – Active members	Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.
b. Healthy lives - Retired members	Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale.
c. Healthy lives - Beneficiaries	Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale.
d. Long-term Disabled members	Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.

The actuarial assumptions used in the calculation of the TPL are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2020.

The experience study report is dated October 25, 2021, and the MUD Board adopted the new set of assumptions at their November 2021 meeting.

Paragraph 31.b.(1)

(a) Discount rate (SEIR): The discount rate used to measure the TPL at December 31, 2022 was 6.75%. There was no change in the discount rate since the Prior Measurement Date.

(b) Projected cash flows: The projection of cash flows used to determine the discount rate assumed that plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the Measurement Date:

a. Employee contribution rate: 8.50% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There is one additional increase to the employee pension contributions: 9.00% effective January 1, 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023.

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

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

Based on those assumptions, the Plan's FNP was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 6.75% was applied to all periods of projected benefit payments to determine the TPL.

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

(c) Long-term rate of return: The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated October 25, 2021. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant.

These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(d) **Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.65% on the Measurement Date.

(e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2121.

(f) **Assumed asset allocation**: The target asset allocation as of the most recent experience study, along with best estimates of geometric real rates of return for each major asset class, were provided by the Plan's investment consultant, Vanguard Institutional Advisory Services. These assumptions were used to develop the long-term assumed rate of return of 6.75%.

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%	

* Geometric mean, net of investment expenses

(g) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the Plan, calculated using the discount rate of 6.75 percent, as well as the Plan's NPL calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Total Pension Liability	$628,616,996	$557,004,039	$497,168,598
Fiduciary Net Position	$470,606,758	$470,606,758	$470,606,758
Net Pension Liability	$158,010,238	$86,397,281	$26,561,840

Paragraph 31.c.: The TPL at December 31, 2022 is based upon an actuarial valuation prepared as of January 1, 2022. The valuation was used to determine the TPL on the Measurement Date, by rolling the liabilities forward one year to December 31, 2022 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2022, adds the annual normal cost (also called Service Cost), subtracts the actual benefit payments and refunds for the plan year and then applies interest to December 31, 2022 using the discount rate as of the Prior Measurement Date.

SECTION II – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 67

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

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

Paragraph 32.d.:

Fiscal Year Ended December 31	Annual Money-Weighted Rate of Return
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: This schedule is intended to show a 10-year trend. GASB 67 was adopted in 2015, as such, only eight years are presented. Additional years will be reported as they become available.

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

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

2022: The member contribution rate increased to 8.50% of total pay, as scheduled.

2021: The member contribution rate increased to 8.00% of total pay, as scheduled.

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

2019: The member contribution rate increased to 7.00% of total pay, as scheduled.

2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.

2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.

2015: The member contribution rate increased from 4.32% to 4.88% of total pay, as scheduled.

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

Changes in actuarial assumptions and methods:

1/1/2022 valuation (assumptions used for measuring the 12/31/2021 TPL):

- The investment return assumption was decreased from 6.90% to 6.75%.
- The price inflation assumption was lowered from 2.60% to 2.50%.
- The cost of living adjustment assumption was lowered from 2.60% to 2.50%.
- The general wage growth assumption was lowered from 3.50% to 3.40%.
- The covered payroll increase assumption was lowered from 3.50% to 3.00%.
- The salary merit scale was adjusted to better reflect actual experience.
- The mortality assumption was modified by moving to the Pub-2010 General Employees Median Mortality Table, projected generationally using Scale MP-2020.
- Assumed retirement rates were adjusted to better reflect actual experience.
- Assumed termination rates were adjusted to better reflect actual experience.

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

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

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

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

1/1/2015 valuation:

- The price inflation assumption was lowered from 3.25% to 3.10%.
- Retirement rates were adjusted to better reflect actual experience.
- The mortality assumption was changed to reflect full generational mortality improvements.

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

SECTION III – PENSION EXPENSE FOR GASB 68

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first item as Service Cost, which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the TPL at 6.75%, the discount rate in effect as of the Prior Measurement Date.

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

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

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members, or decrease PE if there is a benefit reduction. For the year ended December 31, 2022, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 13.21 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts or 6.70 years.

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

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

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

The calculation of the PE for the year ended December 31, 2022 is shown in the following table.

Pension Expense
For the Year Ended

December 31, 2022	
Service Cost at end of year	$13,490,074
Interest on the Total Pension Liability	34,985,031
Benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	464,001
Expensed portion of current-period assumption changes	0
Employee contributions	(5,994,641)
Projected earnings on plan investments	(38,660,592)
Expensed portion of current-period differences between projected and actual earnings on plan investments	27,251,554
Administrative expenses	100,218
Other	0
Recognition of beginning Deferred Outflows of Resources	13,110,141
Recognition of beginning Deferred Inflows of Resources	(28,244,417)
Total Pension Expense	**$16,501,369**

Note: Average expected remaining service life for all members is 6.70 years.

SECTION IV – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

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

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

Paragraph 39: Not Applicable.

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

Paragraph 40(b):

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

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

(3) Key elements of the pension formulas: Normal retirement age is age 60 with 5 years of service. The retirement benefit is calculated using the average compensation for the highest paid 24 consecutive months out of the most recent 120 months, multiplied by the total years of service and the formula factor of 2.15 percent for the first 25 years of service, 1.00 percent for the next 10 years of service and 0.50% for each year of service above 35. The benefit amount is reduced under early retirement which is available at age 55 and 5 years of service. Benefits vest when the member has five or more years of service.

(4) Terms with respect to automatic postemployment benefit changes, including automatic COLAs and ad hoc COLAs: Each January 1 and July 1, a cost of living adjustment is made, if warranted, to each retirement benefit being paid based on the increase in the Consumer Price Index of Urban Wage Earners and Clerical Workers. The annual increase in the member's benefit cannot exceed 3.0 percent and adjustments cannot be negative.

(5) Authority under which benefit terms are established or may be amended: Benefit and contribution provisions are established by and may be amended only by the Board.

The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement.

Paragraph 40(c): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2022, the date of the valuation used to determine the December 31, 2022 TPL.

Membership

Number as of January 1, 2022	
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

Paragraph 40(d):

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

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

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

Members: For calendar year 2022, each member contributed 8.50% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There is one additional increase to the employee pension contributions: 9.00% effective January 1, 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023.

Employer: The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual required contribution.

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending December 31, 2022 the Plan received $10,500,000 in contributions from the District.

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

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

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

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2021	$530,759,633	$577,149,019	($46,389,386)
Changes for the year:			
Service Cost at end of year	13,490,074		13,490,074
Interest on TPL	34,985,031		34,985,031
Benefit term changes	0		0
Differences between expected and actual experience	3,108,808		3,108,808
Assumption changes	0		0
Employer contributions		10,500,000	(10,500,000)
Employee contributions		5,994,641	(5,994,641)
Net investment income		(97,597,177)	97,597,177
Benefit payments, including member refunds	(25,339,507)	(25,339,507)	0
Administrative expenses		(100,218)	100,218
Other		0	0
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

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

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2022. The TPL as of December 31, 2022 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2022, rolled forward to December 31, 2022 using standard actuarial formulae.

(b): There is no special funding situation.

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

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

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

(f): The measurement date of the NPL and the employer's reporting date, December 31, 2022, are the same, so there are no significant effects on the NPL due to differing dates.

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

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

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2022). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	$3,258,529	$10,722,122	($7,463,593)
Changes of assumptions	6,673,525	0	6,673,525
Differences between projected and actual earnings	109,006,215	45,289,412	63,716,803
Total	$118,938,269	$56,011,534	$62,926,735

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

Deferred Outflows of Resources								
		December 31, 2021		Additions		Recognition		December 31, 2022
Differences between expected and actual experience								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		0		0		0		0
FY 2018 Base		0		0		0		0
FY 2019 Base		888,934		0		275,212		613,722
FY 2020 Base		0		0		0		0
FY 2021 Base		0		0		0		0
FY 2022 Base		0		3,108,808		464,001		2,644,807
Total	$	888,934	$	3,108,808	$	739,213	$	3,258,529
Changes of assumptions								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		2,102,279		0		1,322,190		780,089
FY 2018 Base		0		0		0		0
FY 2019 Base		2,981,670		0		923,118		2,058,552
FY 2020 Base		0		0		0		0
FY 2021 Base		4,666,746		0		831,862		3,834,884
FY 2022 Base		0		0		0		0
Total	$	9,750,695	$	0	$	3,077,170	$	6,673,525
Differences between projected and actual earnings								
FY 2018 Base	$	9,757,759	$	0	$	9,757,759	$	0
FY 2019 Base		0		0		0		0
FY 2020 Base		0		0		0		0
FY 2021 Base		0		0		0		0
FY 2022 Base		0		136,257,769		27,251,554		109,006,215
Total	$	9,757,759	$	136,257,769	$	37,009,313	$	109,006,215
Total	$	20,397,388	$	139,366,577	$	40,825,696	$	118,938,269

Deferred Inflows of Resources	December 31, 2021	Additions	Recognition	December 31, 2022
Differences between expected and actual experience				
FY 2016 Base	$ 195,837	$ 0	$ 195,837	$ 0
FY 2017 Base	1,407,941	0	885,498	522,443
FY 2018 Base	592,792	0	251,182	341,610
FY 2019 Base	0	0	0	0
FY 2020 Base	6,548,797	0	1,481,628	5,067,169
FY 2021 Base	5,830,141	0	1,039,241	4,790,900
FY 2022 Base	0	0	0	0
Total	$ 14,575,508	$ 0	$ 3,853,386	$ 10,722,122
Changes of assumptions				
FY 2016 Base	$ 0	$ 0	$ 0	$ 0
FY 2017 Base	0	0	0	0
FY 2018 Base	0	0	0	0
FY 2019 Base	0	0	0	0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
Total	$ 0	$ 0	$ 0	$ 0
Differences between projected and actual earnings				
FY 2018 Base	$ 0	$ 0	$ 0	$ 0
FY 2019 Base	20,845,513	0	10,422,756	10,422,757
FY 2020 Base	21,114,507	0	7,038,169	14,076,338
FY 2021 Base	27,720,423	0	6,930,106	20,790,317
FY 2022 Base	0	0	0	0
Total	$ 69,680,443	$ 0	$ 24,391,031	$ 45,289,412
Total	$ 84,255,951	$ 0	$ 28,244,417	$ 56,011,534

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

Fiscal Year Ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
2023	$30,525,836	$27,685,526	$2,840,310
2024	29,745,747	16,579,572	13,166,175
2025	28,823,031	9,450,974	19,372,057
2026	28,547,416	1,661,526	26,885,890
2027	971,437	633,936	337,501
Thereafter	324,802	0	324,802

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

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 68

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

APPENDIX A

REQUIRED
SUPPLEMENTARY INFORMATION

Exhibit A

GASB 68 Paragraph 43

STATEMENT OF PLAN FIDUCIARY NET POSITION AND CHANGES IN THE FIDUCIARY NET POSITION
Fiscal Year Ended December 31, 2022

Statement of Plan Fiduciary Net Position at December 31, 2022

Assets		
Cash and cash equivalents	$	1,626,387
Investments at fair value		
Fixed income		150,317,897
Domestic stock		203,865,896
International stock		114,796,578
Total investments		468,980,371
Total assets		470,606,758
Liabilities		
Accrued expenses and benefits payable		0
Total liabilities		0
Net position restricted for pensions	$	470,606,758

Statement of Changes in the Fiduciary Net Position
for the Year Ended December 31, 2022

Additions:		
Employer contributions	$	10,500,000
Employee contributions		5,994,641
Total contributions		16,494,641
Net investment income		(97,597,177)
Total additions		(81,102,536)
Deductions:		
Service benefits		25,339,507
Administrative expenses		100,218
Total deductions		25,439,725
Net increase/(decrease)		(106,542,261)
Net position restricted for pensions:		
Beginning of year		577,149,019
End of year	$	470,606,758

Exhibit B

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

Fiscal Year Ended December 31

	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	34,985,031	34,269,868	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Benefit term changes	0	0	0	0	0	0	0	0
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)	0
Assumption changes	0	5,498,608	0	5,751,024	0	8,713,229	0	0
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)
Other	0	0	0	0	0	0	0	0
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 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
Plan 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
Employers' Net Pension Liability as a percentage of covered payroll	122.36%	-68.95%	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

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

Exhibit C

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

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	January 1, 2022
Notes	Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution are made.

Methods and Assumptions Used to Determine Actuarial Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Range from 13 to 22 years (Single Equivalent Amortization Period is 29 years)
Asset Valuation Method	Expected Value + 25% of (Market – Expected Values)
Price Inflation	2.50 percent
Salary Increases, including price inflation	3.65 to 11.40 percent, depending on years of service
Long-Term Rate of Return	6.75 percent
Retirement	Service-based table of rates.
Mortality	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 survivors were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale. Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.
Cost-of-Living Adjustment	2.50 percent per year

APPENDIX B

SUMMARY OF KEY BENEFIT PROVISIONS

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

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

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

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

Retirement Benefits:

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

Form of Annuity:

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

Termination Benefits:

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

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

Single Sum Death Benefits:

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

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

<u>Cost of Living Adjustments:</u>

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

<u>Disability Benefits:</u>

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

The maximum disability period is typically age 65. However, members who become disabled after age 60 may receive disability benefits beyond age 65.

<u>Source of Funds:</u>

Employee Contributions

Year	Contribution Rate
2022	8.50%
2023 +	9.00%

Interest is credited at 3.50% per annum, compounded annually.

District Contributions

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

APPENDIX C

STATEMENT OF ACTUARIAL ASSUMPTIONS

Long-term Expected Rate of Return: (revised 2021)	6.75% per annum, compounded annually
Payroll Growth (revised 2021):	3.00% per year
Inflation: (revised 2021)	2.50% per year
Mortality Rates: (revised 2021)	
Active	Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale
Retired	Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale
Beneficiary	Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale
On Long Term Disability	Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale

Withdrawal Rates: (revised 2021)

	Annual Rate	
Years of Service	Male	Female
1	7.00%	10.00%
5	1.80%	3.50%
10	1.50%	2.25%
15	1.50%	1.25%
20	1.00%	1.25%
25	0.00%	0.00%

Retirement Rates: (revised 2021)

Age	Annual Rate
55 to 57	2%
58	5%
59	8%
60	25%
61-63	30%
64	25%
65	50%
66-67	35%
68-69	30%
70	100%

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

Salary Scale: (revised 2021)

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

Years of Service	Annual Percentage Increase
1	10.40%
5	6.40%
10	4.40%
15	4.10%
20	4.10%
25	3.90%
30	3.65%
35	3.65%

Note: Includes salary inflation at 3.40%

Spouse's Benefit: (revised 2015)

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

Form of Payment:

Members who terminated vested are assumed to take a refund of contributions if it is more valuable than their deferred benefit.

Cost of Living Adjustment: (revised 2021)

Retirement benefits are assumed to increase at 2.50% per year.

Administrative Expense: (implemented 2015)

Component of contribution rate, based on the prior year's actual administrative expenses.

Decrement Timing	Middle of year
Other:	Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature. Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members. The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.

For Informational Purposes
April 5, 2023

Cavanaugh Macdonald
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METROPOLITAN
UTILITIES DISTRICT

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

Actuarial Valuation as of January 1, 2023

www.CavMacConsulting.com

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

February 24, 2023

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

Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha as of January 1, 2023 for the plan year ending December 31, 2023. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation.

This valuation reflects the final scheduled increase in the employee contribution rate from 8.5% in 2022 to 9.0% in 2023, as provided by the collective bargaining agreement approved by the Board in March 2018. The employee contribution rate for non-bargaining employees aligns with the rates stated in the collective bargaining agreement through 2023.

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

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

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

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

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

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

Sincerely,

Patrice Beckham

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

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

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This report presents the results of the January 1, 2023 actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The primary purposes of performing the valuation are:

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

There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation. However, this valuation reflects the final scheduled increase in the employee contribution rate from 8.5% to 9.0%, effective January 1, 2023. The increase in the employee contribution rate for 2023 decreased the District's contribution for 2023 by about $380,000.

Summary Results

The key results in the January 1, 2023 valuation are compared to those in the 2022 valuation below:

	January 1, 2023	January 1, 2022
Actuarial Liability	$559,155,231	$533,671,865
Actuarial Assets	524,969,442	517,407,389
Unfunded Actuarial Liability	$34,185,789	$16,264,476
Funded Ratio	93.89%	96.95%
District Contribution Rate	13.51%	12.36%
District Actuarial Contribution	$10,203,922	$8,588,396

The actuarial valuation results provide a "snapshot" view of the Plan's financial condition on January 1, 2023, which reflects net unfavorable experience for the past plan year. The rate of return on the actuarial value of assets was lower than the expected return (3.2% actual versus 6.75% expected), which resulted in an actuarial loss on assets of $18.1 million. There was also unfavorable experience on the plan liabilities for the past plan year, largely due to higher COLAs than expected based on the actuarial assumptions. The net liability experience from all demographic assumptions was an actuarial loss of $2.2 million so the aggregate experience for the 2022 plan year, on both actuarial assets and actuarial liabilities, was a loss of $20.3 million. This experience increases the unfunded actuarial liability.

The valuation uses an asset smoothing method to mitigate the impact of the volatility of investment experience on the funding results. As a result, the plan's funded status and the actuarially determined contribution are based on the actuarial (smoothed) value of assets, not the pure market value. The money-weighted rate of return on the market value of assets during 2022, as reported by Vanguard, was -17.1%, lower than the assumed rate of return during 2022 of 6.75%. However, due to the deferred (unrecognized) investment experience resulting from the asset smoothing method, the rate of return on the actuarial value of assets was +3.2%. The negative return on the market value of assets in 2022 eliminated the deferred investment gain of $59.7 million in the 2022 valuation, and there is now a deferred investment loss of $54.4 million. Actual returns over the next few years will determine if, and when, the deferred investment loss will be recognized. We estimate a return of around 19% on the market value of assets in 2023 would result in the actuarial value of assets being equal to the market value of assets at January 1, 2024. The deferred investment loss would be eliminated, but no actuarial gain/loss on assets would occur for the 2023 plan year.

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

Assets

As of January 1, 2023, the Plan had total funds of $470.6 million, when measured on a market value basis. This was a decrease of $106.5 million from the prior year and represents a -17.1% rate of return for the 2022 plan year.

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the District's recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 6.75%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2023. The rate of return on the actuarial value of assets was 3.2% (lower than the 6.75% assumption) which generated an actuarial loss of $18.1 million.

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

	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2022	$ 577.1	$ 517.4
• District Contributions	+ 10.5	+ 10.5
• Member Contributions	+ 6.0	+ 6.0
• Benefit Payments, Refunds and Administrative Expenses	- 25.4	- 25.4
• Net Investment Return	+ (97.6)	+ 16.5
Net Assets, January 1, 2023	$ 470.6	$ 525.0
Rate of Return	-17.1%	3.2%

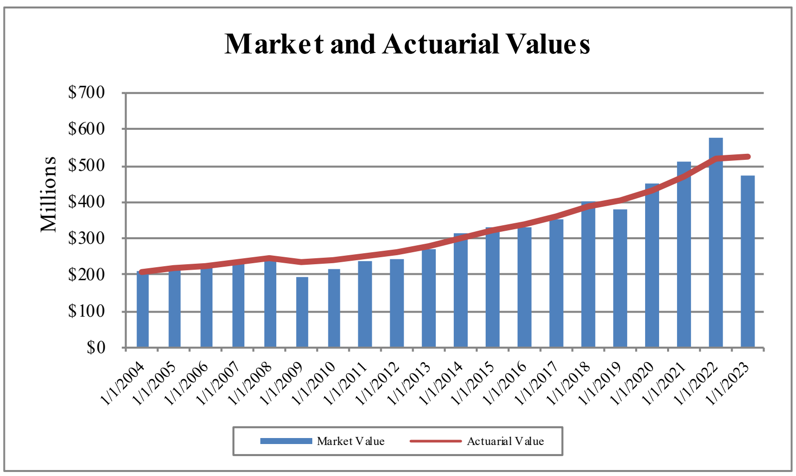
The deferred investment loss (actuarial value less market value of assets) as of January 1, 2023 is $54.4 million, compared to a $59.7 million deferred gain in last year's valuation. This unrecognized investment loss will flow through the asset smoothing method over the next few years, producing actuarial losses to the extent it is not offset by investment experience that is higher than the assumed rate of return.

If the deferred investment loss was recognized immediately in the actuarial value assets, the unfunded actuarial liability would increase by $54.4 million to $88.5 million, the funded percentage would decrease from 93.9% to 84.2%, and the actuarially determined contribution for the District would increase from

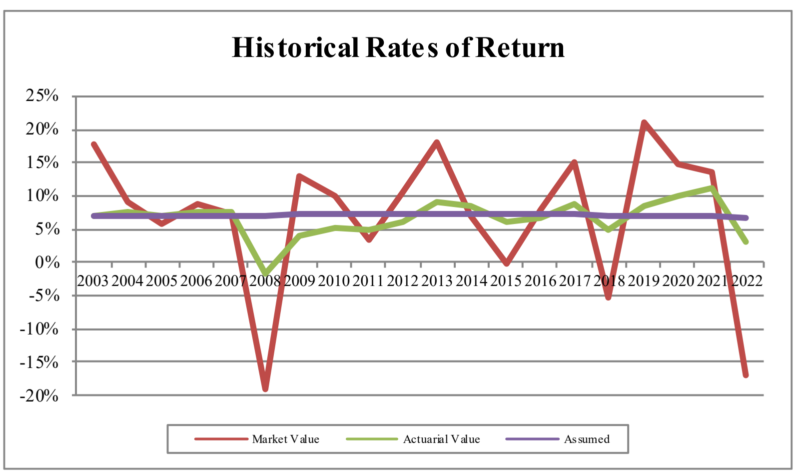
$10.2 million to $14.1 million. This information is provided for discussion purposes and transparency only. An asset smoothing method is used in the valuation process because of the extreme volatility in the actual investment returns from year to year which would lead to volatility in contributions. Readers of this report should understand the risks of relying on funding metrics that use the market value of assets.

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

	January 1 ($M)					
	2018	2019	2020	2021	2022	2023
Actuarial Value of Assets	387	403	432	472	517	525
Market Value of Assets	403	378	452	514	577	471
Actuarial Value/Market Value	96%	106%	96%	92%	90%	112%



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



The rate of return on the actuarial value of assets has been less volatile than the return on market value, which is the main reason for using an asset smoothing method.

Liabilities

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

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

	As of January 1	
	2023	**2022**
Present Value of Future Benefits (PVFB)	$707,753,682	$667,604,388
Actuarial Liability (AL)	$559,155,231	$533,671,865
Assets at Actuarial Value	$524,969,442	$517,407,389
Funded Ratio (Actuarial Value)	93.9%	97.0%
Assets at Market Value	$470,606,758	$577,149,019
Funded Ratio (Market Value)	84.2%	108.1%

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2023 is shown below:

Actuarial Liability	$559,155,231
Actuarial Value of Assets	524,969,442
Unfunded Actuarial Liability	$ 34,185,789

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, considering any changes due to assumption or benefit provision changes. The Plan experience, in total, was unfavorable (a higher unfunded actuarial liability than expected). There was an actuarial loss of $2.2 million on liabilities and an actuarial loss of $18.1 million on the actuarial value of assets, resulting in a combined loss of $20.3 million.

The change in the unfunded actuarial liability between January 1, 2022 and 2023 is shown in the following table (in millions):

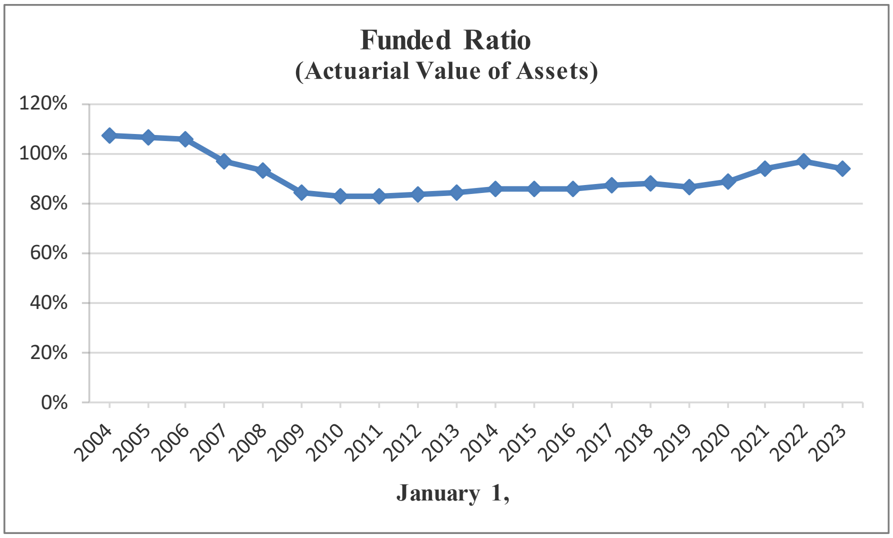
Unfunded Actuarial Liability, January 1, 2022	$	16.3
· Expected change in UAL	+	0.2
· Contributions in excess of the actuarial amount	-	2.0
· Investment experience	+	18.1
· Demographic experience	+	2.2
· Other experience	-	0.6
Unfunded Actuarial Liability, January 1, 2023	$	34.2

A number of factors impact the funded ratio from year to year. The major drivers of the increase in the funded ratio from the January 1, 2022 to the January 1, 2023 valuation are shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
January 1, 2022 Funded Ratio	96.95%	108.15%
· Expected change	0.20%	0.45%
· Excess contributions	0.35%	0.35%
· Investment experience	(3.25%)	(24.46%)
· Demographic experience	(0.36%)	(0.33%)
· Total Change	(3.06%)	(23.99%)
January 1, 2023 Funded Ratio	93.89%	84.16%

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

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the progress made in funding the Plan is to track the funded ratio, the ratio of actuarial assets to actuarial liability. The historical funded ratio of the Plan for the past 20 years is shown in the following graph:



The large reduction in the funded ratio from 2006 to 2011 is attributable to the benefit improvement granted in 2007 (change in the benefit formula) and the impact of the Great Recession in 2008. As the graph indicates, the funded ratio has increased over the last ten years. However, the deferred investment experience is expected to decrease the funded ratio over the next few years, absent actual experience better than anticipated by the actuarial assumptions in the future. If employer contributions above the actuarial amount are made in the future and/or actual experience, especially investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio of 100% before the projected date of 2048.

Contribution Levels

The Plan is funded by contributions from both the District and employees who contribute a fixed percentage of their payroll. The District is responsible for contributing the remaining amount required to fund the Plan on an actuarial basis. For calendar year 2023, members will contribute 9.0% of pensionable earnings. The final scheduled increase in the employee contribution rate from 8.5% to 9.0%, effective January 1, 2023, reduced the District's 2023 actuarial contribution by about $380,000.

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

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

The normal cost rate is independent of the Plan's funded status and represents the cost, as a percentage of payroll, of the benefits provided by the Plan which is allocated to the current year of service. The total normal cost for the Plan is 19.46% of payroll. When offset by the employee contribution rate of 9.00%, the employer portion of the normal cost is 10.46% of pay. The normal cost represents the long-term cost of the benefit structure in the Plan, based on the current actuarial assumptions. The Plan's administrative expenses are funded using an explicit assumption that is based on the actual administrative expenses in the prior year. The administrative expense component for the 2023 plan year is 0.13% of expected payroll.

Currently, the actuarial value of assets is less than the actuarial liability, so there is an unfunded actuarial liability of $34.2 million. Under the current "layered" amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate amortization base and is amortized, on a level-percent of payroll basis, over a closed 30-year period beginning January 1, 2014 (21 payments remaining in this valuation). Additionally, every year a new amortization base is calculated reflecting the actual plan experience in the immediately preceding plan year, as well as any change in the unfunded actuarial liability due to assumption changes or plan amendments. Each new base is amortized, with payments developed as a level-percent of payroll, over a closed 20-year period that begins on the valuation date when the new base is established. Using this methodology, the total UAL amortization payment for 2023 is 2.92% of payroll.

The total actuarial contribution rate for 2023 is:

19.46% (normal cost)
0.13% (administrative expense)
2.92% (UAL amortization payment).
22.51%

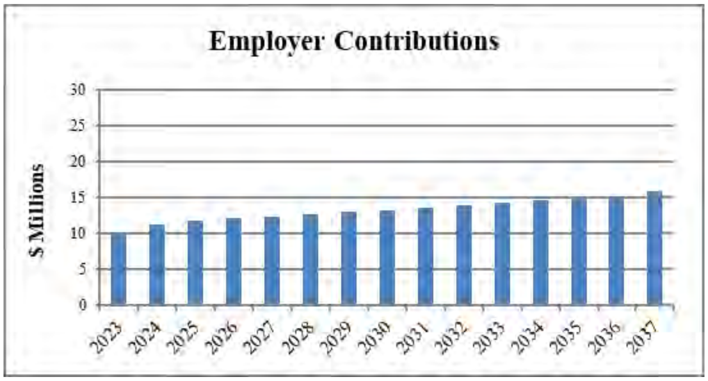
Given the employee contribution rate of 9.00% for calendar year 2023, the District's share of the total contribution rate is 13.51% of expected payroll, or $10.2 million.

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

Total Actuarial Required Contribution Rate, January 1, 2022	20.86%
· Change in normal cost rate and administrative expense	0.05%
· Contributions in excess of the actuarial amount	(0.19%)
· Investment experience	1.70%
· Demographic experience	0.20%
· Payroll increase greater than expected	(0.16%)
· Other experience	0.05%
Total Actuarial Required Contribution Rate, January 1, 2023	22.51%

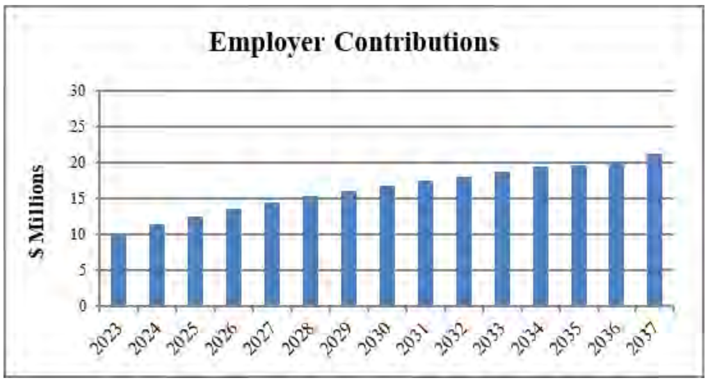
The number of active members increased by 6.4%, from 813 in the January 1, 2022 actuarial valuation to 865 in the January 1, 2023 actuarial valuation. As a result, the covered payroll increased by 8.7%. The Actuarial Contribution Rate is developed as a percentage of covered payroll and uses an assumption of 3.0% per year for future increases. When the actual increase is higher than assumed, as is the case this year, it results in a decrease in the contribution rate (see table above which shows the 0.16% decrease). Note, however, the lower contribution rate is then applied to higher covered payroll which may still result in an increase in the dollar amount of the actuarial contribution.

To illustrate the importance of future investment returns on the contribution level, we have included graphs of the estimated employer contributions based on three different scenarios for the rate of return on the market value of assets in 2023, 2024, and 2025. The projections assume that all other actuarial assumptions are met (including a 6.75% assumed rate of return on the market value of assets in 2026 and later) and that the full actuarial contribution will be made each year in the future:



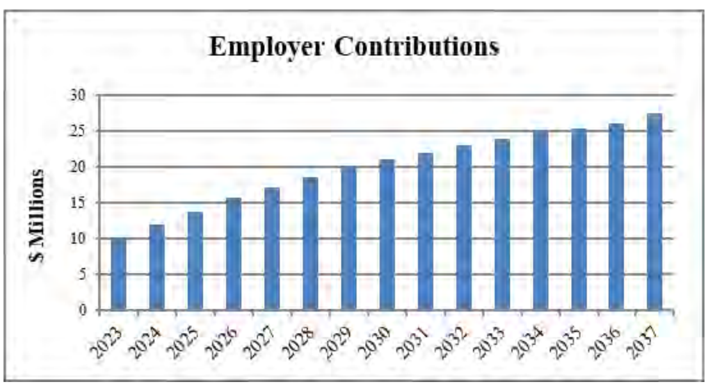
OPTIMISTIC
(10% return on market value for 2023-2025)

Under this scenario, the current deferred investment loss is largely offset by the actuarial gains in the future. The overall impact is an initial increase in the contribution rate which then stabilizes. The contribution amount increase is due to increases in covered payroll over the period.



INTERMEDIATE
(6.75% return on market value for 2023-2025)

If the assumed rate of return is earned on the market value of assets, the deferred investment loss will be recognized in the smoothing method and contributions increase significantly over time.



PESSIMISTIC
(0% return for 2023, 4% for 2024-2025)

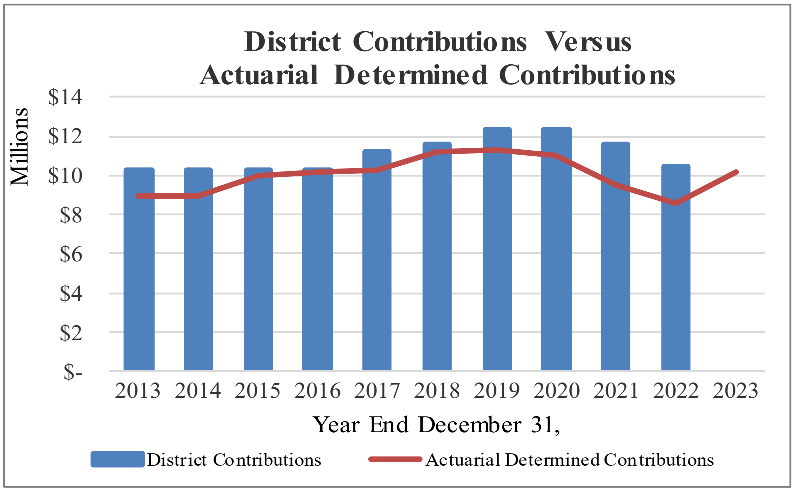
Under this scenario, new investment losses occur in addition to the current deferred investment losses. Coupled with expected increases in covered payroll, the District's contributions are expected to increase significantly in the future.

Under the funding policy adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2023 plan year:

Actuarially Determined Contribution:	
Normal Cost	$14,693,931
Administrative Expenses	100,218
Amortization of UAL	2,207,352
Expected Employee Contributions	(6,797,579)
Total	$10,203,922

The resulting contribution for the District (net of expected employee contributions) is $10,203,922, which is 13.51% of expected covered payroll for 2023. Since 2012, the District has budgeted, and contributed, an amount that is greater than the actuarially determined contribution. This contribution policy was implemented to reflect several goals:

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



As provided by staff, the budgeted District contribution amount for 2023 is $11.1 million, which is $0.9 million higher than the actuarially determined contribution of $10.2 million for the 2023 plan year. Given the significant deferred investment loss and the likelihood of increasing contributions in the near term, we recommend a contribution of at least $11.1 million for 2023. If all assumptions are met in 2023, the estimated contribution for 2024 will be $11.5 million so maintaining the higher contribution for 2023 is consistent with the policy established to stabilize contributions. Any additional contribution made this year will serve to reduce the unfunded actuarial liability or offset any unfavorable experience that occurs in 2023.

Given the asset allocation of the Plan assets, there is considerable volatility in the actual returns on the market value of assets. Therefore, future contribution levels will depend heavily on actual investment returns in future years, as illustrated in the graphs on the prior pages. However, it should be noted that even if the actuarial contribution rate were to hold steady, the dollar amount of total contributions is expected to increase as covered payroll increases over time.

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

METROPOLITAN UTILITIES DISTRICT OF OMAHA
RETIREMENT PLAN FOR EMPLOYEES

PRINCIPAL VALUATION RESULTS

	January 1, 2023	January 1, 2022	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	865	813	6.4
- Projected Payroll for Upcoming Fiscal Year	$75,528,659	$69,485,404	8.7
- Average Projected Salary	$87,316	$85,468	2.2
- Average Attained Age	46.2	46.9	(1.5)
- Average Entry Age	33.8	33.9	(0.3)
2. Inactive Membership			
- LTD and Inactive Vesteds*	79	78	1.3
- Inactive Non-vested	5	1	400.0
- Number of Retirees / Beneficiaries	722	710	1.7
- Average Retiree/Beneficiary Annual Benefit	$35,997	$34,976	2.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$470,606,758	$577,149,019	(18.5)
- Actuarial Value	$524,969,442	$517,407,389	1.5
2. Projected Liabilities			
- Retirees and Beneficiaries	$311,469,273	$299,692,808	3.9
- Inactive Members	17,753,535	15,992,549	11.0
- Active Members	378,530,874	351,919,031	7.6
- Total Liability	$707,753,682	$667,604,388	6.0
3. Actuarial Liability	$559,155,231	$533,671,865	4.8
4. Unfunded Actuarial Liability (UAL)	$34,185,789	$16,264,476	110.2
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	93.89%	96.95%	(3.2)
Market Value Assets / Actuarial Liability	84.16%	108.15%	(22.2)
CONTRIBUTIONS			
1. Normal Cost Rate	19.46%	19.39%	0.4
2. Administrative Expense	0.13%	0.15%	(13.3)
3. UAL Contribution Rate	2.92%	1.32%	121.2
4. Total Contribution Rate (1) + (2) + (3)	22.51%	20.86%	7.9
5. Less Employee Contribution Rate	(9.00%)	(8.50%)	5.9
6. District Contribution Rate (4) + (5)	13.51%	12.36%	9.3
7. District Annual Contribution	$10,203,922	$8,588,396	18.8

*Includes 3 beneficiaries who are not yet receiving benefits.

EXHIBIT 1

SUMMARY OF FUND ACTIVITY
(Market Value Basis)

For Year Ended December 31, 2022

1. Market Value of Assets as of January 1, 2022		$	577,149,019
2.	a. Contributions - District	$	10,500,000
	b. Contributions - Employees		5,994,641
	c. Total		16,494,641
3. Benefit payments and refunds		$	(25,339,507)
4. Administrative expenses		$	(100,218)
5. Investment income, net of investment expenses		$	(97,597,177)
6. Market Value of Assets as of December 31, 2022		$	470,606,758
7. Rate of Return on Market Value of Assets*			(17.1%)

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

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

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

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

1. Actuarial Value of Assets as of January 1, 2022	$517,407,389
2. a. Contributions during 2022	16,494,641
b. Benefit payments and refunds during 2022	25,339,507
c. Administrative expenses during 2022	100,218
3. Expected Value of Assets as of December 31, 2022	543,090,337
(1) x 1.0675 + [(2a) - (2b) - (2c)] x 1.0675 ^{½}	
4. Market Value of Assets as of December 31, 2022	470,606,758
5. Excess of Market Value over Expected Value as of December 31, 2022	(72,483,579)
6. Actuarial Value of Assets as of December 31, 2022	524,969,442
(3) + 0.25 x (5)	
7. Corridor for Actuarial Value of Assets	
a. 80% of (4)	376,485,406
b. 120% of (4)	564,728,110
8. Final Actuarial Value of Assets as of December 31, 2022	$524,969,442
(6) but not < (7a) nor > (7b)	
9. Estimated Rate of Return on Actuarial Value of Assets*	3.2%

*Net of investment expenses.

EXHIBIT 2 (continued)

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

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2004	$208,097,692	$208,282,032	100.09%
1/1/2005	219,605,615	216,654,583	98.66%
1/1/2006	225,161,798	224,761,515	99.82%
1/1/2007	237,959,892	234,707,113	98.63%
1/1/2008	249,095,495	245,760,175	98.66%
1/1/2009	196,124,538	235,349,446	120.00%
1/1/2010	218,042,907	241,024,751	110.54%
1/1/2011	238,265,999	252,420,193	105.94%
1/1/2012	244,777,760	263,114,155	107.49%
1/1/2013	268,895,003	277,702,452	103.28%
1/1/2014	314,630,091	300,065,992	95.37%
1/1/2015	333,135,690	322,199,383	96.72%
1/1/2016	329,261,948	339,057,547	102.98%
1/1/2017	352,513,865	358,959,262	101.83%
1/1/2018	402,738,799	387,412,491	96.19%
1/1/2019	378,210,890	402,503,121	106.42%
1/1/2020	452,080,699	432,489,879	95.67%
1/1/2021	513,638,775	471,538,702	91.80%
1/1/2022	577,149,019	517,407,389	89.65%
1/1/2023	470,606,758	524,969,442	111.55%

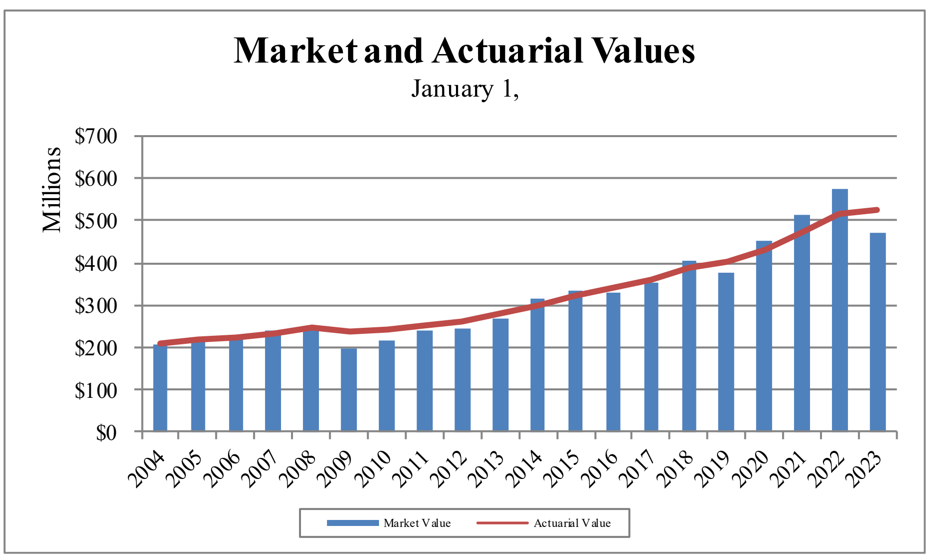


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2023 is as follows:

Assets

Current assets (actuarial value)		$ 524,969,442
Present value of future normal costs		148,598,451
Present value of future employer contributions to fund unfunded actuarial liability		34,185,789
Total Assets		$ 707,753,682

Liabilities

Present value of future retirement benefits for:		
Active employees	$ 362,973,964	
Retired employees, contingent annuitants and spouses receiving benefits	311,469,273	
Deferred vested employees	10,871,150	
Inactive employees – disabled	6,820,131	
Total		$ 692,134,518
Inactive non-vested employees – refund due		62,254
Present value of future death benefits payable upon death of active members		5,858,363
Present value of future benefits payable upon termination of active members		9,698,547
Total Liabilities		$ 707,753,682

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2023

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

1.	Present Value of Future Benefits	$	707,753,682
2.	Present Value of Future Normal Costs		148,598,451
3.	Actuarial Liability (1) – (2)		559,155,231
4.	Actuarial Value of Assets		524,969,442
5.	Unfunded Actuarial Liability (3) – (4)	$	34,185,789
6.	Funded Ratio (4) / (3)		93.89%

EXHIBIT 5

CALCULATION OF ACTUARIAL (GAIN)/LOSS
For Plan Year Ending December 31, 2022

Liabilities		
1. Actuarial liability as of January 1, 2022	$	533,671,865
2. Normal cost as of January 1, 2022		12,637,072
3. Interest at 6.75% on (1) and (2) to December 31, 2022		36,875,853
4. Benefit payments during 2022		(25,339,507)
5. Interest on benefit payments		(841,244)
6. Expected actuarial liability as of December 31, 2022	$	557,004,039
7. Actuarial liability as of December 31, 2022	$	559,155,231
Assets		
8. Actuarial value of assets as of January 1, 2022	$	517,407,389
9. Contributions during 2022		16,494,641
10. Benefit payments and administrative expenses during 2022		(25,439,725)
11. Interest on items (8), (9) and (10)		34,628,032
12. Expected actuarial value of assets as of December 31, 2022	$	543,090,337
13. Actual actuarial value of assets as of December 31, 2022	$	524,969,442
(Gain) / Loss		
14. Expected unfunded actuarial liability (6) – (12)	$	13,913,702
15. Actual unfunded actuarial liability (7) – (13)	$	34,185,789
16. Actuarial (Gain) / Loss (15) – (14)	$	20,272,087
17. Actuarial (Gain) / Loss on Actuarial Assets (12) – (13)	$	18,120,895
18. Actuarial (Gain) / Loss on Actuarial Liability (7) – (6)	$	2,151,192

EXHIBIT 6

ANALYSIS OF EXPERIENCE

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

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

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

(Gain)/Loss By Source

The Plan experienced a net actuarial loss on liabilities of $2,151,000 during the plan year ended December 31, 2022, as well as an actuarial loss on assets of $18,121,000. The overall actuarial loss was $20,272,000. The major components of this net actuarial experience (gain)/loss are shown below:

Liability Sources		**(Gain)/Loss**
Salary Increases	$	(292,000)
Mortality		545,000
Terminations		(319,000)
Retirements		553,000
Disability		(47,000)
New Entrants/Rehires		628,000
COLA		1,446,000
Miscellaneous		(363,000)
Total Liability (Gain)/Loss	$	2,151,000
Asset (Gain)/Loss	$	18,121,000
Net Actuarial (Gain)/Loss*	$	20,272,000

*May not add due to rounding.

EXHIBIT 7

AMORTIZATION SCHEDULE OF THE UNFUNDED ACTUARIAL LIABILITY BASES

Amortization Bases	Original Amount	January 1, 2023 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2023	Annual Contribution*
2014 UAL Base	$ 49,110,413	21	1/1/2044	$ 53,888,840	$ 3,703,698
2015 Assumption Change Base	$ 9,846,943	12	1/1/2035	$ 8,843,927	$ 919,946
2015 Experience Base	$ (7,281,065)	12	1/1/2035	$ (6,539,411)	$ (680,230)
2016 Experience Base	$ 1,395,779	13	1/1/2036	$ 1,287,077	$ 125,646
2017 Experience Base	$ (3,897,186)	14	1/1/2037	$ (3,668,089)	$ (338,020)
2018 Assumption Change Base	$ 9,057,593	15	1/1/2038	$ 8,657,947	$ 756,922
2018 Experience Base	$ (8,192,496)	15	1/1/2038	$ (7,831,021)	$ (684,628)
2019 Experience Base	$ 8,980,430	16	1/1/2039	$ 8,713,284	$ 725,840
2020 Assumption Change Base	$ 5,133,619	17	1/1/2040	$ 5,036,521	$ 401,298
2020 Experience Base	$ (16,294,094)	17	1/1/2040	$ (15,985,906)	$ (1,273,718)
2021 Experience Base	$ (22,229,911)	18	1/1/2041	$ (21,986,664)	$ (1,681,251)
2022 Assumption Change Base	$ 6,066,864	19	1/1/2042	$ 6,031,081	$ 443,918
2022 Experience Base	$ (20,151,936)	19	1/1/2042	$ (20,033,078)	$ (1,474,535)
2023 Experience Base	$ 17,771,281	20	1/1/2043	$ 17,771,281	$ 1,262,466
Total				**$ 34,185,789**	**$ 2,207,352**

* Contribution amount reflects mid-year timing.

1. Total UAL Amortization Payments	$ 2,207,352
2. Projected Payroll for FY 2023	$ 75,528,659
3. UAL Amortization Payment Rate	2.92%

EXHIBIT 8

DEVELOPMENT OF
2023 ACTUARIAL DETERMINED CONTRIBUTION

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

1. (a) Normal Cost	$	13,757,303
(b) Expected Payroll in 2023 for Current Actives	$	70,678,679
(c) Normal Cost Rate (a) / (b)		19.46%
2. Administrative Expense		0.13%
3. Unfunded Actuarial Liability Payment as Percent of Pay		2.92%
4. Total Actuarial Contribution Rate (1c) + (2) + (3)		22.51%
5. Employee Contribution Rate*		9.00%
6. District Actuarial Contribution Rate (4) – (5)		13.51%
7. Expected Payroll for 2023	$	75,528,659
8. Total Annual District Actuarial Contribution (6) x (7)	$	10,203,922
9. Monthly District Actuarial Contribution	$	850,327

* Reflects scheduled increase to 9.00% effective January 1, 2023.

SECTION II

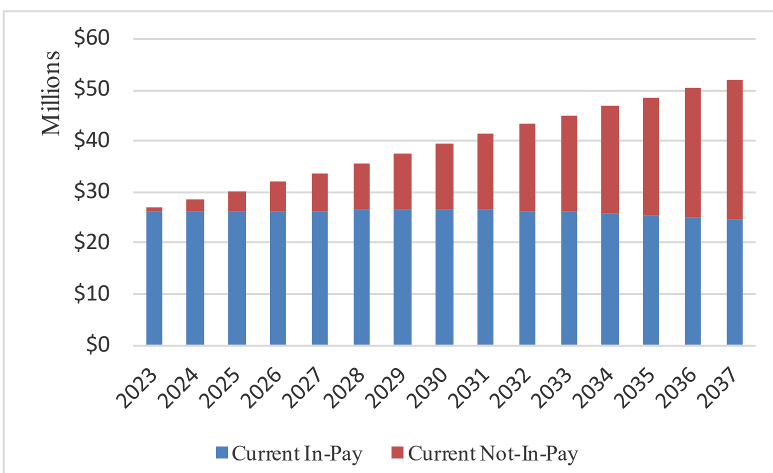
OTHER INFORMATION

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

EXHIBIT 9

ESTIMATED BENEFIT PAYMENTS*

Year End	Current In-Pay	Current Not-In-Pay	Total
2023	$26,068,000	$ 938,000	$27,006,000
2024	26,198,000	2,419,000	28,617,000
2025	26,266,000	3,990,000	30,256,000
2026	26,302,000	5,635,000	31,937,000
2027	26,428,000	7,432,000	33,860,000
2028	26,533,000	9,271,000	35,804,000
2029	26,532,000	11,191,000	37,723,000
2030	26,539,000	13,132,000	39,671,000
2031	26,463,000	15,067,000	41,530,000
2032	26,282,000	17,011,000	43,293,000
2033	26,063,000	18,978,000	45,041,000
2034	25,761,000	21,017,000	46,778,000
2035	25,425,000	23,131,000	48,556,000
2036	25,070,000	25,289,000	50,359,000
2037	24,651,000	27,372,000	52,023,000



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

EXHIBIT 10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Determined Contribution (ADC) (a)	Total Employer Contribution (b)	Percentage of ADC Contributed (b / a)
1/1/2004	12/31/2004	$ 543,249	$ 1,251,442	230.36%
1/1/2005	12/31/2005	1,454,070	1,905,277	131.03%
1/1/2006	12/31/2006	1,723,353	2,144,188	124.42%
1/1/2007	12/31/2007	2,602,505	2,885,080	110.73%
1/1/2008	12/31/2008	5,965,250	3,200,004	53.64%
1/1/2009	12/31/2009	7,688,825	6,200,004	80.64%
1/1/2010	12/31/2010	8,587,857	8,637,518	100.58%
1/1/2011	12/31/2011	9,235,199	9,300,000	100.70%
1/1/2012	12/31/2012	9,231,058	10,311,552	111.70%
1/1/2013	12/31/2013	8,995,793	10,299,996	114.50%
1/1/2014	12/31/2014	8,987,679	10,299,996	114.60%
1/1/2015	12/31/2015	9,956,157	10,301,268	103.47%
1/1/2016	12/31/2016	10,214,549	10,300,000	100.84%
1/1/2017	12/31/2017	10,273,167	11,193,821	108.96%
1/1/2018	12/31/2018	11,198,244	11,606,179	103.64%
1/1/2019	12/31/2019	11,269,603	12,300,000	109.14%
1/1/2020	12/31/2020	11,036,307	12,300,000	111.45%
1/1/2021	12/31/2021	9,481,333	11,600,000	122.35%
1/1/2022	12/31/2022	8,588,396	10,500,000	122.26%
1/1/2023	12/31/2023	10,203,922		

EXHIBIT 11

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
1/1/2004	$208,282,032	$194,491,079	($13,790,953)	107.1%	$36,756,986	(37.5%)
1/1/2005	216,654,583	203,355,807	(13,298,776)	106.5%	38,256,948	(34.8%)
1/1/2006	224,761,515	212,358,261	(12,403,254)	105.8%	38,706,810	(32.0%)
1/1/2007	234,707,113	241,171,731	6,464,618	97.3%	40,945,335	15.8%
1/1/2008	245,760,175	262,626,673	16,866,498	93.6%	43,105,294	39.1%
1/1/2009	235,349,446	277,523,938	42,174,492	84.8%	46,428,438	90.8%
1/1/2010	241,024,751	291,186,530	50,161,779	82.8%	50,781,583	98.8%
1/1/2011	252,420,193	304,163,301	51,743,108	83.0%	51,484,227	100.5%
1/1/2012	263,114,155	315,121,772	52,007,617	83.5%	51,868,957	100.3%
1/1/2013	277,702,452	328,044,761	50,342,309	84.7%	51,031,067	98.7%
1/1/2014	300,065,992	349,176,405	49,110,413	85.9%	55,847,203	87.9%
1/1/2015	322,199,383	374,788,099	52,588,716	86.0%	59,332,362	88.6%
1/1/2016	339,057,547	393,919,275	54,861,728	86.1%	63,384,548	86.6%
1/1/2017	358,959,262	410,749,711	51,790,449	87.4%	61,064,398	84.8%
1/1/2018	387,412,491	440,820,801	53,408,310	87.9%	62,624,066	85.3%
1/1/2019	402,503,121	465,369,852	62,866,731	86.5%	62,865,829	100.0%
1/1/2020	432,489,879	484,575,088	52,085,209	89.3%	63,272,421	82.3%
1/1/2021	471,538,702	501,663,185	30,124,483	94.0%	66,588,665	45.2%
1/1/2022	517,407,389	533,671,865	16,264,476	97.0%	67,274,914	24.2%
1/1/2023	524,969,442	559,155,231	34,185,789	93.9%	70,609,770	48.4%

SECTION III

RISK CONSIDERATIONS

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

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

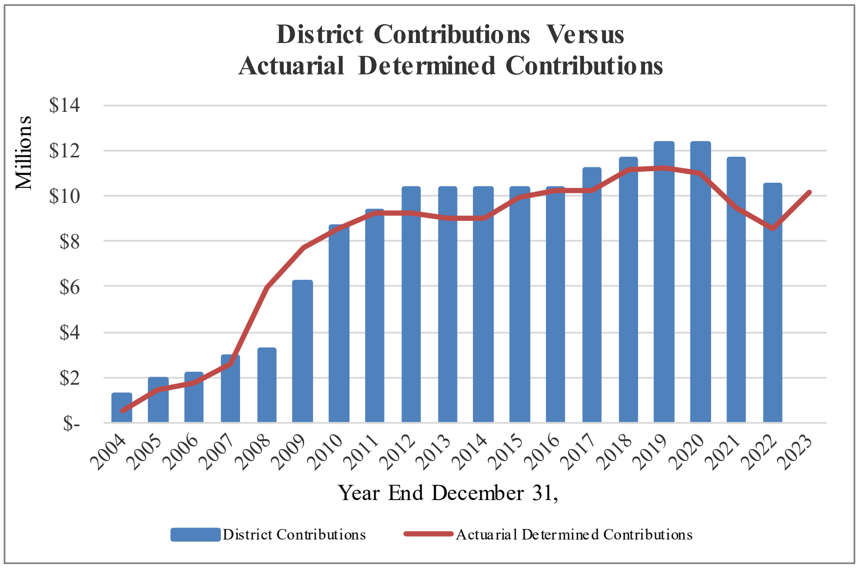
The various risk factors for a given plan can have a significant impact – good or bad – on the actuarial projection of liability and contribution rates.

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

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

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

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution each year. As the following graph shows, the District has contributed an amount equal to or greater than the actuarial contribution in all but 2 of the last 21 years, including every year for the past 13 years.



One of the strongest factors regarding the funding of the MUD Retirement Plan is the District's commitment to make contributions that are at least equal to the actuarially determined contribution. The higher contribution amount serves to reduce the UAL more quickly while producing greater stability in the contribution amounts.

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

A key demographic risk for all retirement systems, including MUD, is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, as experienced with the COVID-19 pandemic. This type of event is also significant, although more easily absorbed. While these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

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

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

EXHIBIT 12

HISTORICAL ASSET VOLATILITY RATIOS

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

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ACR with a Return 10% Lower than Assumed*
1/1/2004	$208,097,692	$36,756,986	5.66	4.02%
1/1/2005	219,605,615	38,256,948	5.74	4.08%
1/1/2006	225,161,798	38,706,810	5.82	4.13%
1/1/2007	237,959,892	40,945,335	5.81	4.13%
1/1/2008	249,095,495	43,105,294	5.78	4.11%
1/1/2009	196,124,538	46,428,438	4.22	3.00%
1/1/2010	218,042,907	50,781,583	4.29	3.05%
1/1/2011	238,265,999	51,484,227	4.63	3.29%
1/1/2012	244,777,760	51,868,957	4.72	3.35%
1/1/2013	268,895,003	51,031,067	5.27	3.74%
1/1/2014	314,630,091	55,847,203	5.63	4.00%
1/1/2015	333,135,690	59,332,362	5.61	3.99%
1/1/2016	329,261,948	63,384,548	5.19	3.69%
1/1/2017	352,513,865	61,064,398	5.77	4.10%
1/1/2018	402,738,799	62,624,066	6.43	4.57%
1/1/2019	378,210,890	62,865,829	6.02	4.28%
1/1/2020	452,080,699	63,272,421	7.14	5.07%
1/1/2021	513,638,775	66,588,665	7.71	5.48%
1/1/2022	577,149,019	67,274,914	8.58	6.10%
1/1/2023	470,606,758	70,609,770	6.66	4.73%

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

The assets at January 1, 2023 are 666% of payroll, so underperforming the investment return assumption by 10% (i.e., earn -3.25% for one year) is equivalent to 66.6% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.

EXHIBIT 13

HISTORICAL CASH FLOWS

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

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
12/31/2010	$238,265,999	$10,512,622	$11,826,611	($1,313,989)	(0.55%)
12/31/2011	244,777,760	11,186,401	12,629,378	(1,442,977)	(0.59%)
12/31/2012	268,895,003	12,214,990	13,713,290	(1,498,300)	(0.56%)
12/31/2013	314,630,091	12,197,069	14,731,395	(2,534,326)	(0.81%)
12/31/2014	333,135,690	12,412,137	15,566,617	(3,154,480)	(0.95%)
12/31/2015	329,261,948	13,121,864	16,154,414	(3,032,550)	(0.92%)
12/31/2016	352,513,865	14,195,899	16,555,144	(2,359,245)	(0.67%)
12/31/2017	402,738,799	14,951,265	17,445,020	(2,493,755)	(0.62%)
12/31/2018	378,210,890	15,411,552	19,116,693	(3,705,141)	(0.98%)
12/31/2019	452,080,699	16,713,137	21,204,786	(4,491,649)	(0.99%)
12/31/2020	513,638,775	17,321,423	21,897,160	(4,575,737)	(0.89%)
12/31/2021	577,149,019	16,974,956	23,236,403	(6,261,447)	(1.08%)
12/31/2022	470,606,758	16,494,641	25,339,507	(8,844,866)	(1.88%)

EXHIBIT 14

LIABILITY MATURITY MEASUREMENTS

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

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

Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a / b)
1/1/2011	$124,451,572	$304,163,301	40.9%
1/1/2012	132,413,950	315,121,772	42.0%
1/1/2013	149,277,461	328,044,761	45.5%
1/1/2014	164,136,287	349,176,405	47.0%
1/1/2015	170,780,555	374,788,099	45.6%
1/1/2016	177,342,511	393,919,275	45.0%
1/1/2017	181,213,617	410,749,711	44.1%
1/1/2018	196,060,508	440,820,801	44.5%
1/1/2019	238,188,848	465,369,852	51.2%
1/1/2020	247,490,777	484,575,088	51.1%
1/1/2021	257,862,392	501,663,185	51.4%
1/1/2022	299,692,808	533,671,865	56.2%
1/1/2023	311,469,273	559,155,231	55.7%

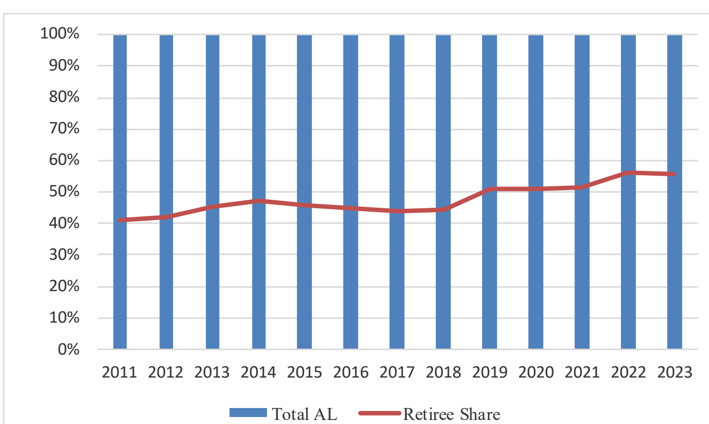


EXHIBIT 15

COMPARISON OF VALUATION RESULTS UNDER ALTERNATE INVESTMENT RETURN ASSUMPTIONS
($ in Thousands)

This exhibit compares the key January 1, 2023 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	**6.25%**	**6.50%**	**6.75%**	**7.00%**	**7.25%**
Contributions					
Normal Cost Rate	21.98%	20.68%	19.46%	18.33%	17.27%
Administrative Expense	0.13%	0.13%	0.13%	0.13%	0.13%
UAL Contribution Rate	5.89%	4.40%	2.92%	1.45%	0.27%
Total Contribution Rate	28.00%	25.21%	22.51%	19.91%	17.67%
Employee Contribution Rate	(9.00%)	(9.00%)	(9.00%)	(9.00%)	(9.00%)
District Contribution Rate	19.00%	16.21%	13.51%	10.91%	8.67%
District Contribution Amount	$14,350	$12,243	$10,204	$8,240	$6,548
Actuarial Liability	$593,544	$575,959	$559,155	$543,091	$527,727
Actuarial Value of Assets	524,969	524,969	524,969	524,969	524,969
Unfunded Actuarial Liability*	$68,574	$50,989	$34,186	$18,122	$2,758
Funded Ratio	88.4%	91.1%	93.9%	96.7%	99.5%

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

*Numbers may not add due to rounding.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

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

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

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

Effective Date: December 31, 1967

Participation:
- (a) Each Employee on the Effective Date, provided he was employed before his 60th birthday, became a participant on the Effective Date
- (b) Each person who becomes an employee after the Effective Date becomes a participant on his employment date.

Final Average Salary: The average of the salaries for the highest paid 24 consecutive months out of the last 120 months before retirement (high 36 months prior to 3/1/06).

Age and Service Requirements for Benefits:

Normal Retirement: First day of the month next following the 60th birthday

Early Retirement: Age 55 with at least five years of service.

Deferred Vested Benefit: Separate service before age 55 with at least five years of service.

Spouse's Benefit: Upon death of employee in active service with at least five years of service and married at least one year prior to the date of death. Payable based on employee's age according to early or normal retirement provisions.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Retirement Benefits:

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

Form of Annuity:

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Termination Benefits:

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

Spouse's Benefit:

Effective 3/1/06:

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

Single Sum Death Benefits:

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

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

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

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

The maximum disability period is typically age 65. However, members who become disabled after age 60 may receive disability benefits beyond age 65.

<u>Source of Funds:</u>

Employee Contributions	9.00% Interest is credited at 3.50% per annum, compounded annually.
District Contributions	The remaining amount required to fund the benefit on an actuarially sound basis.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

Liability Method

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

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

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

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

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

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

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

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

Asset Valuation Method

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

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods
(continued)

UAL Amortization Method

Under the current amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate base that will be amortized on a level-percent of pay basis over a closed 30-year period beginning January 1, 2014. Additionally, each year a new base will be calculated reflecting the Plan experience in the immediately preceding Plan year, changes in plan provisions or actuarial assumptions. Each new base will be amortized on a level-percent of pay basis over a closed 20-year period that begins on the valuation date when the new base is calculated. Changes in plan provisions or actuarial assumptions may be amortized over a longer period if the Retirement Committee elects to do so. If the UAL is less than or equal to zero, all of the prior amortization bases will be eliminated, and the net amount of the surplus shall be amortized over an open 30 year period.

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

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

Investment Return: (revised 2021) — 6.75% per annum, compounded annually

Payroll Growth: (revised 2021) — 3.00% per year

Inflation: (revised 2021) — 2.50% per year

Mortality Rates: (revised 2021)

Active	Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale
Retired	Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale
Beneficiary	Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale
On Long Term Disability	Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale

Withdrawal Rates: (revised 2021)

	Annual Rate	
Years of Service	Male	Female
1	7.00%	10.00%
5	1.80%	3.50%
10	1.50%	2.25%
15	1.50%	1.25%
20	1.00%	1.25%
25	0.00%	0.00%

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Retirement Rates: (revised 2021)

Age	Annual Rate
55 to 57	2%
58	5%
59	8%
60	25%
61-63	30%
64	25%
65	50%
66-67	35%
68-69	30%
70	100%

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

Salary Scale: (revised 2021)

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

Years of Service	Annual Percentage Increase
1	10.40%
5	6.40%
10	4.40%
15	4.10%
20	4.10%
25	3.90%
30	3.65%
35	3.65%

Note: Includes salary inflation at 3.40%

Spouse's Benefit: (revised 2015)

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

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Form of Payment:	Members who terminated vested are assumed to take a refund of contributions if it is more valuable than their deferred benefit.
Cost of Living Adjustment: (revised 2021)	Retirement benefits are assumed to increase at 2.50% per year
Administrative Expense: (implemented 2015)	Component of contribution rate, based on the prior year's actual administrative expenses.
Decrement Timing:	Middle of year
Other:	Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature. Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members. The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.

APPENDIX C

HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

Valuation		Active Members						Number			
			Average								
Date January 1	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Disabled	Vested Inactive	Non-Vested Inactive	Retired/Benef
2004	1,333	793	44.8	30.7	14.1	47,913	4.44%	24	18		498
2005	1,345	786	45.5	31.2	14.3	49,637	3.60%	26	27		506
2006	1,352	782	45.8	31.4	14.4	50,184	1.10%	25	35		510
2007	1,371	793	46.1	31.6	14.5	53,104	5.82%	26	37		515
2008	1,401	814	46.1	31.8	14.3	54,730	3.06%	28	38		521
2009	1,413	831	46.7	31.9	14.8	57,576	5.20%	27	38		517
2010	1,429	851	47.1	32.1	15.0	59,997	4.20%	26	38		514
2011	1,434	852	47.5	32.3	15.2	62,082	3.48%	28	40		514
2012	1,436	846	48.0	32.7	15.3	62,458	0.61%	29	44		517
2013	1,409	815	48.6	32.9	15.6	62,822	0.58%	21	34		539
2014	1,446	821	48.3	33.1	15.2	65,631	4.47%	22	35		568
2015	1,491	856	48.0	33.2	14.8	66,999	2.08%	20	38		577
2016	1,492	851	48.3	33.2	15.1	69,168	3.24%	20	34	1	586
2017	1,484	836	48.8	33.3	15.5	72,200	4.38%	24	34	1	589
2018	1,489	824	49.0	33.4	15.6	75,567	4.66%	21	40	2	602
2019	1,516	792	48.3	33.6	14.7	76,528	1.27%	22	42	4	656
2020	1,536	808	48.0	33.7	14.3	78,026	1.96%	23	49	1	655
2021	1,546	808	47.9	33.7	14.2	79,834	2.32%	26	49	2	661
2022	1,602	813	46.9	33.9	13.0	80,838	1.26%	25	53	1	710
2023	1,671	865	46.2	33.8	12.4	82,435	1.98%	20	59	5	722

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2023. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a)	Active employees	865
(b)	Inactive vested employees	
	Terminated*	59
	Disability	20
(c)	Inactive non-vested employees	5
(d)	Retirees and beneficiaries	722
(e)	Total	1,671

Average age of employees in valuation:

(a)	Active employees:	
	Attained age	46.2
	Entry age	33.8
(b)	Inactive vested employees:	
	Termination*	49.2
	Disability	56.7
(c)	Retired employees	71.5
(d)	Beneficiaries	76.0

Active employees eligible for vested benefits as of January 1, 2023

(a)	Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits	333
(b)	Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits	238
(c)	Employees eligible for refund of contributions only	294
(d)	Total	865

*Includes 3 beneficiaries who are not yet receiving benefits.

MEMBERSHIP DATA RECONCILIATION

January 1, 2022 to January 1, 2023

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

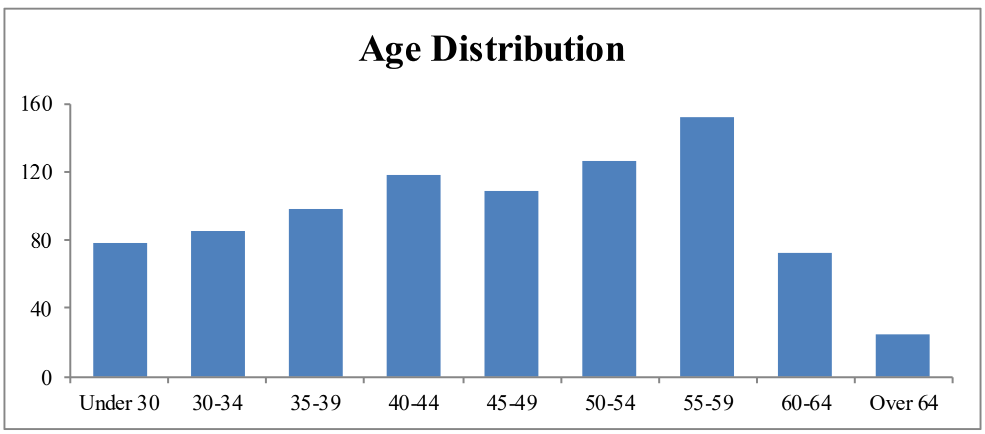
	Active Participants	Long-Term Disability	Retirees	Terminated Vested*	Terminated Non-Vested	Beneficiaries	Total
Participants as of 1/1/2022	813	25	567	53	1	143	1,602
New Participants	92	0	0	0	1	3	96
Moved to Full-Time	0	0	0	0	0	0	0
Moved to Part-Time	0	0	0	0	0	0	0
Terminations							
Refunded	(9)	0	0	(2)	(1)	0	(12)
Refund-Due	(4)	0	0	0	4	0	0
Deferred Vested	(5)	(1)	0	6	0	0	0
Disabilities	(2)	2	0	0	0	0	0
Retirements	(19)	(6)	26	(1)	0	0	0
Deaths							
With Beneficiary	(1)	0	(5)	1	0	5	0
Without Beneficiary	0	0	(10)	0	0	(8)	(18)
Data Corrections	0	0	0	2	0	1	3
Total Participants 1/1/2023	865	20	578	59	5	144	1,671

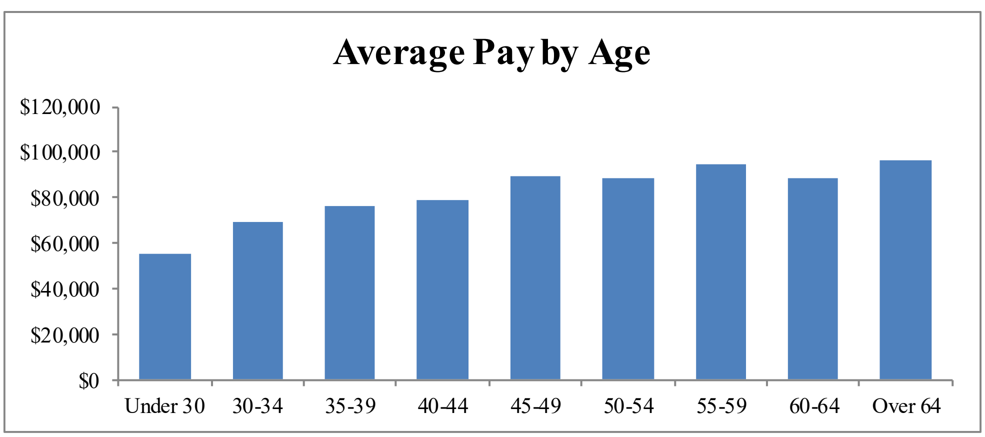
*Includes beneficiaries who are not yet receiving benefits.

SCHEDULE I

ACTIVE EMPLOYEES AS OF JANUARY 1, 2023

	Count of Members			2022 Pensionable Pay of Members		
Age	Males	Females	Total	Males	Females	Total
Under 30	72	7	79	$ 4,007,564	$ 364,997	$ 4,372,561
30-34	71	14	85	4,949,587	968,088	5,917,675
35-39	80	18	98	6,180,138	1,258,625	7,438,763
40-44	93	25	118	7,444,190	1,879,442	9,323,632
45-49	90	19	109	8,126,895	1,646,435	9,773,330
50-54	87	39	126	8,002,482	3,206,735	11,209,217
55-59	109	43	152	10,627,225	3,760,610	14,387,835
60-64	53	20	73	4,884,124	1,582,542	6,466,666
Over 64	14	11	25	1,560,651	855,700	2,416,351
Total	669	196	865	$55,782,856	$15,523,174	$71,306,030

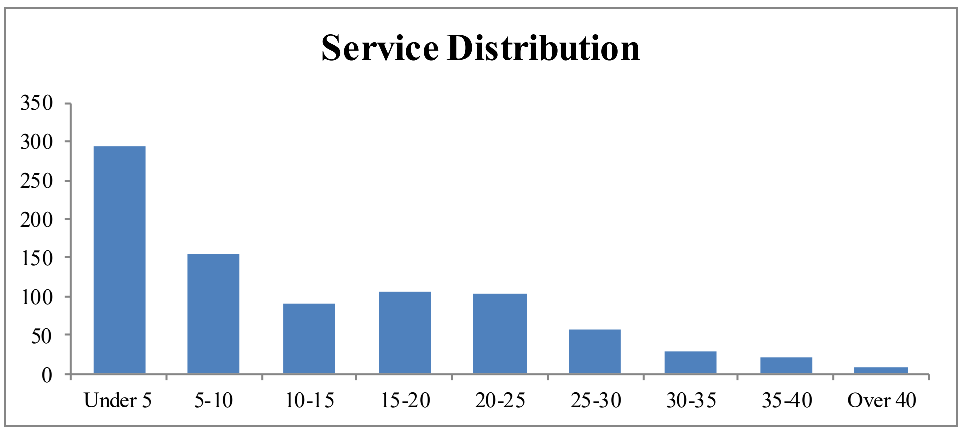




SCHEDULE I (continued)

ACTIVE EMPLOYEES AS OF JANUARY 1, 2023

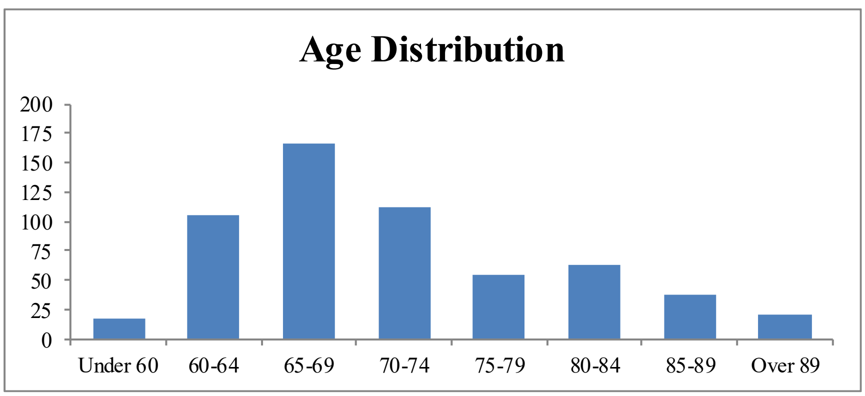
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 30	74	5	0	0	0	0	0	0	0	79
30-34	66	17	2	0	0	0	0	0	0	85
35-39	59	32	5	2	0	0	0	0	0	98
40-44	41	32	25	12	8	0	0	0	0	118
45-49	20	26	16	23	22	2	0	0	0	109
50-54	22	15	14	27	31	14	3	0	0	126
55-59	8	16	12	27	28	32	15	14	0	152
60-64	4	9	8	14	11	8	10	6	3	73
Over 64	0	4	8	1	4	1	1	0	6	25
Total	294	156	90	106	104	57	29	20	9	865

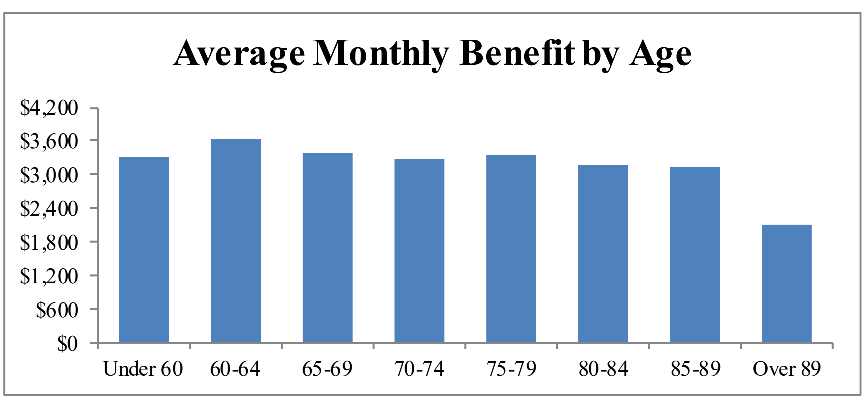


SCHEDULE II

RETIRED PARTICIPANTS AS OF JANUARY 1, 2023

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	14	4	18	$ 45,490	$ 14,285	$ 59,775
60-64	78	28	106	295,215	91,807	387,022
65-69	110	57	167	393,926	171,932	565,858
70-74	68	44	112	244,242	124,131	368,373
75-79	41	13	54	149,776	30,944	180,720
80-84	53	10	63	174,105	25,043	199,148
85-89	31	7	38	101,736	18,001	119,737
Over 89	16	4	20	38,470	3,972	42,442
Total	411	167	578	$1,442,960	$480,115	$1,923,075

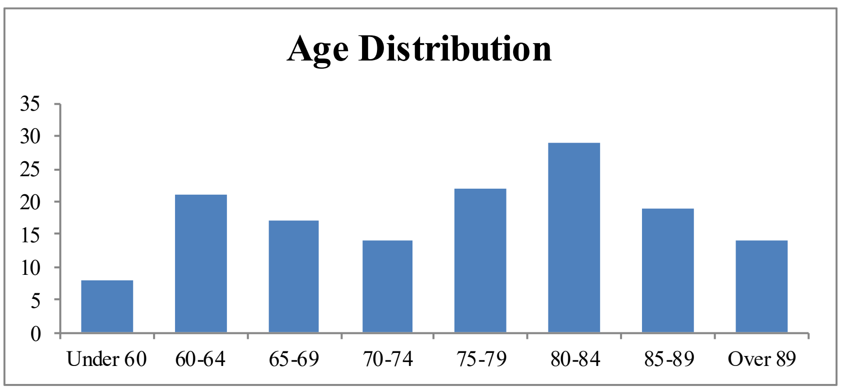


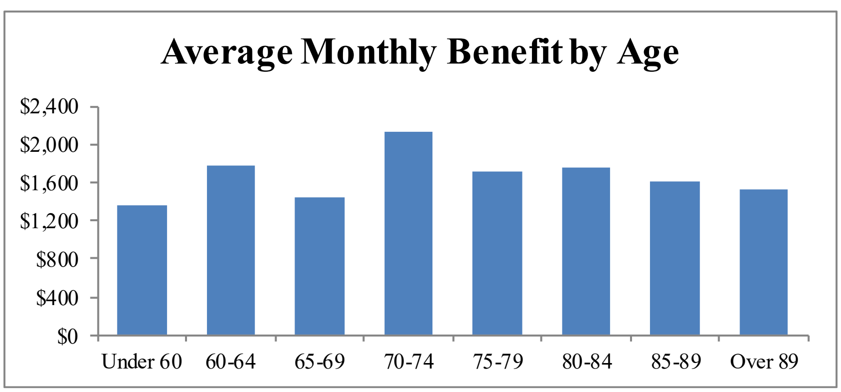


SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2023

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	1	7	8	$ 2,898	$ 7,993	$ 10,891
60-64	2	19	21	2,956	34,266	37,222
65-69	1	16	17	1,114	23,482	24,596
70-74	1	13	14	597	29,260	29,857
75-79	2	20	22	2,483	35,028	37,511
80-84	1	28	29	586	50,298	50,884
85-89	2	17	19	3,552	26,868	30,420
Over 89	0	14	14	0	21,371	21,371
Total	10	134	144	$14,186	$228,566	$242,752





SCHEDULE IV

TERMINATED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2023

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	2	2	4	2,181	2,270	4,451
40-44	9	2	11	11,243	3,609	14,852
45-49	7	3	10	9,541	5,547	15,088
50-54	13	9	22	23,911	18,999	42,910
55-59	6	4	10	8,284	2,541	10,825
Over 59	0	2	2	0	4,155	4,155
Total	37	22	59	$55,160	$37,121	$92,281

Note: Includes 3 beneficiaries who are not yet receiving benefits.

SCHEDULE V

DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2023

	Count of Members			Estimated Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	2	0	2	5,547	0	5,547
45-49	1	1	2	4,376	3,219	7,595
50-54	2	0	2	7,714	0	7,714
55-59	4	1	5	13,660	1,357	15,017
Over 59	8	1	9	25,370	3,000	28,370
Total	17	3	20	$56,667	$7,576	$64,243

For Informational Purposes
April 5, 2023

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Retirement Plan for Employees of MUD
January 1, 2023 Actuarial Valuation Results

Presented by: Patrice Beckham
April 5, 2023

www.CavMacConsulting.com

What Impacted the 1/1/2023 Valuation Results

- Final scheduled increase (0.50%) in the employee contribution rate to 9.0%

- Overall, unfavorable experience for the year
  - Investment return was -17% on market value and 3% on actuarial (smoothed) value. Actual return was lower than assumed (6.75%), resulting in an actuarial loss of $18 million.
  - Liabilities were higher than expected (actuarial loss of $2 million) largely due to higher COLA's than expected (2.50% assumption)
  - Net actuarial loss was $20 million

- Actuarial value of assets is higher than the market value by $54 million (deferred loss)
  - Will create losses in future years unless offset by returns higher than expected
    - A return of 19% on market value in 2023 is needed to result in a return of 6.75% on the actuarial assets (no gain/loss for the year)

January 1, 2023 Valuation Results

	1/1/2023 Valuation	1/1/2022 Valuation
Actuarial Liability	$559M	$534M
Actuarial Assets	525M	517M
Unfunded Actuarial Liability	$ 34M	$ 16M
Funded Ratio: Assets/Liability		
Actuarial Value of Assets	93.9%	97.0%
Market Value of Assets	84.2%	108.1%

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

Numbers may not add or subtract due to rounding.

District Contribution

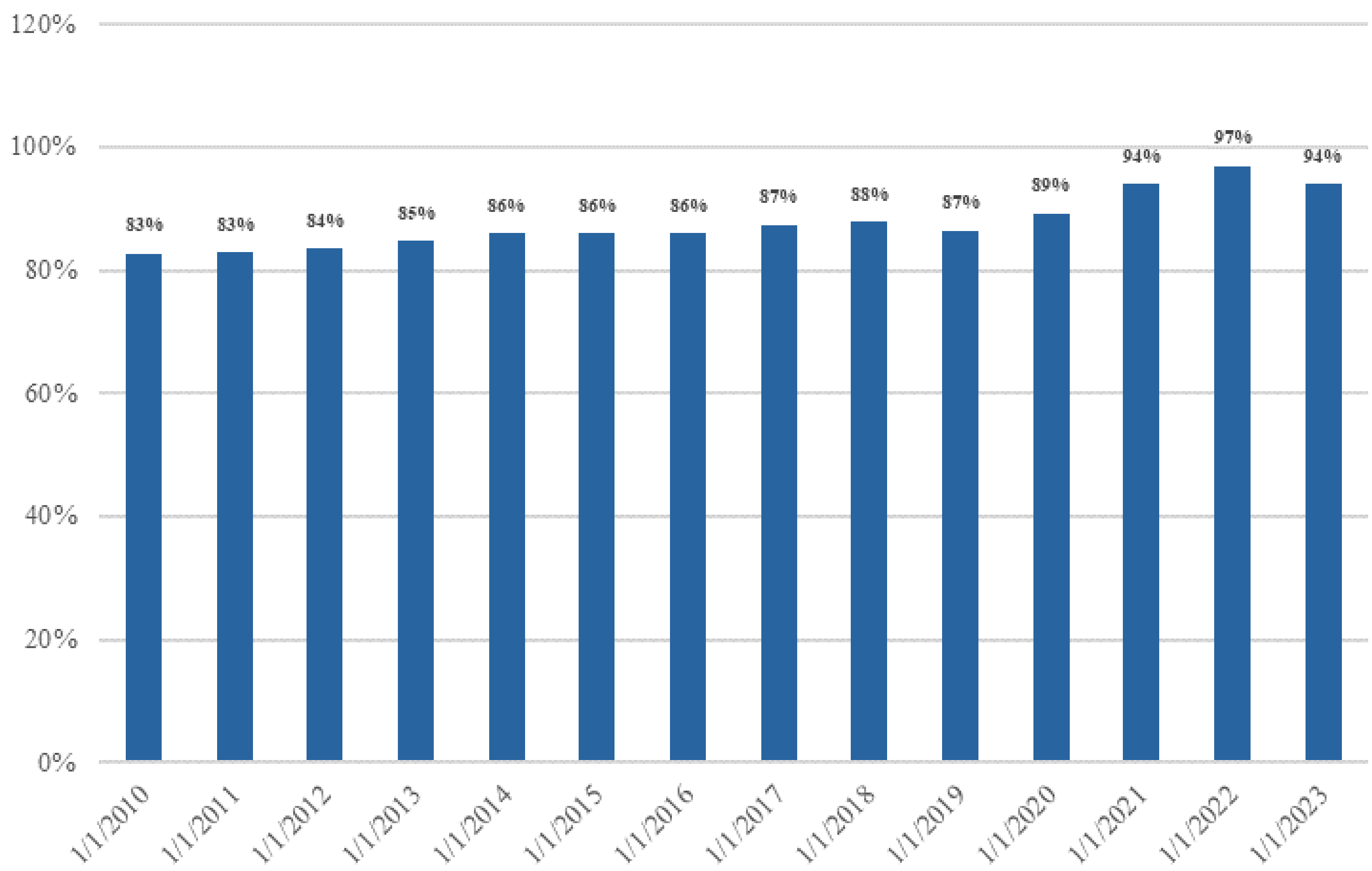
	1/1/2023 Valuation	1/1/2022 Valuation	Change
Total Contribution Rate	22.51%	20.86%	1.65%
Employee Rate	(9.00%)	(8.50%)	(0.50%)
Employer Rate	**13.51%**	**12.36%**	**1.15%**
Estimated Covered Payroll	$75,528,659	$69,485,404	$6,043,255
Employer Contribution (Actuarially Determined)	**$10,203,922**	**$8,588,396**	**$1,615,526**
District Contribution	**$11.1 million (Budgeted)**	**$10.5 million (Actual)**	**$0.6 million**

Sources of Change in Key Valuation Results

	District Contribution Rate	Funded Ratio
January 1, 2022 Valuation	**12.36%**	**96.95%**
Expected year to year change	0.05%	0.20%
Contributions above actuarial rate	(0.19%)	0.35%
Investment experience	1.70%	(3.25%)
Demographic/other experience	0.25%	(0.36%)
Increase in employee contributions	(0.50%)	0.00%
Payroll higher than expected	(0.16%)	0.00%
Total Net Change	**1.15%**	**(3.06%)**
January 1, 2023 Valuation	**13.51%**	**93.89%**

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

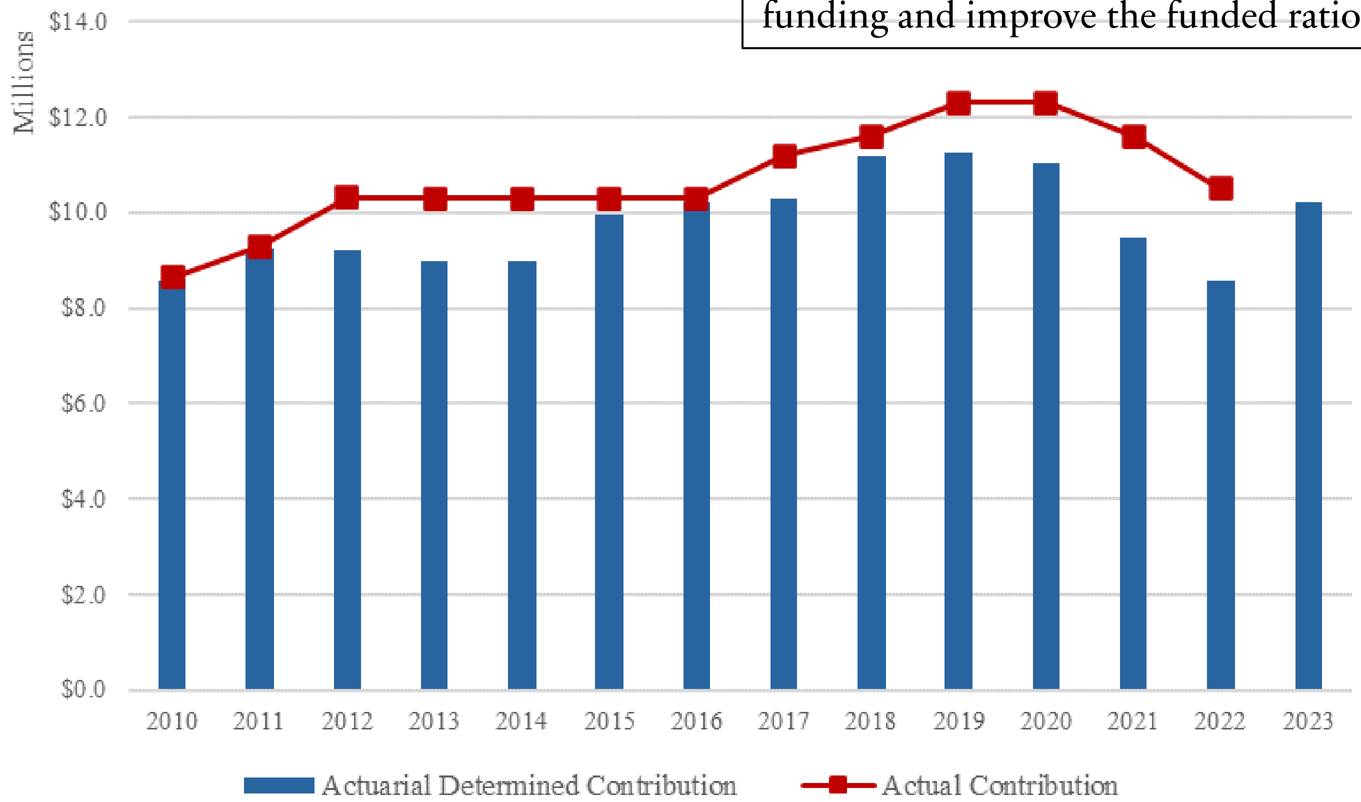
Historical Funded Ratio



Although the funded ratio is just one key measurement of the financial health of a Plan, the 80% threshold is relevant in Nebraska as a funded ratio below 80% requires reporting to the Nebraska Retirement Systems Committee. Funded ratio uses actuarial (smoothed) value of assets.

Historical Employer Contributions

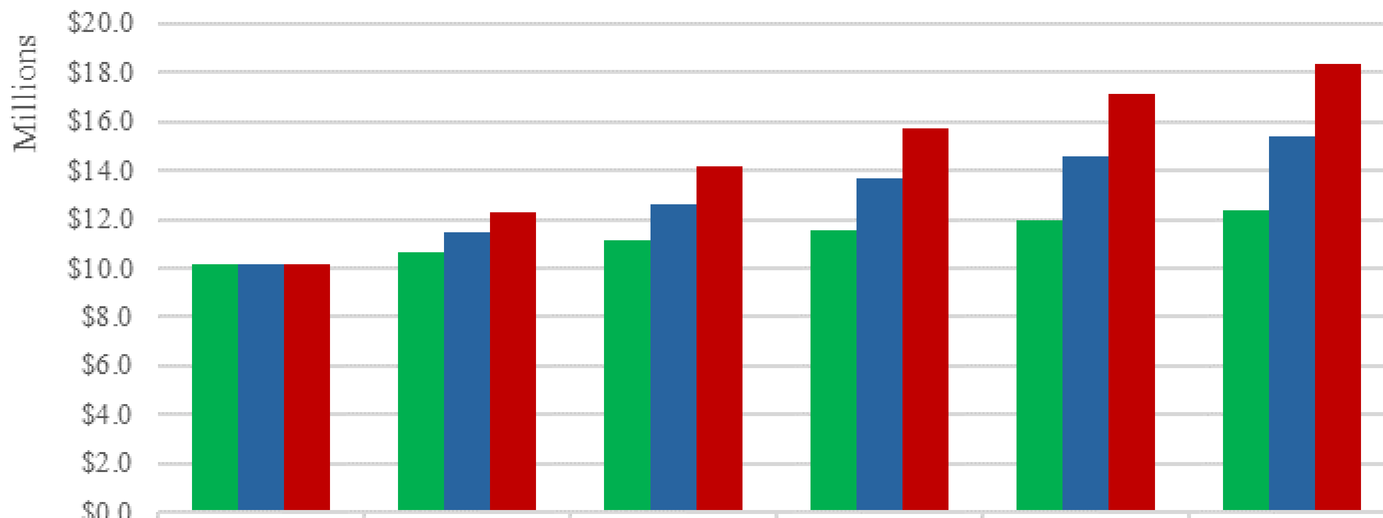
The stable contribution policy adopted by MUD has worked well to stabilize funding and improve the funded ratio.



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

Sensitivity Analysis: Future District Contributions

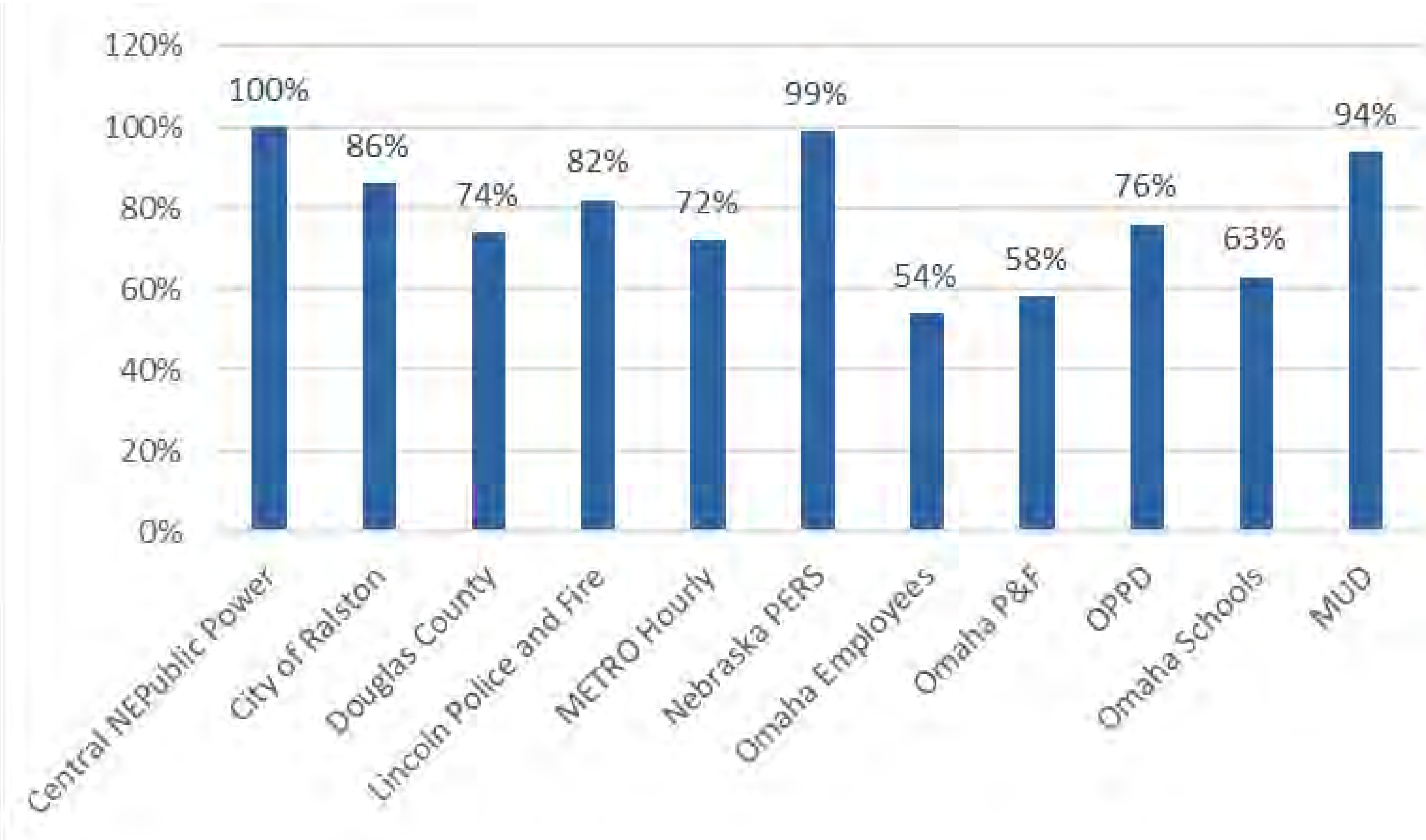
Projected District Actuarial Contributions



	2023	2024	2025	2026	2027	2028
Optimistic	$10.2	$10.7	$11.1	$11.6	$12.0	$12.4
Intermediate	$10.2	$11.5	$12.6	$13.6	$14.5	$15.4
Pessimistic	$10.2	$12.3	$14.2	$15.7	$17.1	$18.4

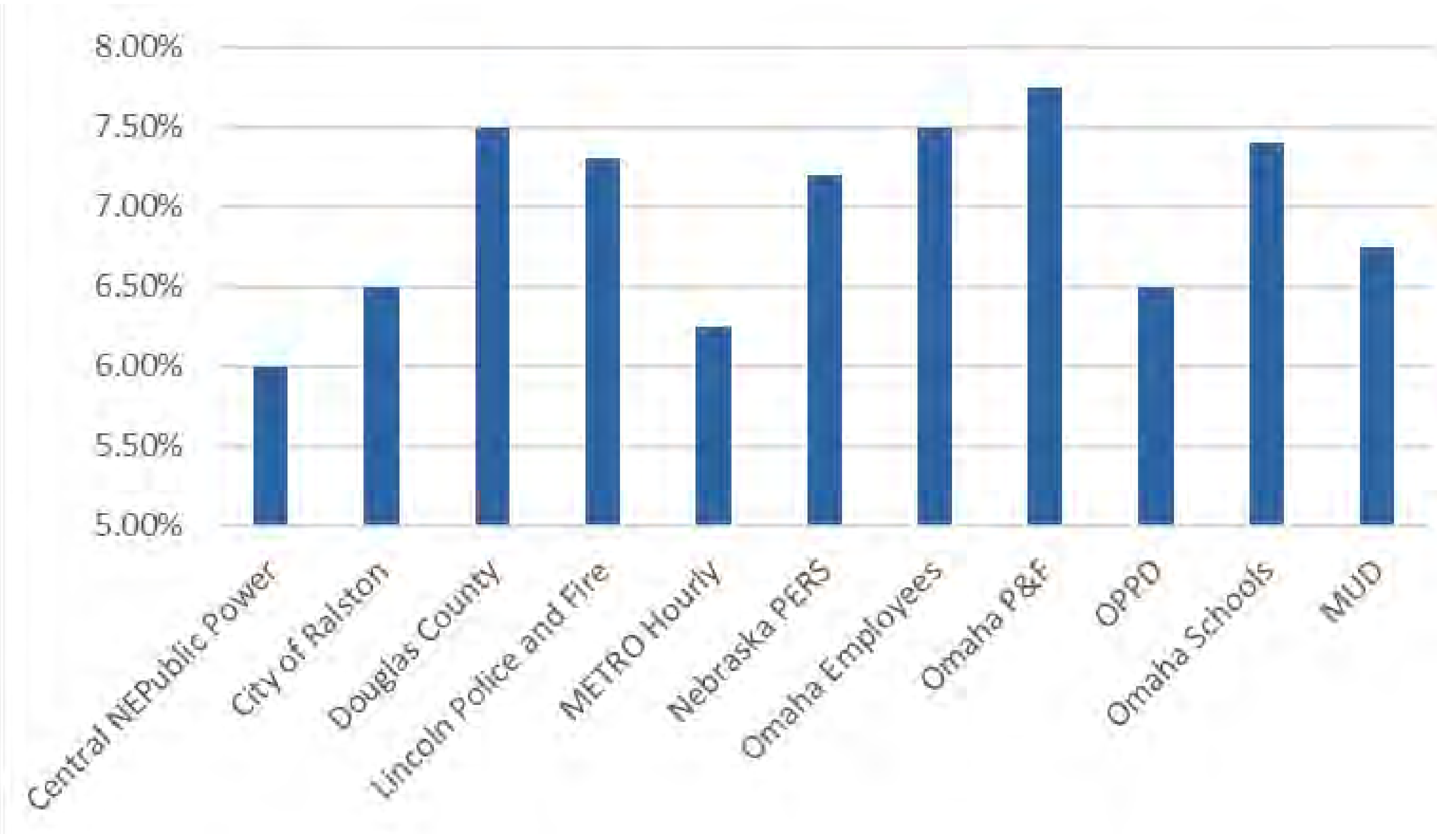
Optimistic: 16.75% return for 2023, 6.75% thereafter
Intermediate: 6.75% return in all years (assumed rate of return)
Pessimistic: -3.25% return for 2023, 6.75% thereafter

Funded Ratios of Other Nebraska Plans



Based on information submitted to the Nebraska Public Retirement Systems Committee in fall of 2022. Dates vary but most are 2022 valuation results. Note: the investment return assumptions vary by plan which impacts the funded ratio so results are not directly comparable.

Investment Return Assumptions of Other Nebraska Plans



Based on information submitted to the Nebraska Public Retirement Systems Committee in fall of 2022.

Comments

- January 1, 2023 valuation reflects unfavorable experience on both assets and liabilities, resulting in an increase in the actuarial contribution.
  - Due to MUD's funding policy, the impact of the contribution increase in actuarial contribution has less impact on the budgeted contribution.
  - Significant deferred investment losses exist which will increase future contributions absent higher-than-expected returns in the near term. It would be prudent to plan on higher contributions in the future.

- There is direct correlation between well-funded plans and consistent contributions at/above the full actuarial contribution rate.
  - MUD's funding policy has resulted in a very strong funded ratio of 94%
  - Result of consistent funding of the full actuarial contribution (or more) by the District

- Biggest challenge continues to be managing the volatility in actual returns that is inevitable when investing in the market and the corresponding impact on contributions.

Supplemental Information

Funding of Retirement Systems

- Very long-term in nature, the obligations (liabilities) to current members stretch out more than 75 years

- Estimated benefit payments are the Plan's liabilities
  - Funding is based on many actuarial assumptions, but actual experience may vary from that expected
  - That variability creates "risk" (uncertainty) that translates into volatility in contributions
  - Funding Equation: $C + I = B + E$

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

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

Why Use Asset Smoothing Method?

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MVA	-3.99%	17.90%	9.02%	5.92%	8.76%	7.41%	-18.98	13.13%	9.91%	3.35%	10.50%	18.04%	6.92%	-0.23%	7.83%	15.04%	-5.17%	21.00%	13.99%	13.74%	-17.06
AVA	3.88%	6.97%	7.48%	7.06%	7.49%	7.48%	-1.70%	3.97%	5.29%	4.82%	6.13%	9.01%	8.47%	6.23%	6.61%	8.68%	4.90%	8.63%	10.16%	11.15%	3.22%
Assumed	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.00%	7.00%	6.90%	6.90%	6.75%

MVA = market value of assets
AVA = actuarial value of assets

Total Plan Membership

	1/1/23 Valuation	1/1/22 Valuation	Change
Active members	865	813	6.4%
LTD/Inactive vested	79	78	1.3%
Inactive non-vested	5	1	400.0%
Retirees and Beneficiaries	722	710	1.7%
Total	1,671	1,602	4.3%

Details of Actuarial Contribution Rate

	1/1/23 Valuation	1/1/22 Valuation	Change
Normal cost rate	19.59%	19.54%	0.05%
UAL contribution*	2.92%	1.32%	1.60%
Total Contribution Rate	22.51%	20.86%	1.65%
Employee Rate	(9.00%)	(8.50%)	(0.50%)
Employer Rate	**13.51%**	**12.36%**	**1.15%**
Estimated Covered Payroll	$75,528,659	$69,485,404	$6,043,255
Total Required Contribution	$17,001,501	$14,494,655	2,506,846
Employee Contribution	$ 6,797,579	$ 5,906,259	891,320
Employer Contribution	**$10,203,922**	**$8,588,396**	**$ 1,615,526**

Note: Multiple amortization bases exist but the largest piece of unfunded actuarial liability (UAL) is amortized over a closed 21-year period (as of 1/1/2023).

Contribution Rate Volatility

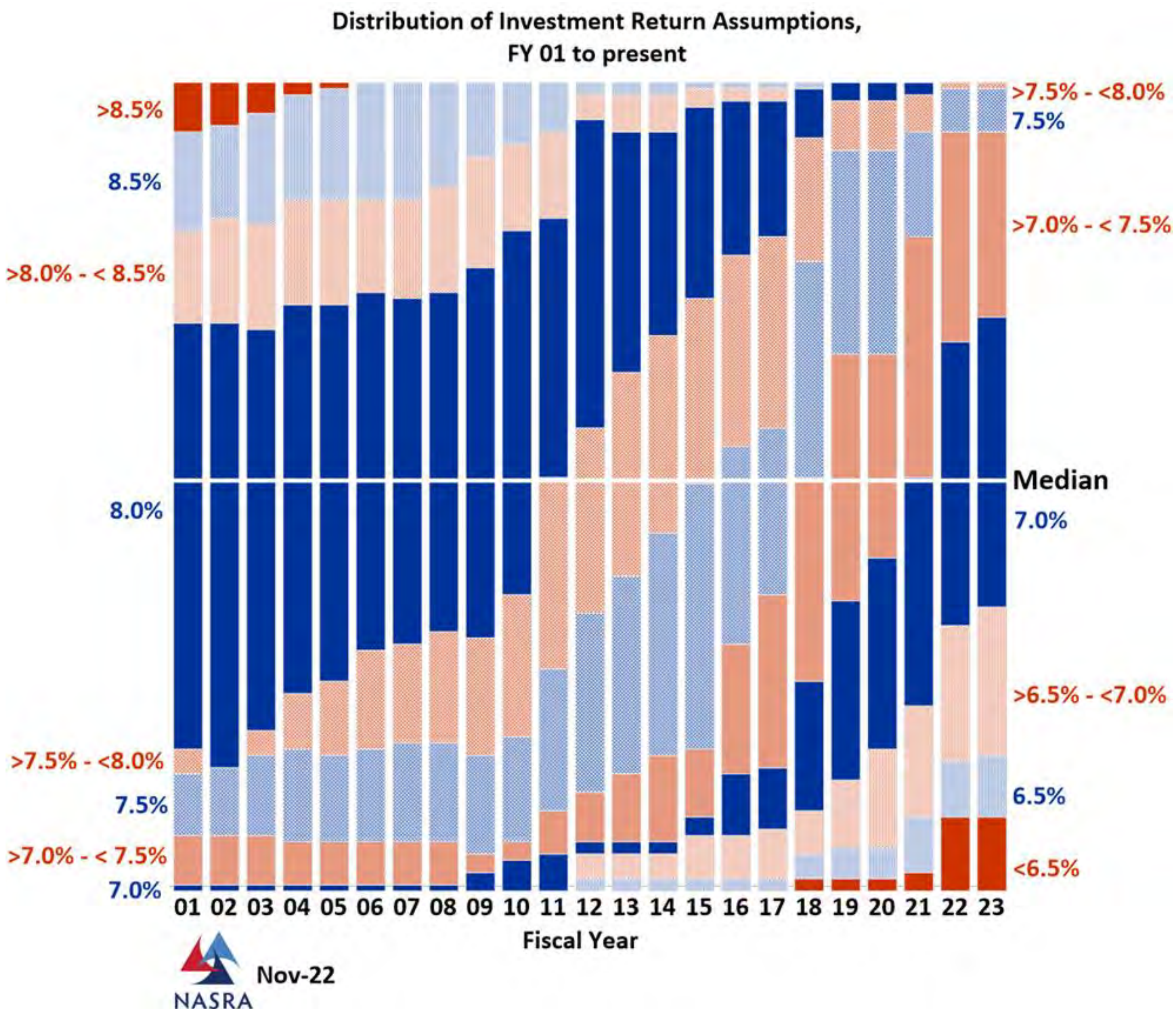
- MUD's Plan is very mature, similar to most public pension plans in the U.S.

- The more mature the plan, the more sensitive the contribution rate is to investment volatility

Year	Assets	Payroll	Ratio	Impact on Actuarial Contribution
2023	$470.6M	$70.6M	666%	$3.34M

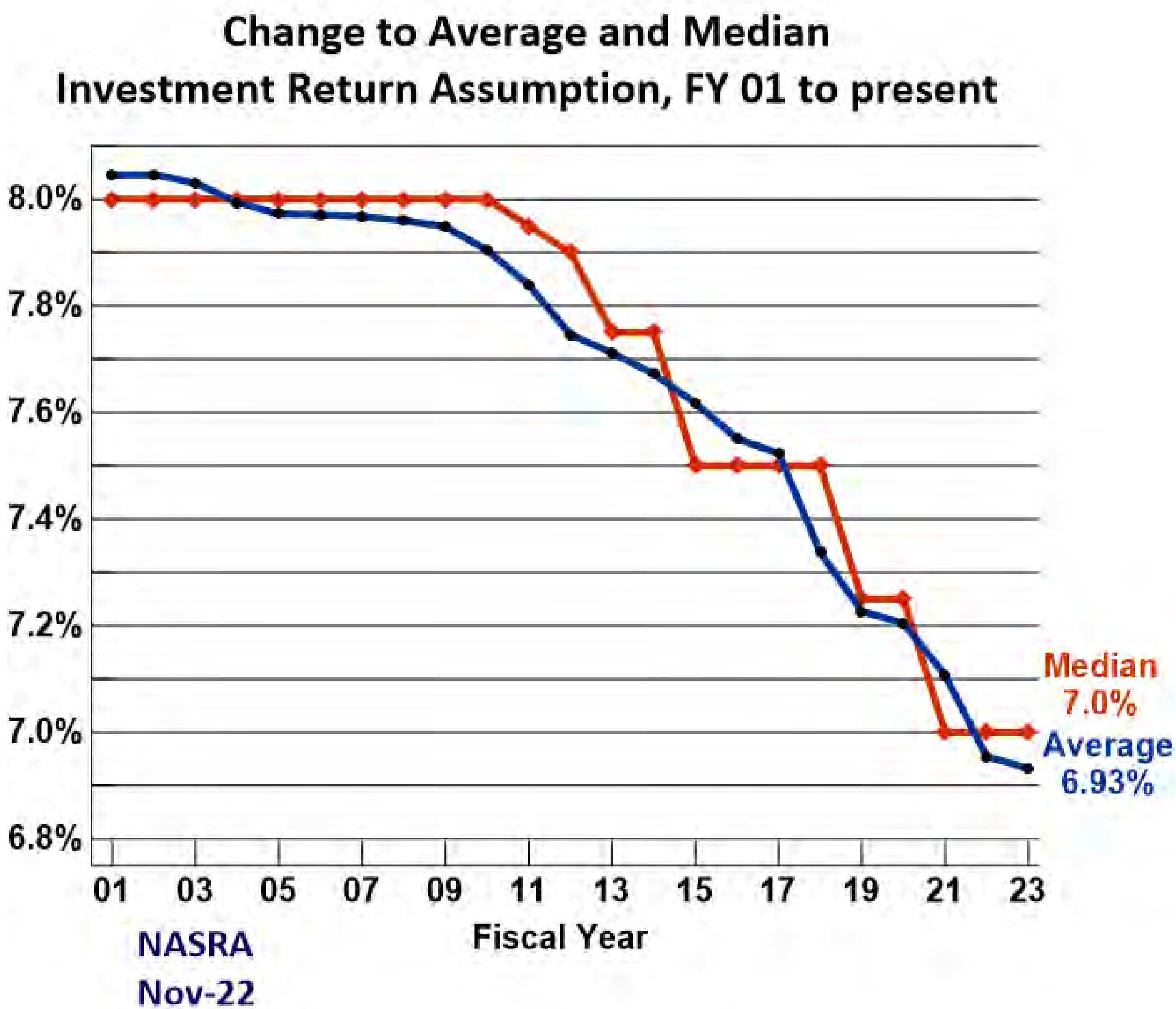
- Assets are more than six times payroll
  - Underperforming the investment return assumption by 10% (earn -3.25%) is equivalent to 67% of payroll
  - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
  - This level of volatility is not unexpected given the asset allocation

Distribution of Investment Return Assumptions - Public Plan Survey



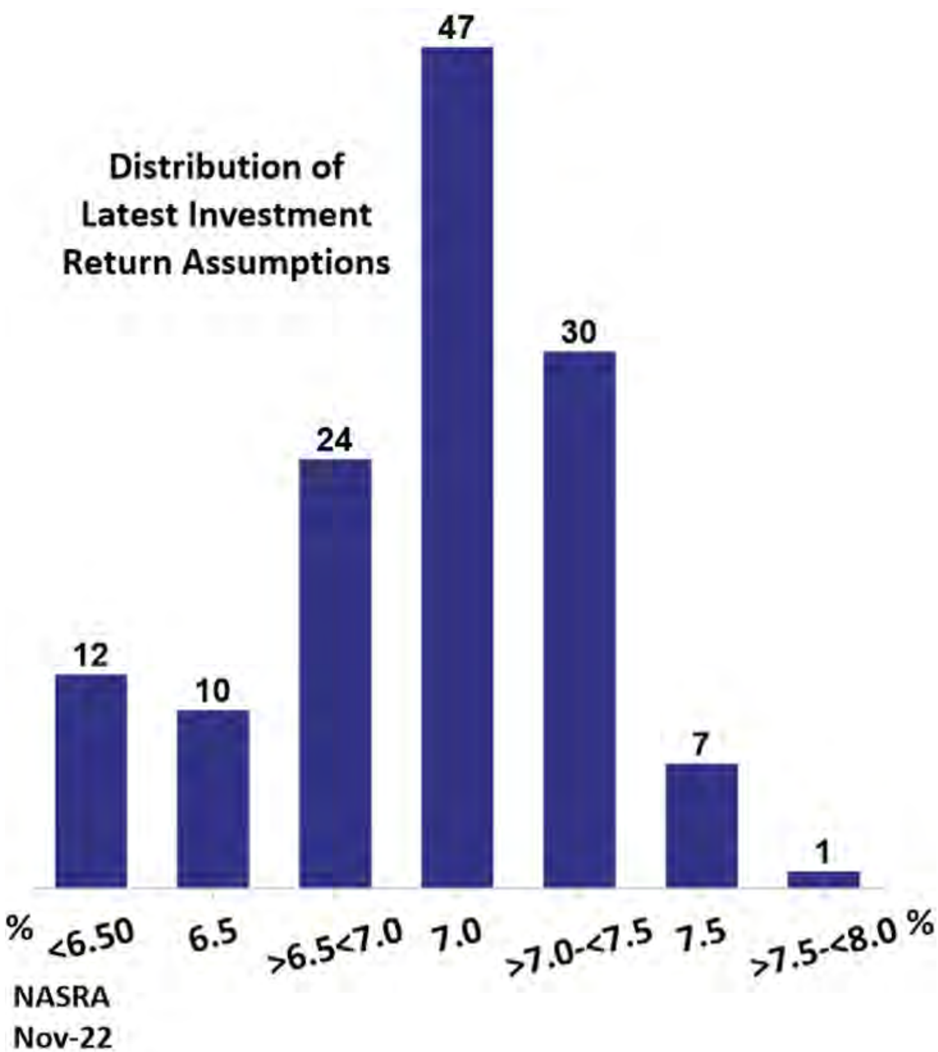
The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 13 years. Currently, the median return is 7.00%, but we continue to see some systems reducing their assumptions, particularly those above 7.00%.

Assumptions Used by Other Public Plans



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

Other Public Plans Return Assumptions



93 of 131 Plans in the Survey (71%) use an investment return assumption of 7.0% or less.

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

Results Under Alternate Return Assumptions

Investment Return Assumption	6.25%	6.50%	(current) 6.75%
Normal cost rate	22.11%	20.81%	19.59%
UAL contribution	5.89%	4.40%	2.92%
Total Contribution Rate	28.00%	25.21%	22.51%
Employee Rate	(9.00%)	(9.00%)	(9.00%)
District Contribution Rate	**19.00%**	**16.21%**	**13.51%**
Actuarial Liability	$593.5M	$576.0M	$559.2M
Actuarial Value of Assets	525.0M	525.0M	525.0M
Unfunded Actuarial Liability	$ 68.6M	$ 51.0M	$ 34.2M
Funded Ratio	**88.4%**	**91.1%**	**93.9%**
District Contribution	**$14.4M**	**$12.2M**	**$10.2M**

Note: All other assumptions are unchanged for purposes of this sensitivity analysis. Numbers may not add or subtract due to rounding.

Caveats and Limitations

This presentation is based on the data, methods, assumptions and plan provisions described in the actuarial valuation report dated February 24, 2023. The statements of reliance and limitations on the use of this material are reflected in the actuarial report and also apply to this presentation. These statements include reliance on the data provided, the actuarial certification and the purpose of the report.

Please see the January 1, 2023 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

Patrice Beckham

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

Approved by the Board
April 5, 2023

METROPOLITAN UTILITIES DISTRICT

Inter-Departmental Communication

March 28, 2023

Subject: RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

To: Audit Committee
cc: All Board Members; Doyle, Ausdemore, Langel, Lobsiger, Mendenhall, and all Vice Presidents

From: Mark F. Myers, Senior Vice President, Chief Financial Officer

Attached for your review, please find the “Financial Statements and Supplemental Schedules” for the year ended December 31, 2022 as audited by RSM, our external auditors. I am pleased to inform you that RSM expressed an unmodified, or “clean” audit opinion, which indicates that the financial statements present fairly, in all material respects, the financial position of both the Gas and Water divisions as of December 31, 2022. It is important to note that the District is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles, whereas it is RSM’s responsibility to issue an opinion on the financial statements based on their audit.

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

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

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

The aforementioned documents will be on the April 5, 2023 Committee and Board Agendas to be placed on file.

Mark F. Myers
Senior Vice President, Chief Financial Officer
(402) 504-7174

Approved:

Mark E. Doyle
President

Attachments

RSM US LLP

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March 30, 2023

Board of Directors
Metropolitan Utilities District
Omaha, Nebraska

This letter is to inform the Board of Directors of Metropolitan Utilities (the District) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

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

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated September 13, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 13, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

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

- Depreciable useful life of capital assets
- Unbilled revenue
- Net pension liability (NPL) assumptions
- OPEB liability assumptions
- Fair value of investments
- Implementation of GASB Statement No. 87, *Leases*

Other Matters

The independent auditor's report includes an emphasis of matter paragraph for the impact of the GASB Statement No. 87, *Leases*, as follows:

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 net position of the financial statements for the business-type activities and each major fund as of January 1, 2022. Our opinions are not modified with respect to this matter.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We identified the following uncorrected misstatement that management has concluded is not material to the basic financial statements. We agree with management's conclusion in that regard.

- There is a judgmental misstatement of unrecorded lease receivable and deferred inflows of resources of the business type activities of approximately $912,000 ($412,000 for gas fund and $500,000 for water fund), as well as unrecorded right-of-use asset and lease liability of the business type activities, all gas fund of approximately $400,000. The District decided to not record individually immaterial leases and this is the total effect of all individually immaterial leases. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.

- There is a judgmental misstatement of ending net position of the business type activities of approximately $1,596,000 ($878,000 for gas fund and $718,000 for water fund) in relation to the net pension and other post-employment benefits (OPEB) liabilities. There were differences in the mortality and marriage assumptions utilized by RSM and the District's actuaries. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.

Internal Control Matters and Compliance Findings

We have separately communicated in a reporting package dated March 30, 2023 any significant deficiencies and material weaknesses in internal control over financial reporting and applicable noncompliance identified during our audit of the financial statements, as required by *Government Auditing Standards*.

Consultation With Other Accountants

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

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and RSM each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The District's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the District.
- Not entering into relationships resulting in RSM, RSM covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the District.

Management Representations

Attached is a copy of the management representation letter.

Closing

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

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

RSM US LLP

RSM US LLP

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

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2023. The District's December 31, 2021 financial statements have been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* Our opinion was not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

Omaha, Nebraska
March 30, 2023

March 30, 2023

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

This representation letter is provided in connection with your audits of the basic financial statements of Metropolitan Utilities District the District as of and for the years ended December 31, 2022 and 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 30, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 13, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. The methods, assumptions and data used to estimate the pension and other post-employment liability is as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The methods used in the measurement process, including the related assumptions and/or models used in determining the estimate are descried in the actuary report. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the District. We have also appropriately considered alternative assumptions or outcomes through evaluating alternative assumptions with our actuary. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the District include:

   a. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.

7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

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

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

10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.

11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.

12. Provisions for uncollectible receivables have been properly identified and recorded.

13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.

14. The District properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

16. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

17. The District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

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

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

20. We believe the implementation of the GASB Statements listed below is appropriate:

    a. GASB Statement No. 87, *Leases* – We have properly evaluated and reported the applicable lease related transactions in the financial statements as well as the required disclosures including the restatement of net position.

21. We have informed you of all uncorrected misstatements.

    As of and for the year ended December 31, 2022, we believe that the effects of the uncorrected misstatement below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

    - There is a judgmental misstatement of unrecorded lease receivable and deferred inflows of resources of the business type activities of approximately $912,000 ($412,000 for gas fund and $500,000 for water fund), as well as unrecorded right-of-use asset and lease liability of the business type activities, all gas fund of approximately $400,000. The District decided to not record individually immaterial leases and this is the total effect of all individually immaterial leases. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.

    - There is a judgmental misstatement of ending net position of the business type activities of approximately $1,596,000 ($878,000 for gas fund and $718,000 for water fund) in relation to the net pension and other post-employment benefits (OPEB) liabilities. There were differences in the mortality and marriage assumptions utilized by RSM and the District's actuaries. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.

Information Provided

22. We have provided you with:

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

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

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

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

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

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

25. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

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

    a. Management.

    b. Employees who have significant roles in internal control.

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

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

28. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

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

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

31. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.

32. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

33. We agree with the findings of the specialist in evaluating the pension and other post-employment liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

34. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

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

Supplementary Information

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

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

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

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

    d. The methods of measurement or presentation have changed from those used in the prior period.

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

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

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

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

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

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

Compliance Considerations

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

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

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

40. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

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

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

43. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

44. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Metropolitan Utilities District

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

DocuSigned by:
Mark Myers
24EAE0F62A84471...
Mark Myers,
Chief Financial Officer

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2022 and 2021

(With Independent Auditor’s Report Thereon)

METROPOLITAN UTILITIES DISTRICT

Table of Contents

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Report on the Audit of the Financial Statements

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 31, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. 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 the net position of the financial statements for the business-type activities and each major fund 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

RSM US LLP

Omaha, Nebraska
March 30, 2023

"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.

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.

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.

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

See accompanying notes to basic financial statements.

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	4,386,795	8,393,335	$ 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

(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.

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: Pension Plan	Fair Value: OPEB	Fair Value: Total	Hierarchy 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.

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

	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	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

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.

(c) Direct Borrowings and Direct Placements

NDEQ Note Payable

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

South contact basin project was completed in late 2012, with total direct project costs of $6,886,837, resulting in total committed loan funds of $5,797,062.

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

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

During 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)

(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

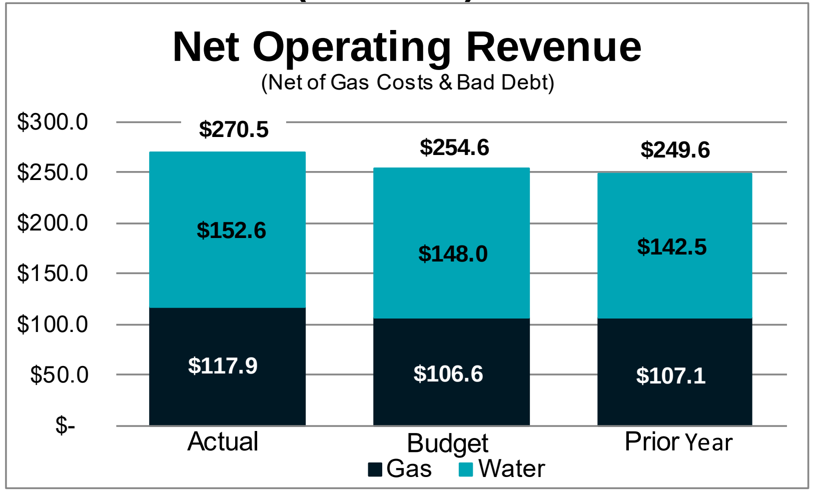
2022 FINANCIAL REVIEW

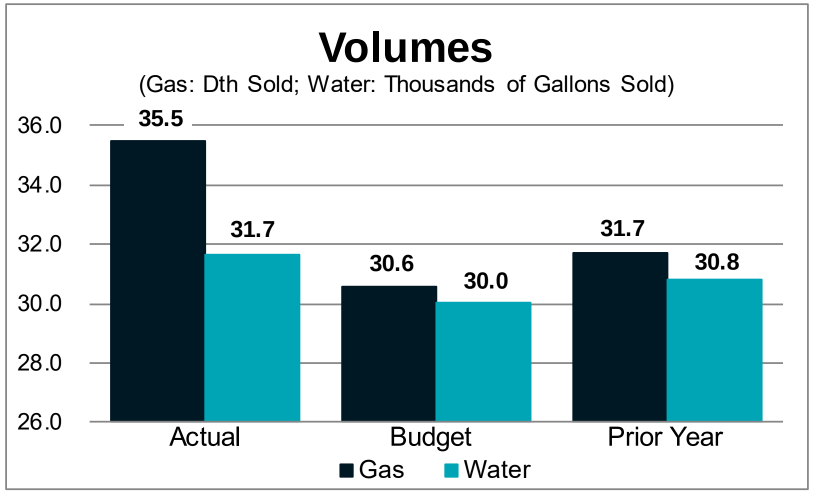
APRIL 5, 2023

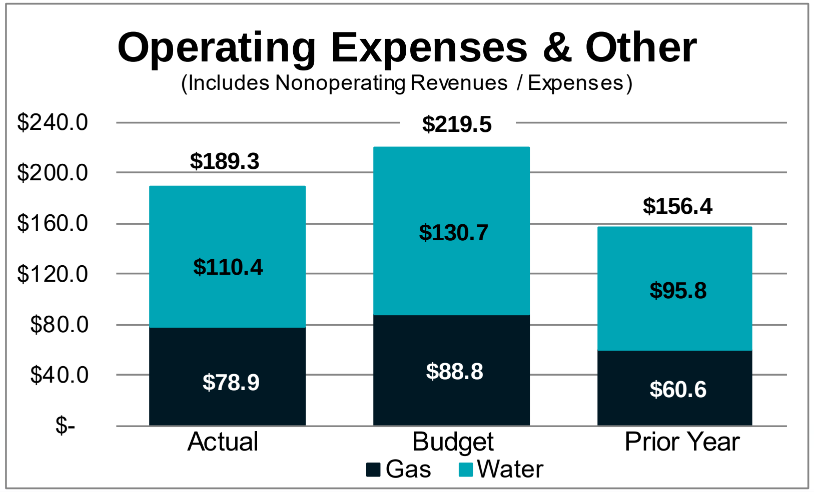
METROPOLITAN UTILITIES DISTRICT

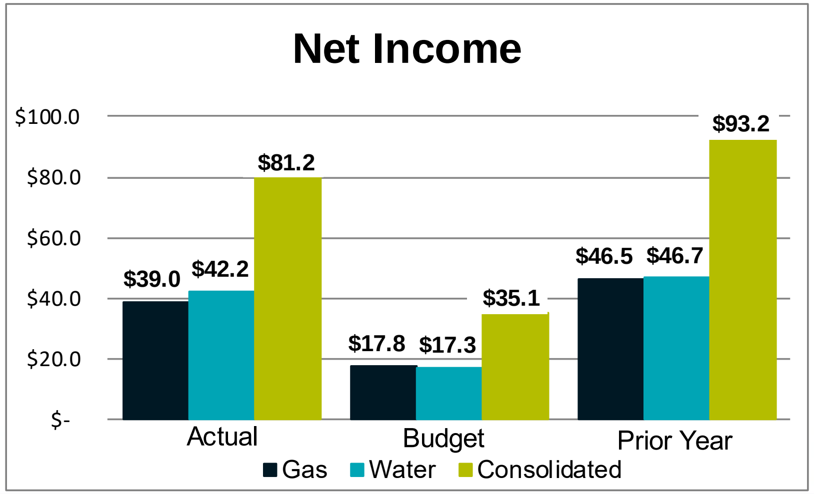
2022 FINANCIAL SUMMARY

GAS & WATER COMBINED (in millions)



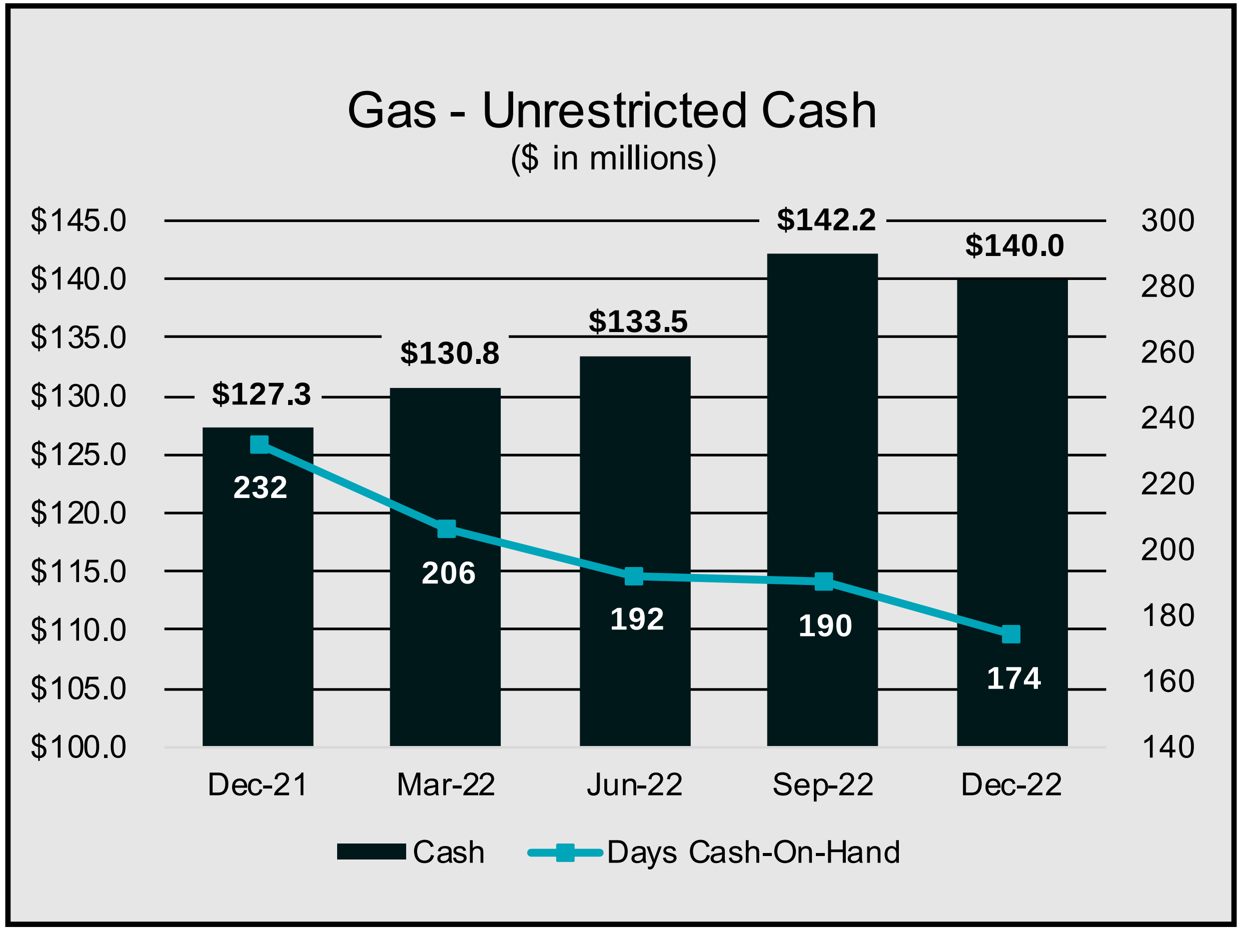


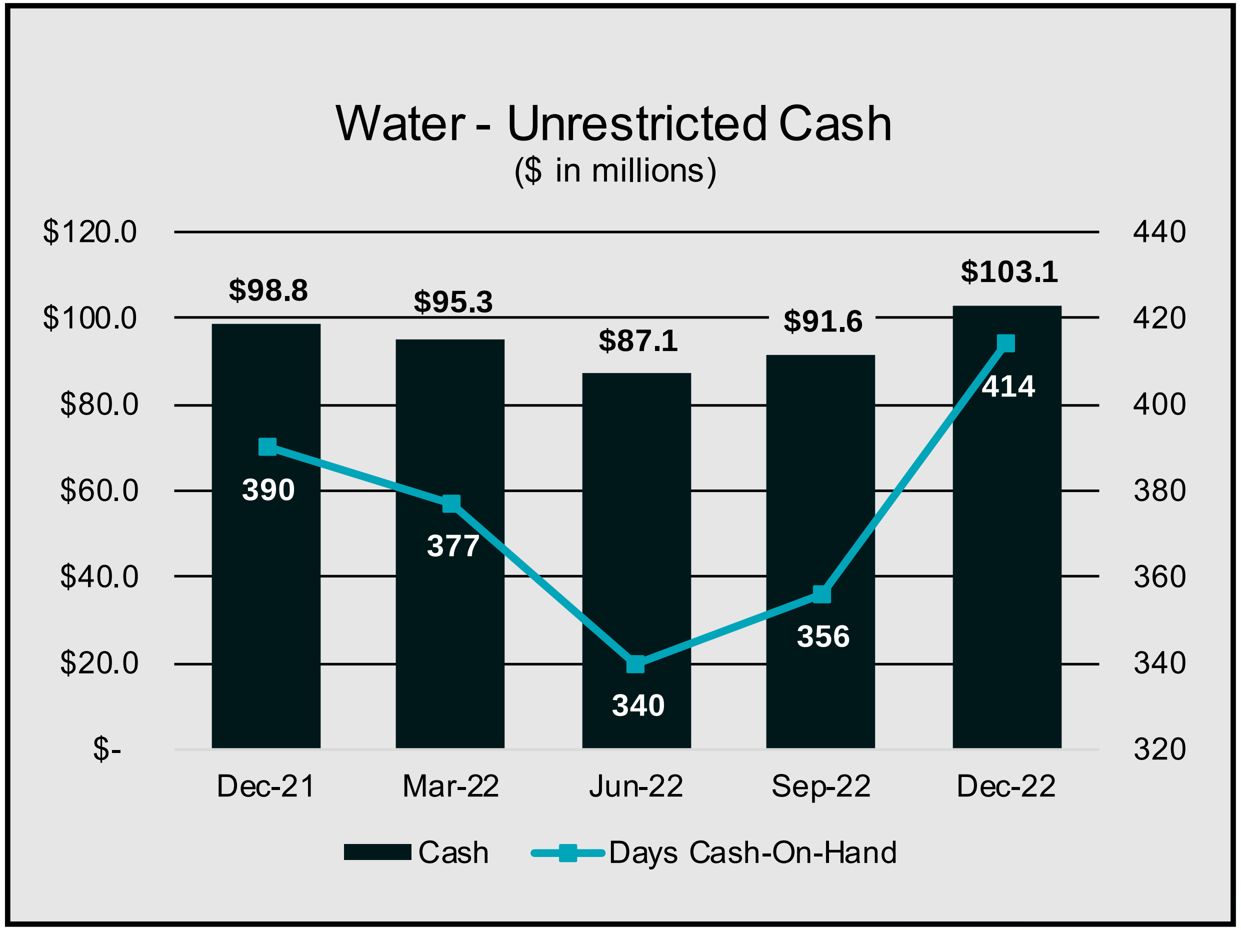




CASH POSITION – GAS & WATER DEPARTMENTS

DECEMBER 31, 2022





METROPOLITAN UTILITIES DISTRICT

FINANCIAL STABILITY – KEY MEASURES

	2022	2021
Debt Service Coverage:		
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
Pension Funding:		
Funded Ratio (Actuarial Value of Assets / Actuarial Liability)	94%	97%
OPEB Funding** (**$ in millions**)**:		
District contribution to OPEB trust fund	$6.1	$9.7
Retiree medical claims/fees paid	$5.2	$3.6
Total District contribution to OPEB Plan	$11.3	$13.3

Credit Ratings:

Gas Department		
Fitch Ratings - February 2023	AA+	2nd highest rating - No change
Moody's Investor Services - September 2022	Aa2	3rd highest rating - No change
S&P Global Ratings - November 2019	AA+	2nd highest rating - Upgrade
Water Department		
Fitch Ratings - N/A	-	Does not rate the Water Dept.
Moody's Investor Services - September 2022	Aa2	3rd highest rating - No change
S&P Global Ratings - July 2021	AA	3rd highest rating - Upgrade

METROPOLITAN

UTILITIES DISTRICT

For Informational Purposes
April 5, 2023

Infrastructure Replacement Program Update

March 1st, 2023

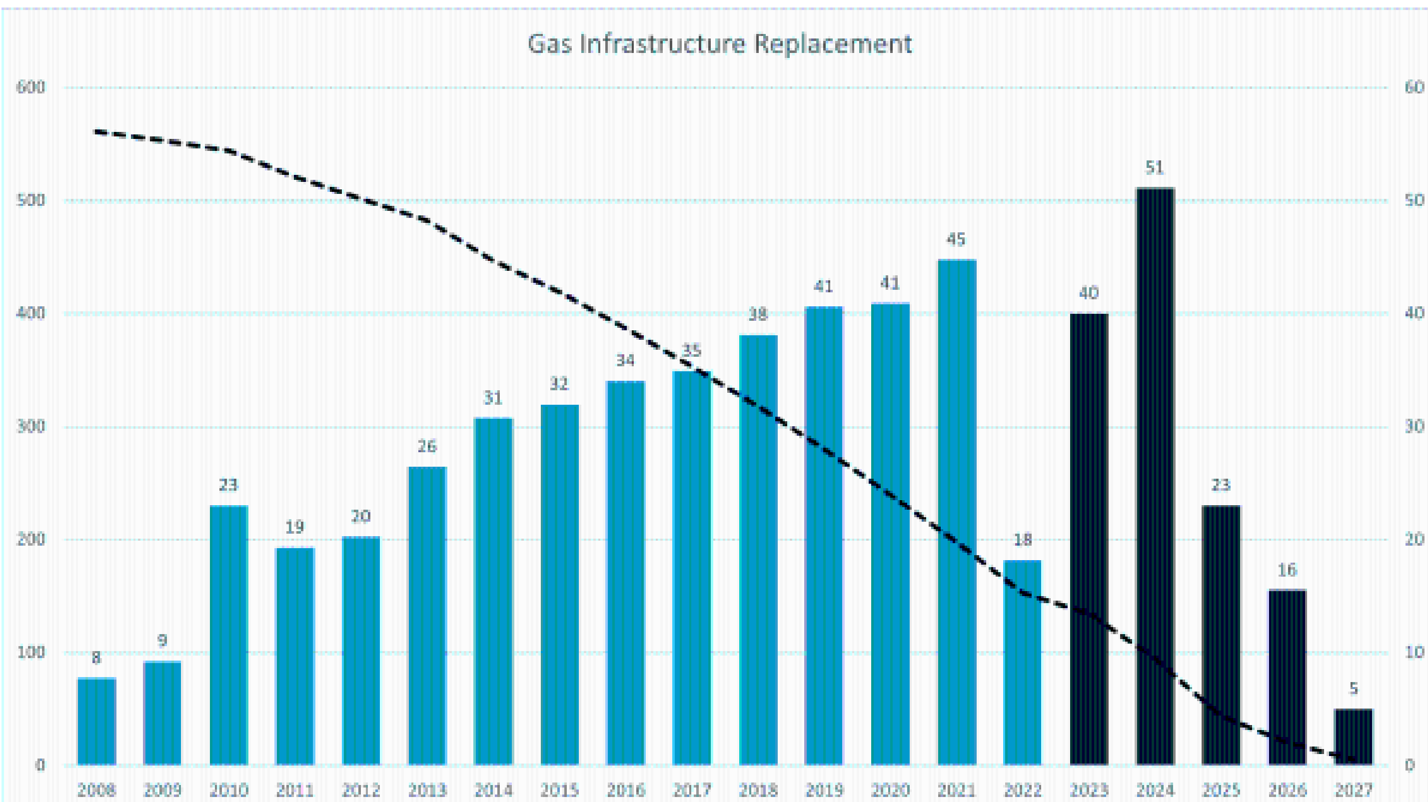
Jared Svagera & Evan Martin

Natural Gas Distribution System

Over 560 miles of Low Pressure or High Pressure Cast Iron gas mains in 2008

134 miles remaining with a goal of 40 miles replaced in 2023

Target Gas Mains

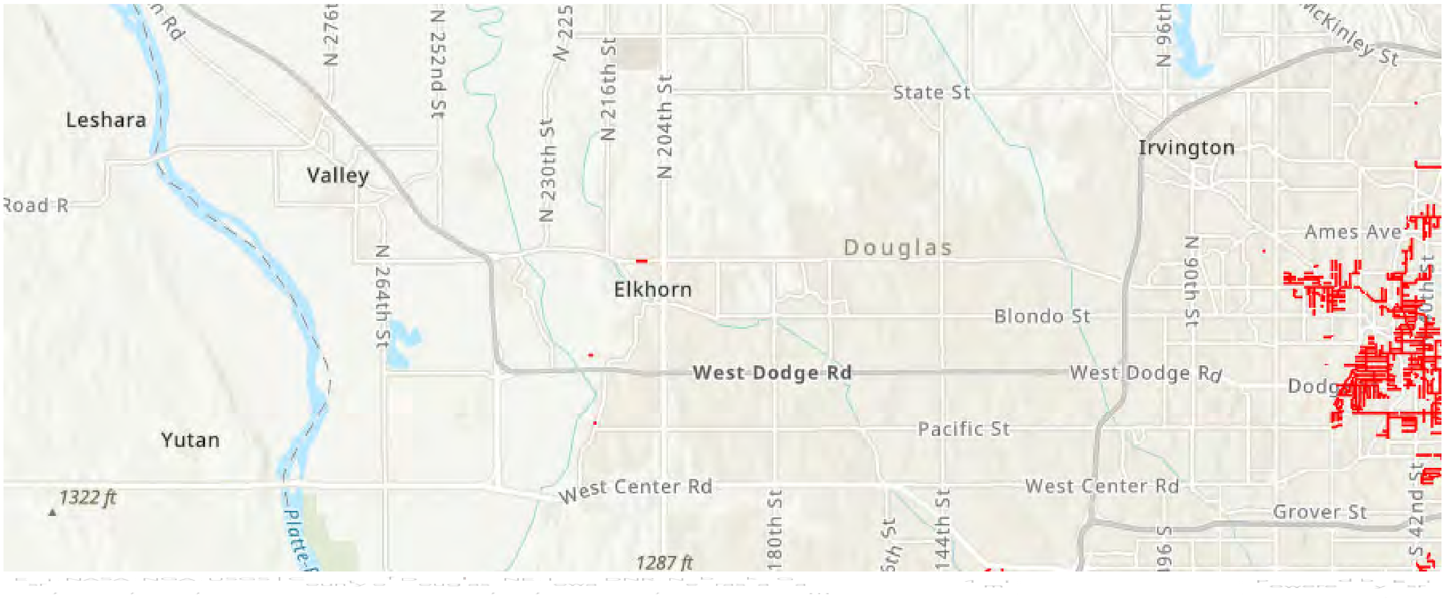


- 2022 Supply Chain Disruptions
- 2023 Goals and beyond
  - 2022 Abandonments carried over into 2023 and 2024
- Final Mileage the most difficult

Next Steps to Improve the Gas System

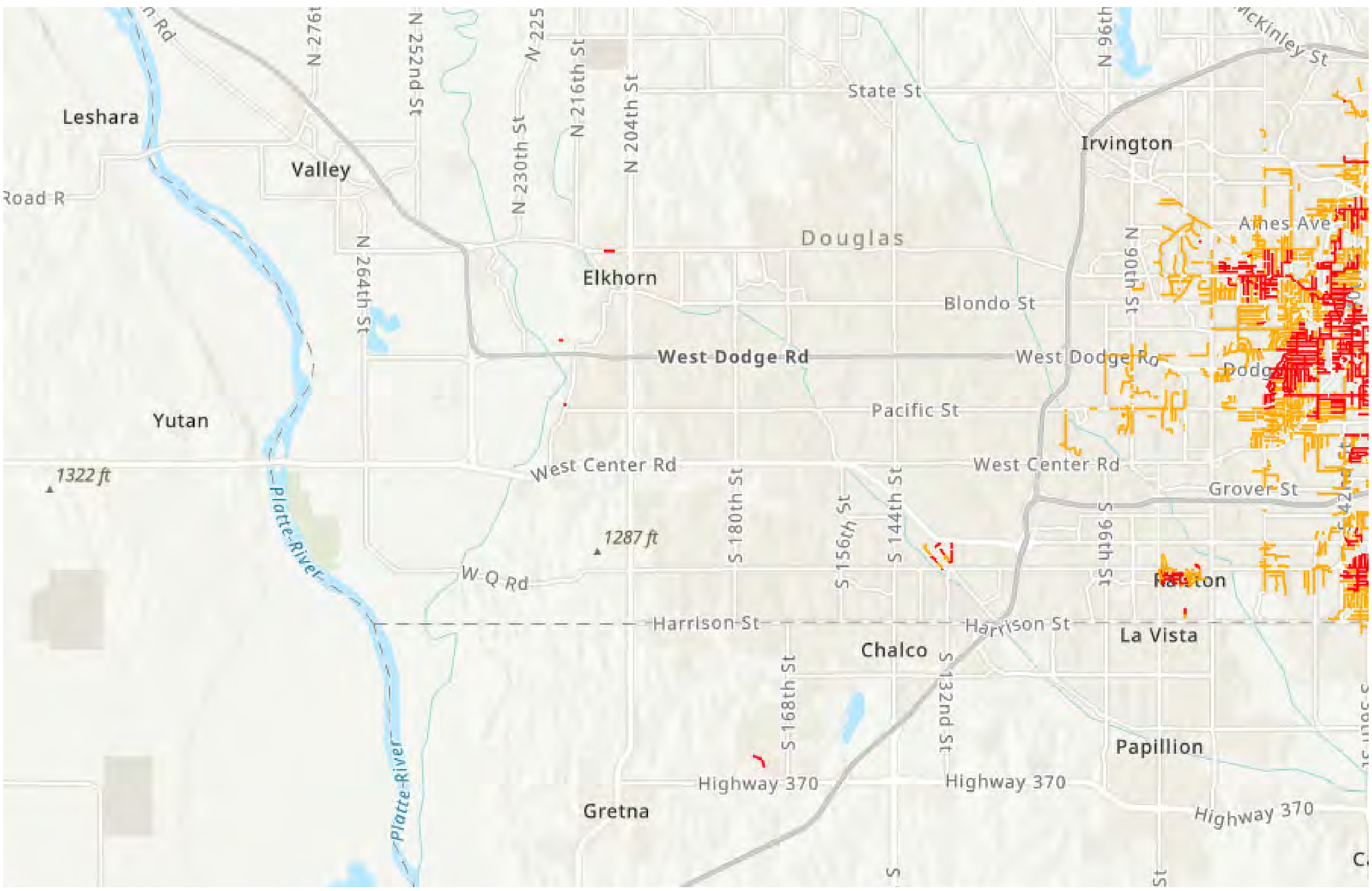
- Next highest risk being evaluated
- Distribution Integrity Management Program Committee meets regularly to re-evaluate future risks
-

Water Infrastructure Replacement Program Update

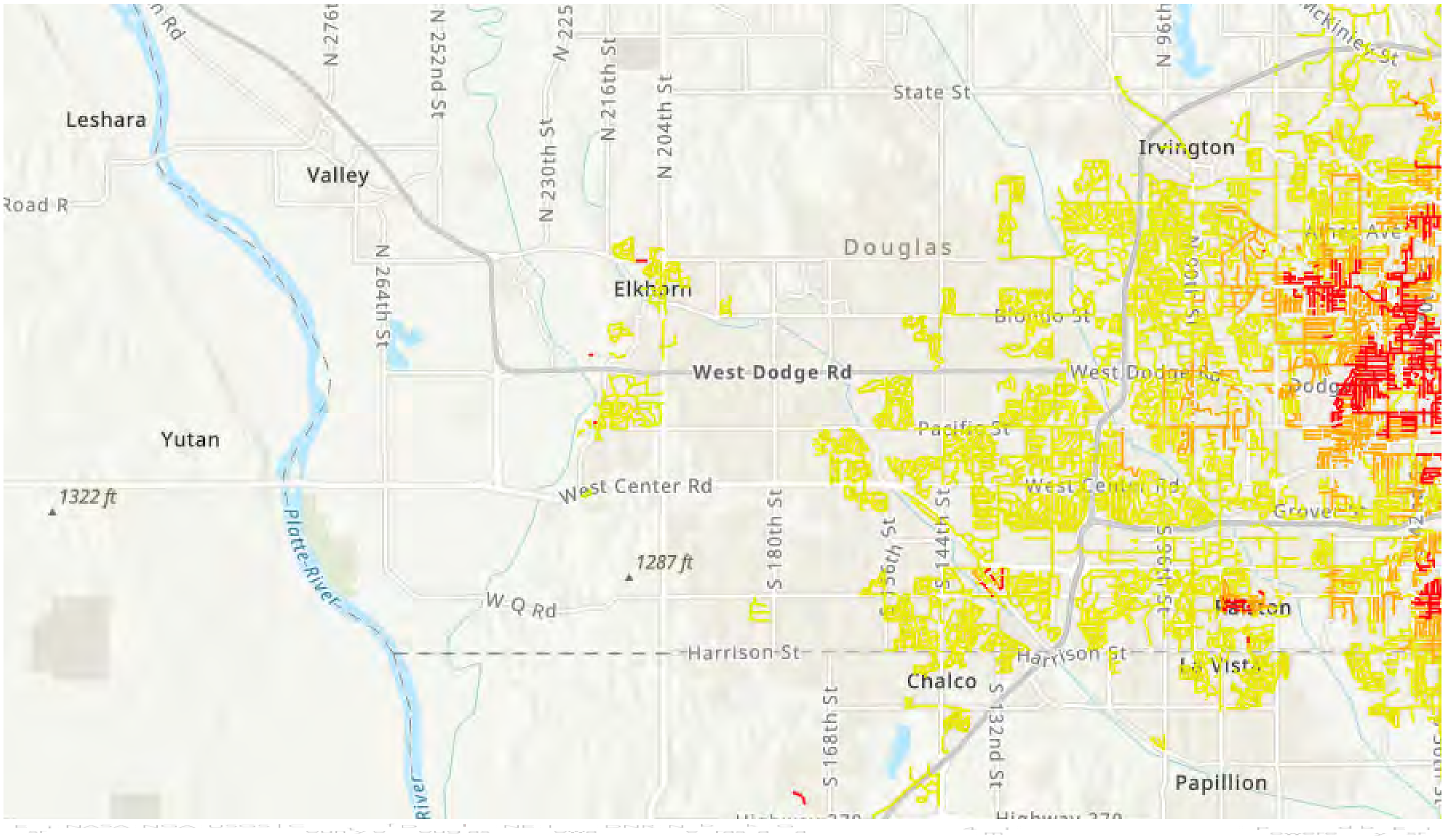


The water distribution system over the years:

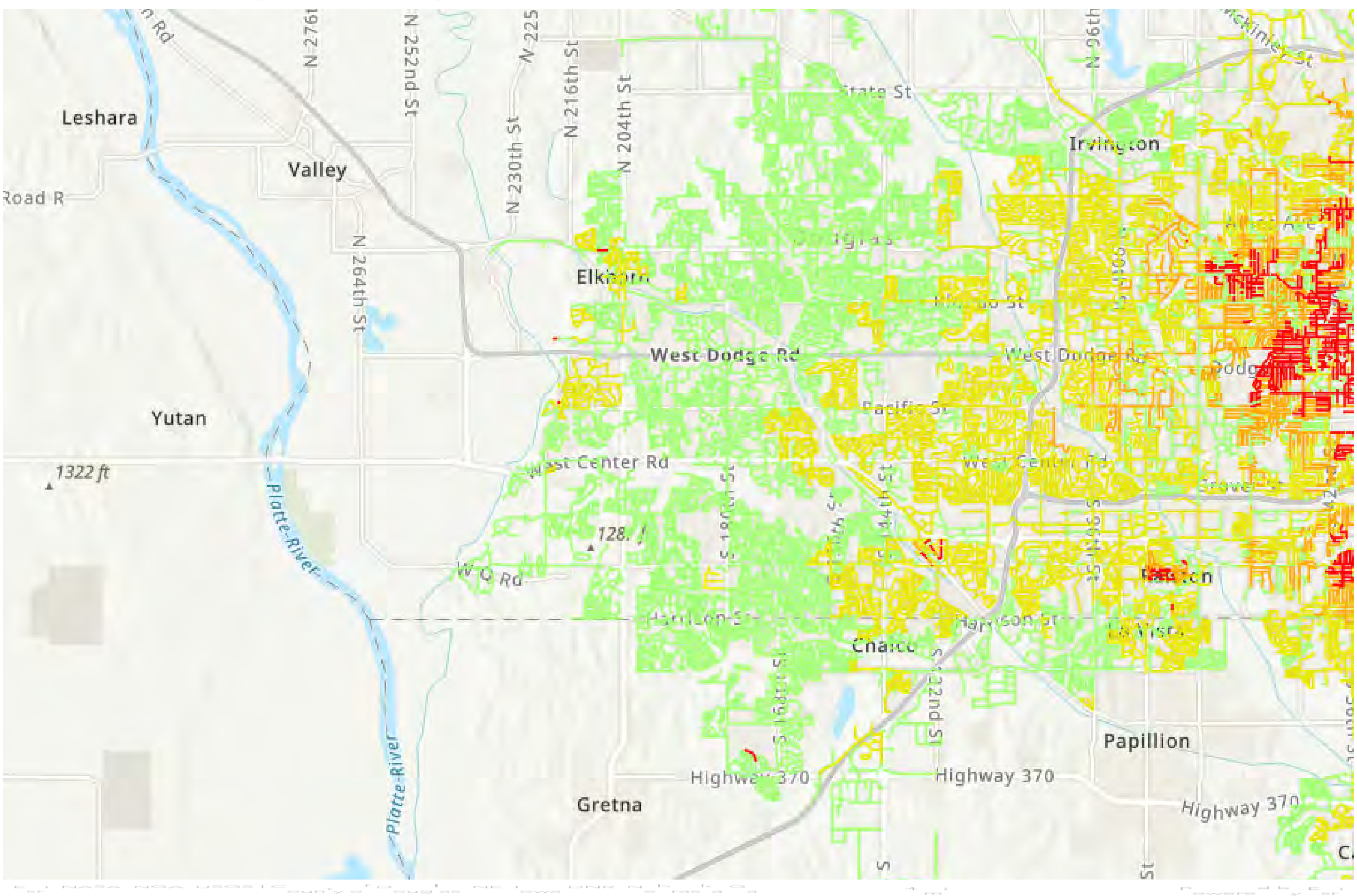
Pipe installed up to 1920



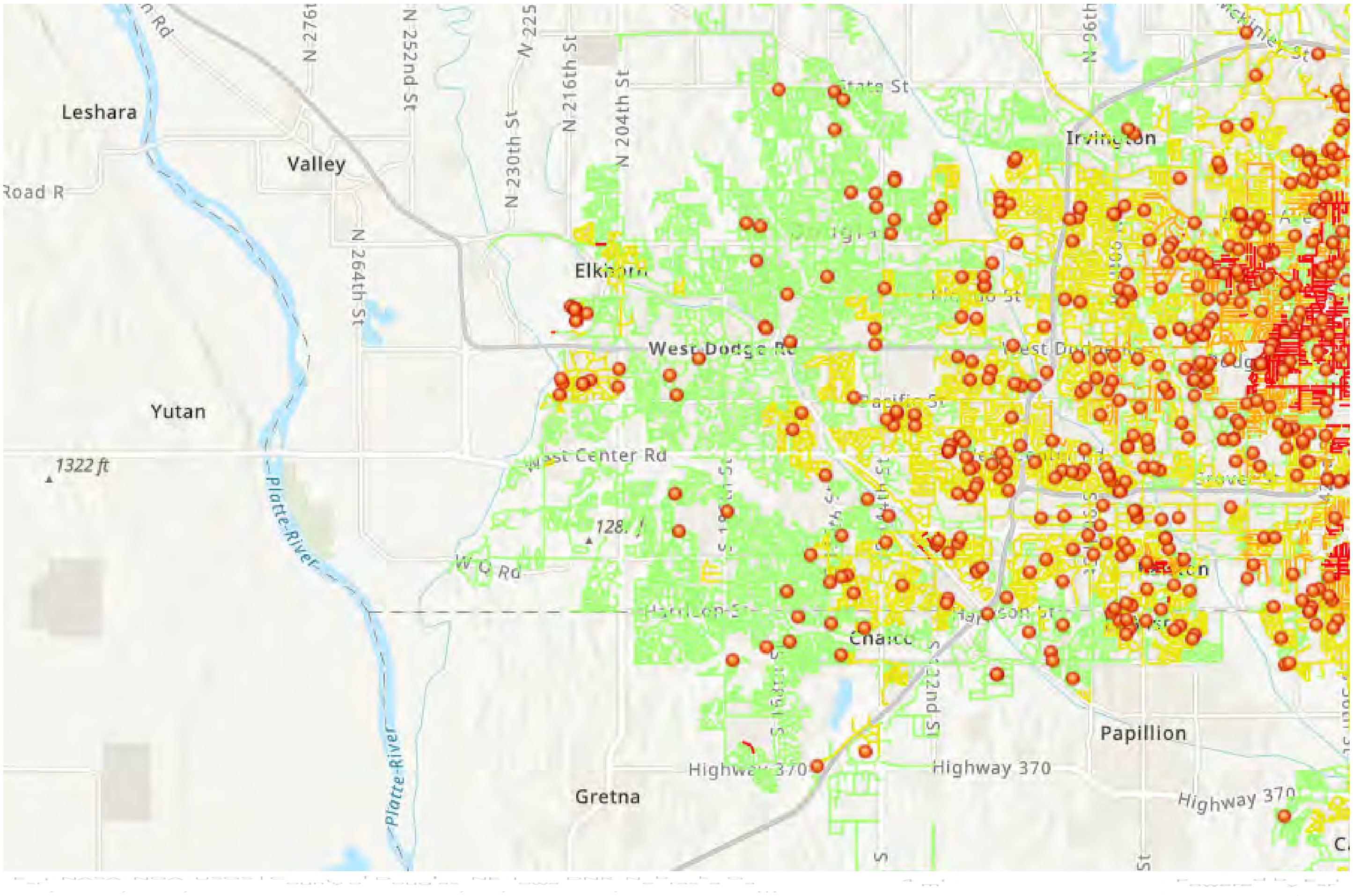
Pipe Installed up to 1950



Pipe installed up to 1980

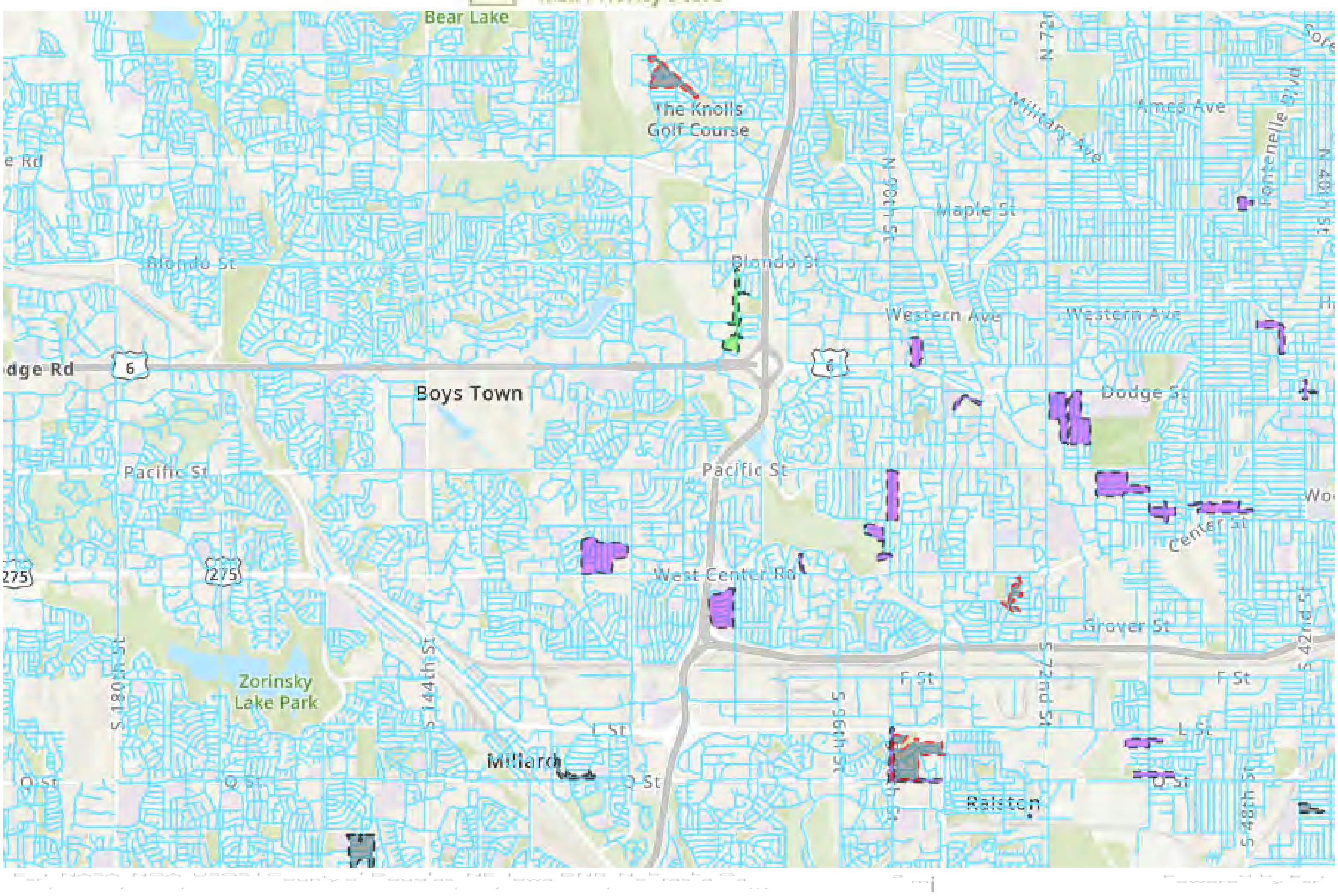


Present day system



Pipe age doesn't tell the full story. Water main failures are distributed throughout the system.

Our risk break approach combines age with 6 other factors to determine the Likelihood of Failure, and combines that with 9 factors for Consequence to calculate a total relative risk.



2023 Water Infrastructure Replacement

Increasing Pipe Bursting and further diversifying contract partnerships

- Further leveraging condition assessment to mitigate risk more cost effectively
- Always exploring new materials/methods
- Renewed contract partnerships
    - Always reviewing to ensure competitiveness

Condition Assessment Program Update

2022 Condition Assessment

- SeeSnake

- High consequence projects
- 12-Inch metallic water distribution mains
- 2022 mileage goals

2022 Condition Assessment

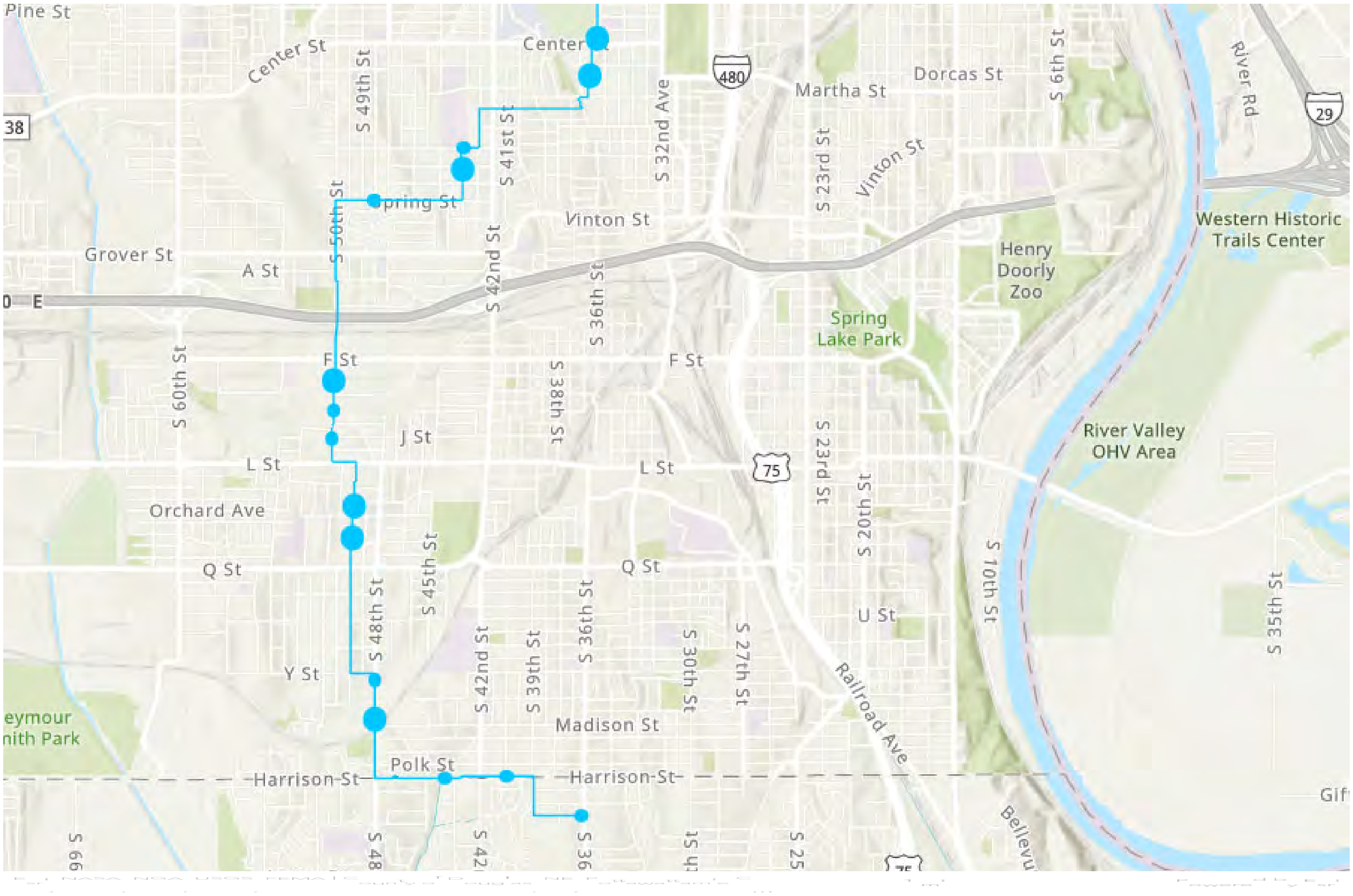
- HydraSnake pilot
- 6-Inch metallic water distribution mains

Data Driven Decision Making

- Remaining pipe wall
- Surgical repairs
- Risk mitigation
- 2023 goals

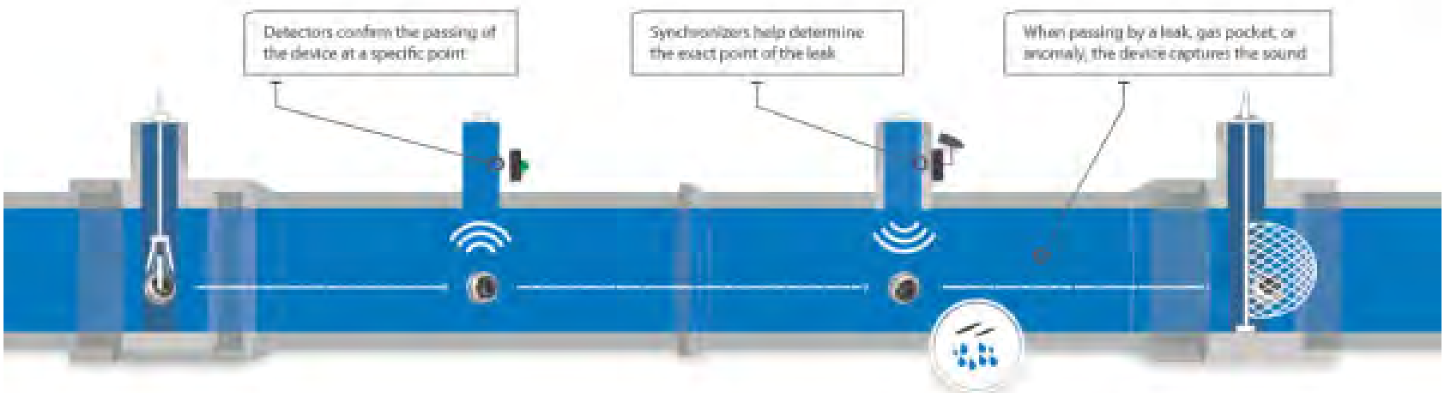
2022 Condition Assessment

- PipeDiver
- 54-Inch water concrete transmission main



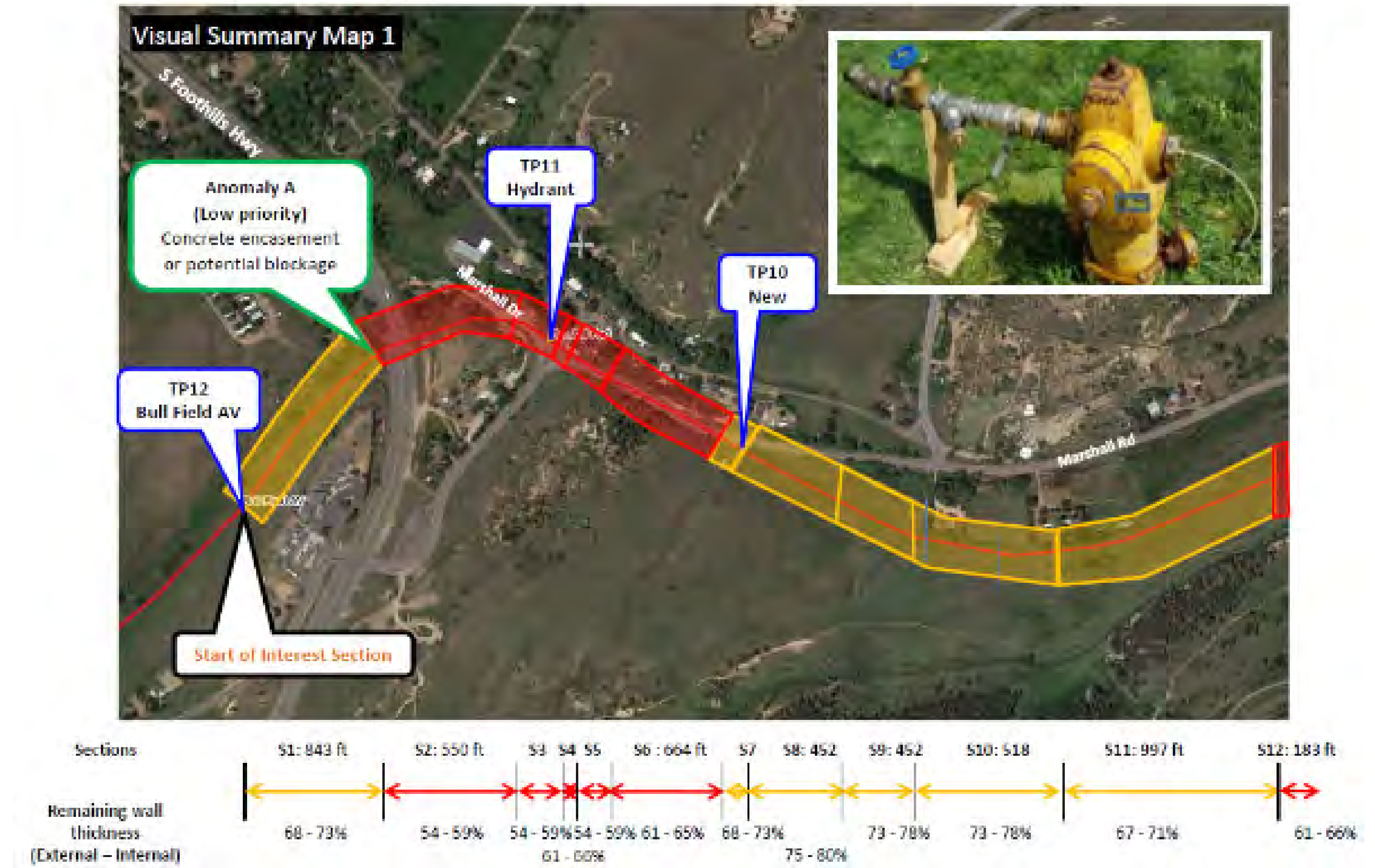
Data Driven Decision Making

- 6.5 miles inspected
- Wire break data analysis
- Surgical repairs
- Risk mitigation
- 2023 goals



Continued Exploration of New Technologies

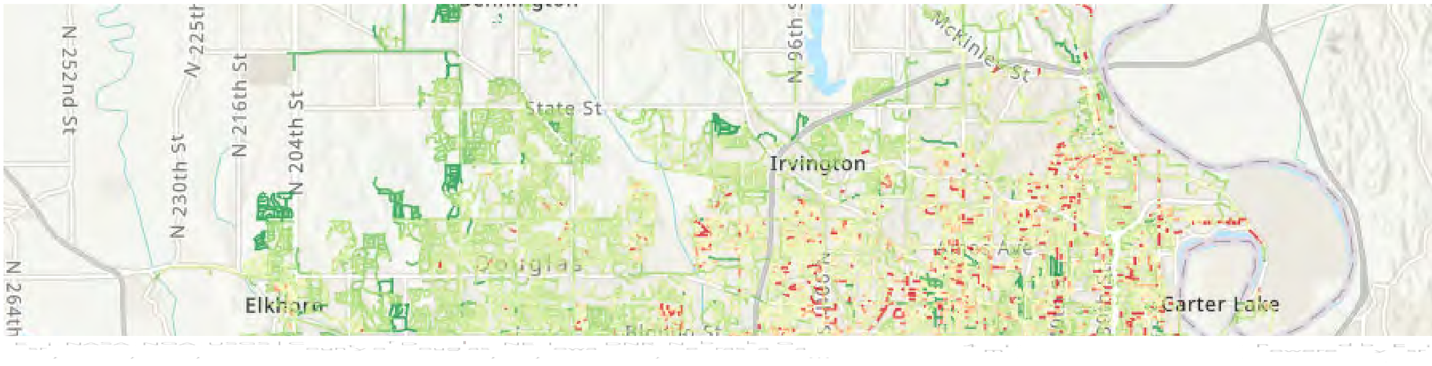
- Nautilus - in-line leak detection



Continued Exploration of New Technologies

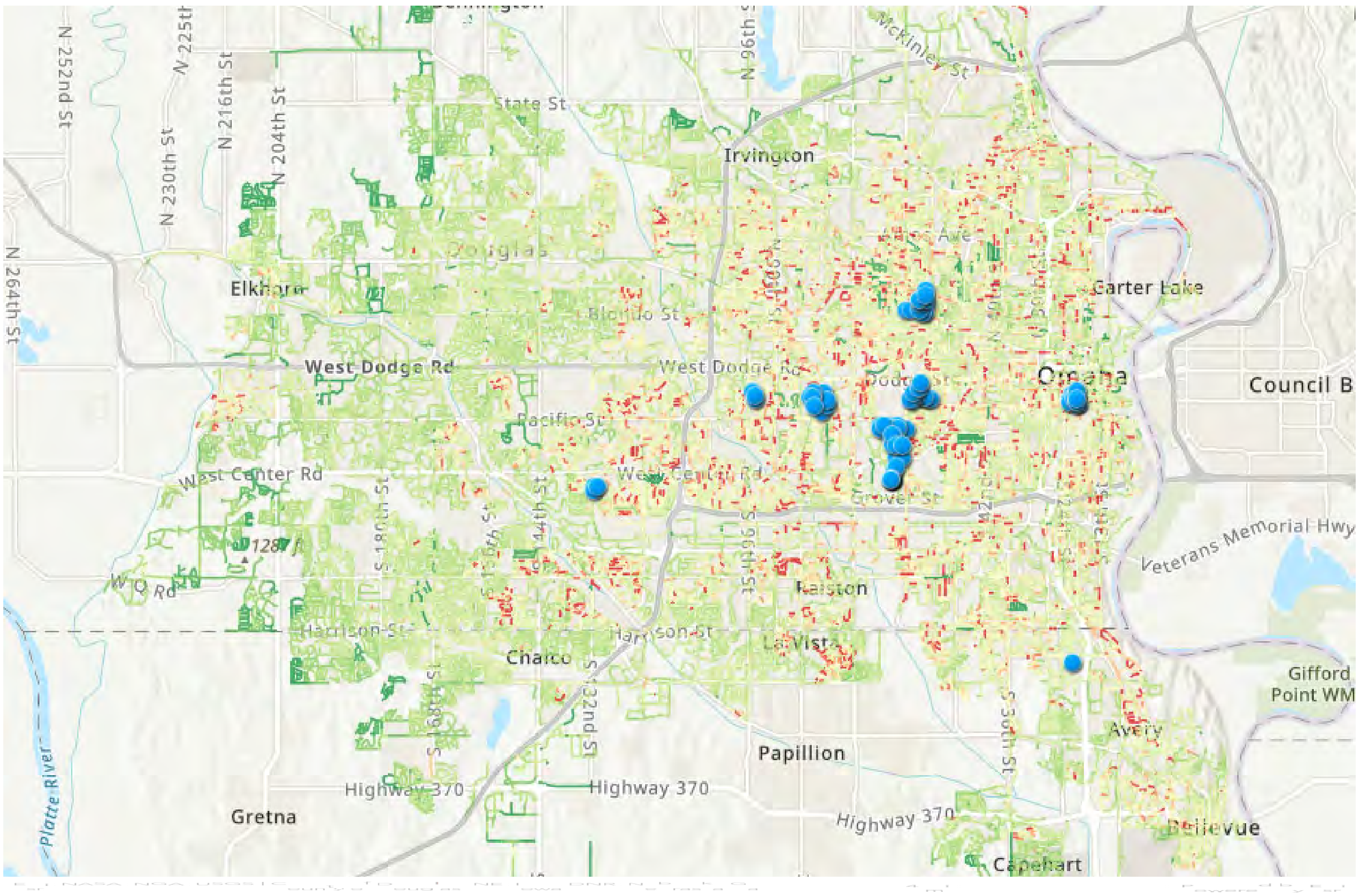
- p-CAT - non-invasive condition assessment

Leak Monitoring Program Update



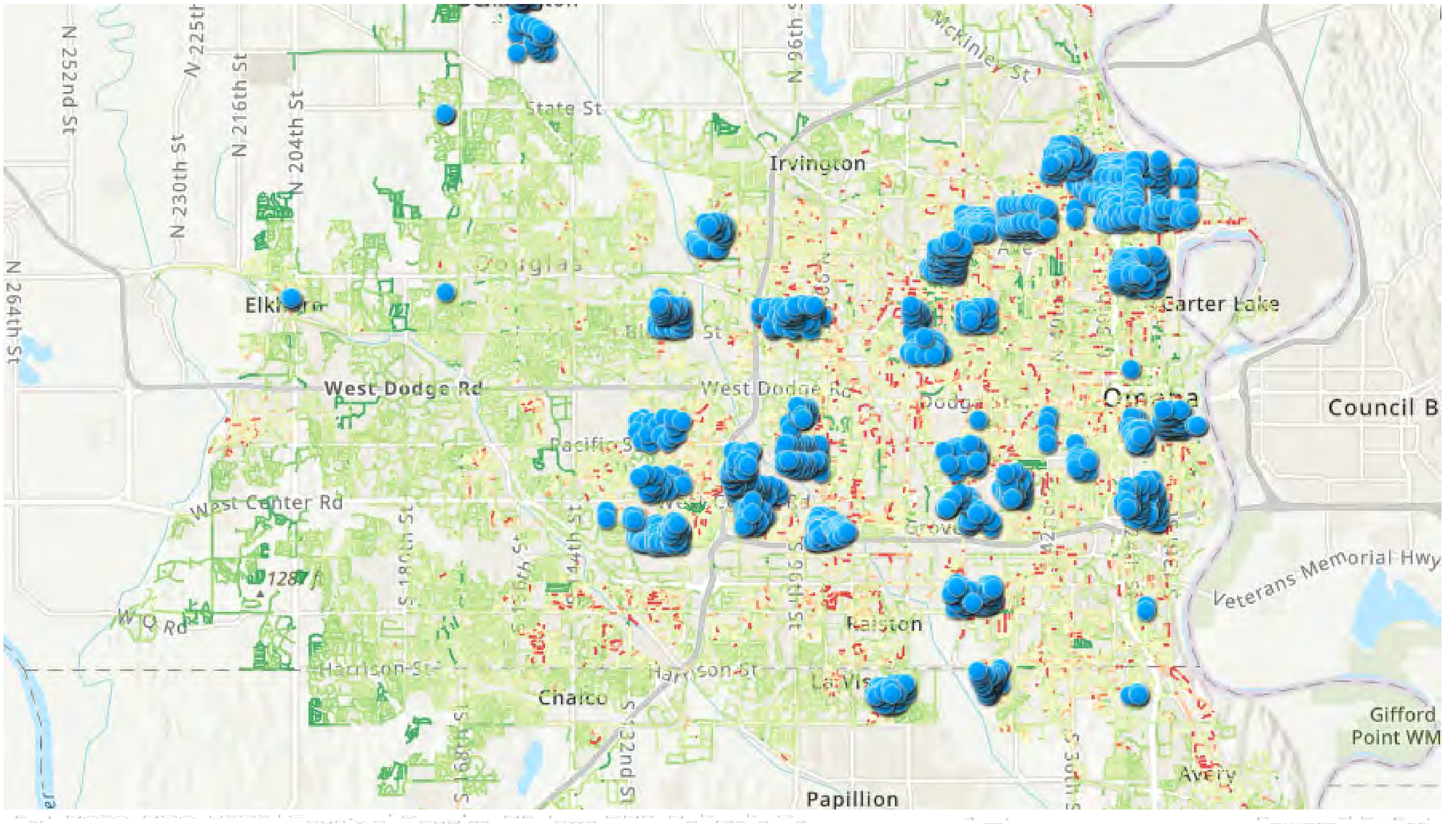
Leak Logger Deployment

- Water Distribution department
- Risk model
- Hot spot identification



Leak Logger Deployment 2021

- 50 loggers



Leak Logger Deployment 2022

- 107 loggers

Esri, NASA, NGA, USGS | County of Douglas, NE, Iowa DNR, Nebraska Ga... 4 mi Powered by Esri

Leak Logger Deployment Total

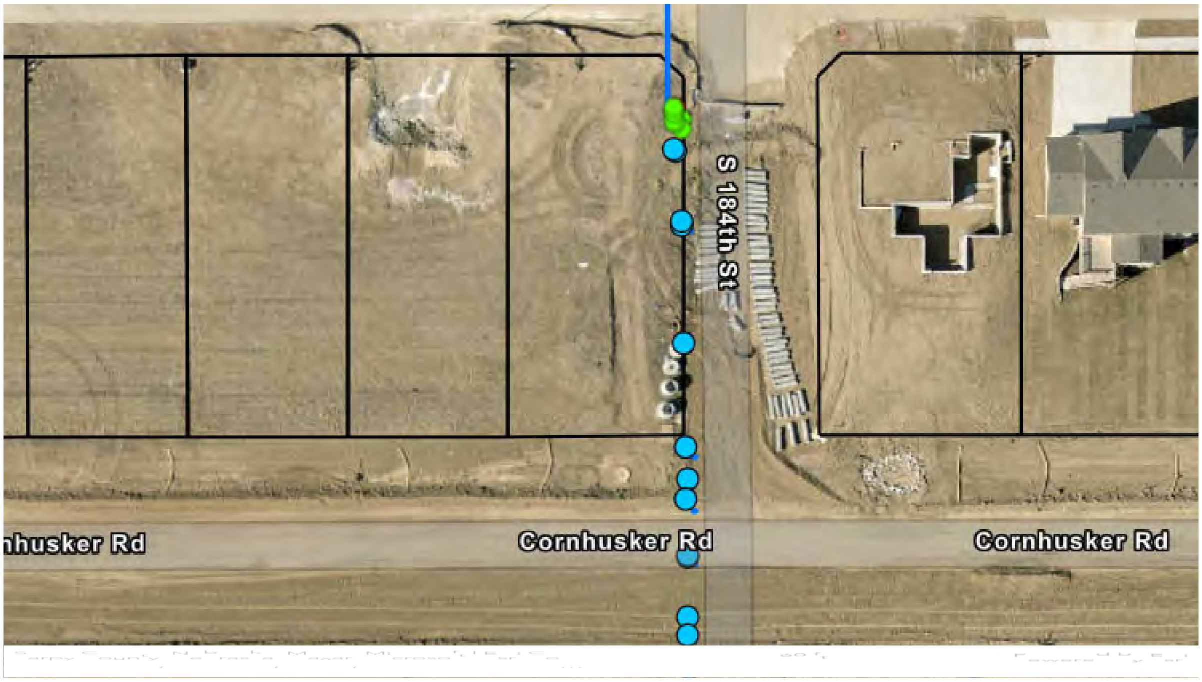
- 357 loggers
- Hot spot and stationary strategy
- Deployment schedules based on risks
- Mature the program

Identification and Repair of Leaks

- 102nd and Krug
- Non-surfacing leaks
- Customer experience
- Safety
- Reduce water loss
- Mitigate future damage

GPS Technology Pilot

- Survey grade location data of assets
- Collecting field data digitally
- Streamlining processes
- More time for inspections vs. paperwork
- Data will feed back into the risk model



GNSS Demo Asset Data Collection - Subsurface

Questions?