METROPOLITAN UTILITIES DISTRICT

Committee Meetings Agenda

8:15 a.m. **April 6, 2022**

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

Construction and Operations – *Friend, Frost, Cavanaugh*

1. Capital Expenditures [Gina Langel – SVP, Chief Operations Officer] – **Tab 6**
2. Acceptance of Contracts and Payment of Final Estimates [Stephanie Henn – Director, Plant Engineering] – **Tab 7**
3. Bids on Materials and Contracts [Sherri Meisinger – Director, Procurement] – **Tab 8**
4. Adopt Design-Build and Construction Management At Risk Contract Delivery System Options for District Construction Projects - [John Velehradsky – Director, Facilities Management] – **Tab 9**

Services & Extensions – *Friend, Begley, Howard*

1. Main Extensions [Cory O'Brien – Vice President, Engineering & Construction] – **Tab 10**

Personnel – *Begley, Frost, Friend*

1. Wage and/or Salary Increases and Ratifications [Bonnie Savine, VP – Human Resources] - **Tab 11**

Judicial and Legislative – *Cook, Cavanaugh, Howard*

1. Third Legislative Report for 2022 [Rick Kubat, Government Relations Attorney] – **Tab 12**

Insurance and Pensions – *Howard, McGowan, Cook*

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

Audit - *McGowan, Howard, Begley*

1. 2021 Audited Financial Statement [Joseph Schaffart, SVP & Chief Financial Officer] – **Tab 14**

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

1. 2021 Financial Recap [Mark Myers – VP, Accounting] – **Tab A (INFORMATION ONLY)**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT

Regular Monthly Board Meeting Agenda

9:00 a.m. **April 6, 2022**

	1. Roll Call
	2. Open Meetings Act Notice
	3. Pledge of Allegiance
	4. Approval of Minutes – Committee Meetings & Regular Board Meeting for March 2, 2022
	5. Approval of Minutes – Emergency Board Meeting for March 7, 2022
CONSTRUCTION & OPERATIONS	6. Capital Expenditures
	7. Acceptance of Contracts and Payment of Final Estimates
	8. Bids on Materials and Contracts
	9. Adopt Design-Build and Construction Management At Risk Contract Delivery System Options for District Construction Projects (RESOLUTION)
SERVICES & EXTENSIONS	10. Main Extensions
PERSONNEL	11. Wage and/or Salary Increases and Ratifications
JUDICIAL & LEGISLATIVE	12. Third Legislative Report for 2021
INSURANCE & PENSIONS	13. Actuarial Valuation Report on the Retirement Plan
AUDIT	14. 2021 Audited Financial Statement
BOARD	15. Other Matters of District Business for Discussion
	16. CLOSED SESSION – Litigation, Real Estate & Personnel

Adjourn Regular Monthly Board Meeting

(Turn over for Committee Meetings agenda)

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT

Minutes of Committee Meetings

March 2, 2022

Vice-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 meetings was published in the print version of *The Omaha World-Herald* on Sunday, February 20, 2022, and in the online version from February 20, 2022, through February 26, 2022. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and pertinent Board materials to be presented at the March 2, 2022, Board Meeting were emailed to Board Members on February 23, 2022.

Vice-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. She also announced that due to COVID, the number of attendees at the meeting was limited to the extent possible, unvaccinated people were required to wear masks, and all attendees were encouraged to abide by the recommended six-foot social distancing rule.

Safety Briefing

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

Roll Call

On a roll call vote, the following Directors acknowledged their presence: Tanya Cook, Dave Friend, Gwen Howard, Tim Cavanaugh, Jim Begley. Director Friend attended remotely and all other attendees participated in-person. Directors Mike McGowan and Jack Frost were absent.

Open Meetings Act Notice

Vice-Chairperson Cook announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room and a copy was also available in the conference room designated for any members of the public who may attend.

Construction and Operations – *Friend, Frost, 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 17, 2022.

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 22, 2022.

Ms. Henn reviewed the proposed three-year consultant agreement with SCS Engineers to perform air emissions reporting in order to ensure compliance with all federal and local emissions regulations as outlined in her letter to the Committee dated February 10, 2022. The emissions compliance is mainly associated with the District's backup generators and direct pump drives.

Ms. Henn reviewed the proposed partnership for water services with NxtGen Plumbing & Veskerna Plumbing & Excavating as outlined in her letter to the Committee dated February 22, 2022. The MUD Board of Directors approved hiring three water services partners at its regular monthly Board Meeting last June of 2021. Backlund Plumbing was approved for a three-year term while NxtGen and Veskerna were approved for a one-year term. Based upon the performance by the latter two contractors, a two-year extension is proposed for both. All three contracts will end on the same date. As in past years, all contractors will be paid the same according to a common price schedule.

Ms. Henn reviewed the proposed change order for water main installation in R&L Carriers Subdivision as outlined in the letter dated February 10, 2022 from Vice-President of Engineering and Construction Cory O'Brien to the Committee. The original contract was executed in January of 2021 between MUD and Cedar Construction to install water mains for R&L Carriers. Due to the necessary timing of certain stages of the development process, a temporary water source solution was devised and the originally proposed water main will be installed in the spring of 2022 after all other site work is completed. The costs associated with the Change Order involve adjusting the original plans and requiring additional materials which will be fully paid for by the Developer.

Ms. Henn reviewed the change order for $42,157 for a security fence replacement at Operations & Construction Center and at the LNG Plant as outlined in the letter from Vice-President of Engineering and Construction Cory O'Brien to the Committee dated February 15, 2022. The change order was the result of a revision to the scope of work based upon recommendations by MUD's Security Team to add an automatic slide gate for vehicles and a pedestrian gate at the LNG Plant.

Director of Engineering Design Jeff Schovanec reviewed the proposed one-year water main design consultant agreement with Olsson Engineering as outlined in his letter to the Committee dated February 11, 2022. This will add a second consultant agreement for design services which the District will need to supplement its internal resources and meet the continued demand for water infrastructure replacement.

Vice-President of Procurement and Enterprise Services Jon Zellars reviewed the bids on materials and contracts as outlined in the letter from Director of Procurement Sherri Meisinger to the Committee dated February 18, 2022.

Services & Extensions – *Friend, Begley, Howard*

Vice-President of Engineering & Construction Cory O'Brien reviewed the proposed main extensions as outlined in his letter dated February 22, 2022.

Personnel - *Begley, Frost, Friend*

Ms. Savine reviewed the wage and salary increases and ratifications as outlined in her letter dated February 18, 2022.

Ms. Savine reviewed the proposed SPA Salary Structure Adjustment as presented in her letter to the Committee dated February 25, 2022. The agenda item was laid over at the request of Director Begley at the February 2, 2022 Board Meeting pending further information. The only change made to the version presented at the February 2, 2022 Board Meeting is language that excludes employees above grade SPA-11 from receiving the 2022 general and progression increases.

Judicial and Legislative – *Cook, Cavanaugh, Howard*

Governmental Relations Attorney Rick Kubat presented the Second Legislative Report dated February 23, 2022. He reported that LB 344 which changes provisions to the One-Call Notification System Act has essentially been rewritten by amendment and is a completely different version from that which was presented at the Legislative Committee hearing. Management recommends changing the District's neutral position as it currently appears in the Report to one of opposition. He noted that the current bill will be the subject of a future meeting of interested parties to garner consensus on its provisions. The bill has been designated a Speaker's priority bill which will provide more traction should the legislation become viable following the meeting of interested parties. Mr. Kubat also reported that LB 1046 introduced at the Governor's request to authorize the Governor to appoint five of the nine board members for OPPD and NPPD as well as future CEO's has not been advanced to the floor by the Committee and has not received a priority designation.

Committee of the Whole – Infrastructure Replacement Program Update

Director of Infrastructure Integrity Masa Niiya and Senior Infrastructure Engineer Jared Svagera presented the Infrastructure Replacement Program Update.

Mr. Niiya showed the first two slides which were 'before and after' maps of the gas distribution system to demonstrate the extent of the District's transformation from cast iron mains to plastic gas mains since the 2008 start-up of the gas infrastructure replacement program. The two slides compared what was once 560 miles of cast iron mains in need of replacement in 2008 and what is now 153 miles of cast iron mains remaining.

Last year the District accomplished the replacement of more than 44 miles of gas mains and also replaced approximately 4,000 services. The District's goal for the current year is to replace another 40 miles of cast iron gas mains and that will be accomplished through a combination of MUD crews and MUD's gas contract partner (Q3). The anticipated completion date of 2027 will be particularly challenging towards the last 100 miles because it will involve some larger mains that require a more systematic approach when dismantling the final parts of the old cast iron low pressure system.

Mr. Niiya reported that the replacement gas mains and services are more efficient, and more reliable while significantly reducing costs that were previously dedicated to handling main failures. The replacements that have been accomplished thus far have resulted in an 85% reduction in breaks: what used to be 200 repairs annually for corrosion-related issues on cast iron gas mains has now been reduced to fewer than 30 repairs.

The presentation's focus on gas main breaks and infrastructure replacement proceeded to a focus on water main breaks and water infrastructure replacement. A map citing locations of water main breaks was shown to demonstrate that breaks not only occur with cast iron mains but also older ductile iron mains as well. Each incident of a main break provides an opportunity to collect data that is applied to future repair decisions. The database currently includes data for over 12,000 historical main breaks.

A trend diagram was shown of the ever-increasing number of 566 water main breaks in 2021. Mr. Niiya reported that the trend line is similar to the experience in many other cities and is not expected to change substantially until much more replacement work has been accomplished.

Mr. Svagera pointed out that the District met its 2021 goal of completing 14.2 miles of water infrastructure replacement and nearly a mile of distribution main "condition assessment." MUD crews completed 8.2 miles and the MUD's five contract partners completed 6.03 miles. These projects affected 1533 water services which included 115 full lead service replacements. A map was shown to indicate the locations for the two distribution-main condition assessment projects. These assessments were completed using the Pica SeeSnake technology to assess nearly a mile of 12" water mains which will facilitate strategic repairs and ensure continued high quality service life along high consequence corridors.

The District's goal for 2022 is to replace 16 miles of high-risk water mains while conducting 2 miles of condition assessments using the SeeSnake and other technologies. The value of the condition assessment efforts were validated over the course of the prior year during which various technologies were tested out, thereby opening the door to an expanded array of assessment tools that can be utilized going forward. One of those tools that was added to the arsenal of available technologies is pipe bursting and the District will pilot its first contracted pipe bursting project in 2022.

Mr. Svagera pointed out that the condition assessment program is intended to target high consequence water mains. As an example, a slide showed an actual photo taken near a 12" water main of the SeeSnake tool used to assess the condition at a location between the Methodist and Children's Hospitals at 84th and Dodge Streets. Another slide was shown of the Pipe Diver technology which can be used to navigate the bends and tees along a main without the need for costly access points and allows for making strategic repairs to bolster the main's service life.

In addition to condition assessment, the District also utilizes tools that are aimed at "condition monitoring." One example shown was an iHydrant pressure monitor which detects pressure anomalies in the system and provides real time alerts. Five of these units were installed in 2021 and 20 more will be installed in 2022.

Another example of condition monitoring tools currently being used is 'mobile leak loggers' which began in 2019 and have successfully identified water leaks which were then repaired before they became a catastrophic burst. This tool is becoming further integrated in day-to-day operations and additional units will be purchased in the future. Scheduling a leak repair is substantially less costly and less disruptive than repairing a water main break.

Vice-Chairperson Cook asked whether any members of the public were present and wished to address the Board and if so, she asked the moderator to please escort them to the Board Room so that they may do so in person. There were none. Vice-Chairperson Cook asked whether any Board Members had any further comments to share. There were none.

At 9:22 a.m., Vice-Chairperson Cook announced that the Committee Meetings had concluded and that the Board would reconvene for the regular monthly Board Meeting in ten minutes.

Mark E. Doyle

Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT

Minutes of the Regular Monthly Board Meeting

March 2, 2022

Vice-Chairperson Tanya Cook called to order the regular Board Meeting of the Metropolitan Utilities District Board of Directors at 9:34 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meetings was published in the print version of *The Omaha World-Herald* on Sunday, February 20, 2022, and in the online version from February 20, 2022, through February 26, 2022. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and pertinent Board materials to be presented at the March 2, 2022, Board Meeting were emailed to Board Members on February 23, 2022.

Vice-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. She also announced that due to COVID, the number of attendees at the meeting was limited to the extent possible, unvaccinated people were required to wear masks, and all attendees were encouraged to abide by the recommended six-foot social distancing rule.

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

Vice-Chairperson Cook announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room and was also available in the conference room designated for any members of the public who may attend.

Roll Call

On a roll call vote, the following Directors acknowledged their presence: Tanya Cook, Dave Friend, Gwen Howard, Tim Cavanaugh, Jim Begley. Director Friend attended remotely. Directors Mike McGowan and Jack Frost were absent. All other attendees participated in-person.

Vice-Chairperson Cook announced that, as stated at last month's Board Meeting, the MUD Board must comply with a statutory requirement under the Open Meetings Act which limits the number of virtual Board Meetings to half the number of Board Meetings during the course of the calendar year. She stated that this announcement was solely intended to ensure that the MUD Board remain mindful of the statutory limitation. She stated that at this time, four (4) possible meetings remain for the current year that may be attended remotely by any single Board Member. As mentioned at the February Board Meeting, a Board Member who attends a meeting virtually after the statutory limitation has been met will not be noted as present in the meeting minutes, will not be able to participate in meeting discussions and will not be able to vote on any meeting agenda items.

AGENDA NO. 3
PLEDGE OF ALLEGIANCE

Vice-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 2, 2022

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for February 2, 2022, which was seconded by Director Howard and carried on a roll call vote.

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

AGENDA NO. 5
CAPITAL EXPENDITURES

Director Friend moved to approve the capital expenditures as presented by Senior Vice-President, Chief Operations Officer Gina Langel as outlined in her letter dated February 17, 2022. The motion was seconded by Director Howard and carried on a roll call vote.

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

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

Director Friend moved to approve the acceptance of contracts and payment of final estimates as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated February 22, 2022. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO.7
AIR EMISSIONS CONSULTANT AGREEMENT WITH SCS ENGINEERS

Director Friend moved to approve the extension of the consultant agreement with SCS Engineers as presented at the Committee meetings and as outlined in the letter from

Director of Plant Engineering Stephanie Henn dated February 10, 2022. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO.8
WATER SERVICES PARTNERS – NXTGEN PLUMBING & VESKERNA PLUMBING & EXCAVATING

Director Friend moved to approve the extension of the water services contract with Nxtgen Plumbing and Veskerna Plumbing & Excavating as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated February 22, 2022. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 9
CHANGE ORDER FOR WATER MAIN INSTALLATION FOR R & L CARRIERS SUBDIVISION

Director Friend moved to approve the change order for water main installation for R&L Carriers Subdivision as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in the letter to the Committee dated February 10, 2022 from Vice-President of Engineering and Construction Cory O'Brien. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 10
CHANGE ORDER FOR SECURITY FENCE REPLACEMENT AT OPERATIONS & CONSTRUCTION CENTER

Director Friend moved to approve the change order for the security fence replacement at the District's Operations and Construction Center as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in the letter to the Committee dated February 15, 2022, from Vice-President of Engineering and Construction Cory O'Brien. The motion was seconded by Director Cook and carried on a roll call vote.

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

AGENDA NO. 11
WATER MAIN DESIGN CONSULTANT AGREEMENT WITH OLSSON ENGINEERING

Director Friend moved to approve the water main consultant agreement as presented at the Committee Meetings by Director of Engineering Design Jeff Schovanec and as outlined in his letter to the Committee dated February 11, 2022. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 12
BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve the bids on materials and contracts as presented by Vice-President of Procurement and Enterprise Services Jon Zellars and as outlined in the letter to the Committee dated February 18, 2022, from Director of Procurement Sherri Meisinger. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 13
MAIN EXTENSIONS

Director Friend moved to approve the main extensions as presented by Vice-President of Engineering and Construction Cory O'Brien at the Committee Meetings and as outlined in his letter to the Committee dated February 22, 2022. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 14
WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Director Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine's letter to the Committee dated February 18, 2022. The motion was seconded by Director Cook and carried on a roll call vote.

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

AGENDA NO. 15
SPA SALARY STRUCTURE ADJUSTMENT

Director Begley moved to approve the SPA Salary Structure Adjustment as presented in the Committee Meetings and as outlined in the letter from Ms. Savine dated

February 25, 2022 which was seconded by Director Howard and carried on a roll call vote.

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

AGENDA NO. 16
SECOND LEGISLATIVE REPORT FOR 2022

Director Cook moved to approve the recommendations in the Second Legislative Report for 2022 including the change in the District's position on LB 344 from neutral to one of opposition as recommended by Mr. Kubat in the Committee Meetings. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 17
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

President Mark Doyle introduced the discussion regarding MUD's possible involvement with the City of Lincoln's development of an alternate water source. He noted that the update on the topic was prompted by a request from Director Howard and will be provided by Senior Vice-President and Chief Operations Officer Gina Langel. Mr. Doyle pointed out that the topic is very much in the preliminary study stages and no commitments have been made.

Ms. Langel reported to the Board that MUD has been actively engaged in discussions with the City of Lincoln to determine what role, if any, MUD will have in supporting Lincoln's long-term water needs. Ms. Langel stated that discussions with the City of Lincoln have been ongoing for a couple years and MUD has enlisted the assistance of HDR in compiling strategic and technical data. Though the interactions have been positive and productive, MUD has communicated to the City of Lincoln that it cannot and will not make any commitment until after an analysis of its master water plan has been completed which includes special attention given to answering questions regarding the production and distribution capacity that MUD could provide to Lincoln. Ms. Langel reiterated that it is important to be clear that no commitments have been made. MUD supported Lincoln's efforts to secure ARPA (American Rescue Plan Act) funds from the State for the purpose of an alternate water supply. However, the appropriation of these dollars does not dictate Lincoln's ultimate decision, whether it is a connection with MUD or whether it is the City of Lincoln's construction of a water plant on Missouri River. Ms. Langel noted that as the master plan is finalized in the next couple months and MUD's capabilities become clear, Management's next steps will be determined by what best serves MUD customers and will work closely with the MUD Board of Directors in making that determination.

Director Begley announced that the Heat the Streets Run & Walk for Warmth fundraiser event sponsored by MUD and OPPD will be taking place on Saturday, March 5th and invited everyone to support a very worthwhile effort. Proceeds will be directed to energy assistance purposes for customers struggling to pay their utility bills.

Vice-Chairperson Cook asked if anyone had any further comments. There were none.

AGENDA NO. 18
CLOSED SESSION

At 9:50 a.m., Director Cook moved to go into Closed Session for the purpose of discussing litigation, real estate and personnel matters, which was seconded by Director Cavanaugh and carried in a roll call vote.

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

Director Friend left the meeting.

At 10:43 a.m., Director Begley moved to return to Open Session which was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Cook, Howard, Cavanaugh, Begley
Voting No: None

Vice-Chairperson Cook asked if anyone had any comments to share. There were none.

Director Begley moved to adjourn the regular monthly Board Meeting, which was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Cook, Howard, Cavanaugh, Begley
Voting No: None

The regular monthly Board meeting was adjourned at 10:44 a.m.

Mark E Doyle

Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT

Minutes of the Emergency Board Meeting

March 7, 2022

Chairperson Jack Frost called to order the Emergency Meeting for the Metropolitan Utilities District Board of Directors at 9:00 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, March 6, 2022, and in the online version March 6, 2022, and March 7, 2022. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. The agenda and Board materials to be presented at the March 7, 2022, emergency Board Meeting were emailed to Board Members on Friday, March 4, 2022.

Chairperson Frost 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.

ROLL CALL

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

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

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

AGENDA NO. 3
REVISED MUD SUBDIVISION MAPS

Governmental Affairs Attorney Rick Kubat presented the background information regarding the proposal to revise MUD subdivision maps. Though the initial maps were approved at the December 1, 2021, regular monthly Board of Directors meeting, errors were discovered pertaining to boundaries of the MUD Board of Directors election districts from the December 1, 2021 meeting. This emergency meeting was called for March 7, 2022 for the MUD Board of Directors to approve the associated corrected map of the MUD subdivisions and to replace the incorrect map from the December 1, 2021 Board of Directors meeting.

Chairperson Frost asked if Board Members or any members of the public had any comments to share. There were none.

Director Cavanaugh moved to approve the revised MUD subdivision maps as presented by Mr. Kubat and as outlined in the letter dated March 4, 2022, from Senior Vice-President and General Counsel Mark Mendenhall. The motion was seconded by Director Howard and carried on a roll call vote.

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

Director Begley moved to adjourn the emergency Board Meeting, which was seconded by Director Cook and carried on a roll call vote.

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

The emergency meeting was adjourned at 9:10 a.m.

Mark E Doyle

Mark E. Doyle
Secretary and President

MED/mjm

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

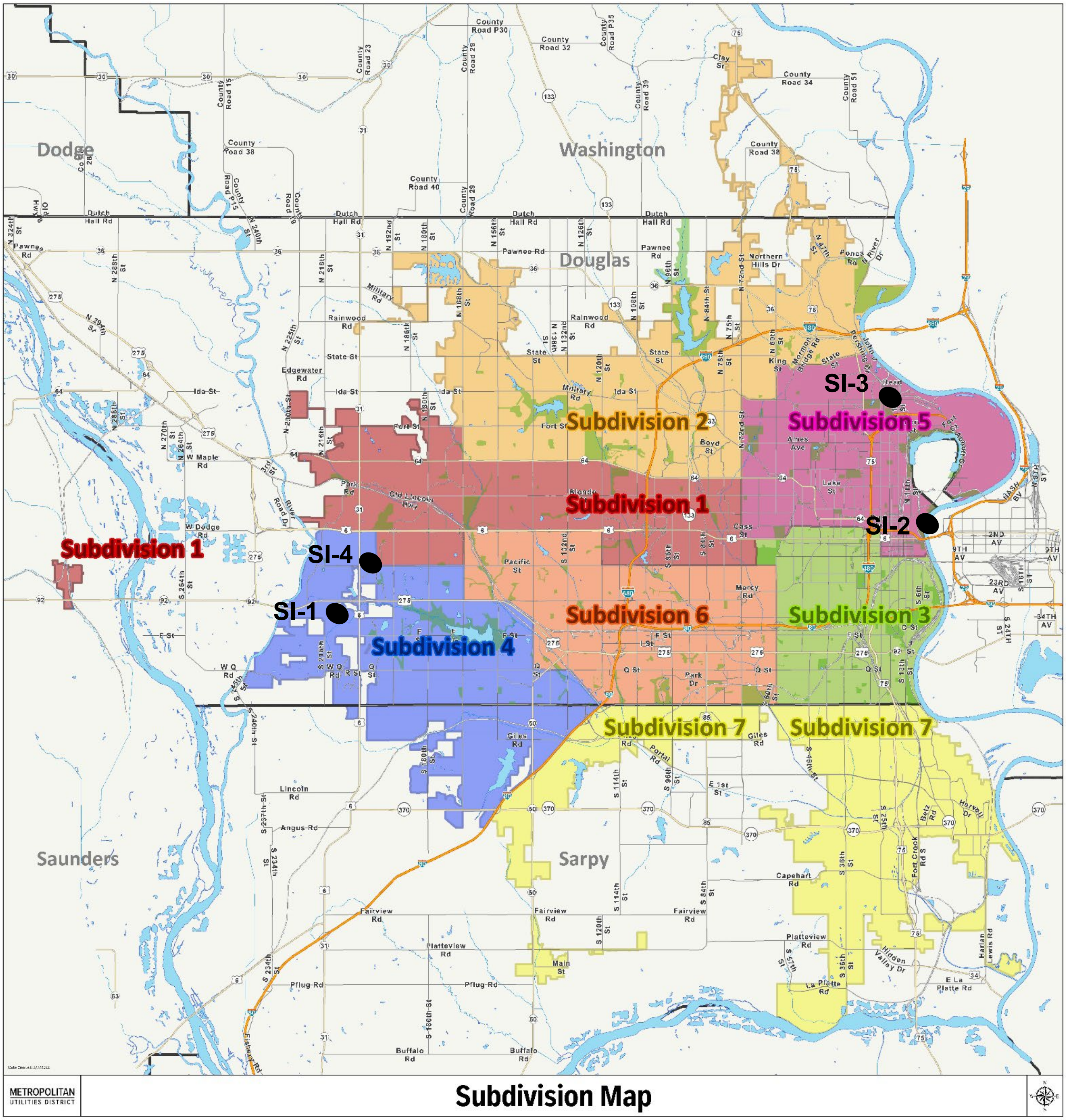
March 30, 2022

Subject: CAPITAL EXPENDITURES

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

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

The following items will be on the April 6, 2022, Committee Agenda for consideration and the Board Agenda for approval:



SYSTEM IMPROVEMENTS

1. R 2158 (100054001100 and 100068001082) – $58,000 – Install 800 feet of 2- and 4-inch gas main, 229th St. and W. Center Rd. This work is required to eliminate conflicts with proposed grading being done for a City of Omaha project adjacent to Sanctuary Ridge Subdivision and to relocate a section of gas main that is exposed due to erosion. This project is anticipated to start in April of 2022 and work will be completed by District crews. This work is not reimbursable as the mains are in public right-of-way. There will be no impacted services for this project. **(Subdivision 4 – Cavanaugh)**

2. R 2104 (100053001492 and associated job numbers) - $280,000 – Install 280 feet of 6-, 8- and 12-inch water mains. Install 950 feet of 3-, 8- and 12-inch gas main. Nicholas St. to Izard St., 12th to 14th Sts. This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for a City of Omaha project. This project is anticipated to start in April 2022 and work will be completed by District crews. This work is not reimbursable as the mains are in public right-of-way. Three commercial gas services will be replaced and connected to the new gas main at an estimated cost of $15,000. **(Subdivision 5 – Cook)**

3. R 2148 (100053001510 and associated job numbers) - $195,000 – Install five off-sets over/under proposed sewers and install 350 feet of 6- and 8-inch water main. Install 550 feet of 2-, 3-, 4-, and 6-inch gas main, 25th to 36th Sts., Grebe St. to Sharon Dr. This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for a City of Omaha project. The District must build five water main off-sets and five gas main off-sets due to conflicts with proposed storm sewers. The District's work is anticipated to start in May of 2022 and will be completed by District crews. This work is not reimbursable as the mains are in public right-of-way. One residential gas service will be replaced and connected to the new gas main at an estimated cost of $3,000. **(Subdivision 5 – Cook)**

4. R 2099 (100054001048 and 100068001027) - $236,900 – Install 700 feet of 8- and 12-inch gas main, 168th and "F" Sts. This work is required to eliminate conflicts with a proposed City of Omaha project to widen the bridge in 168th Street between the north and south drive to Lake Zorinsky. District work associated with this project was broken up into two sections (R1760 & R2099) to accommodate design and construction schedule. This request is for the second section. KW Boring was awarded the contract to bore the gas main under Lake Zorinsky. District crews will install connections to the existing gas main. This project is anticipated to start Summer/Fall 2022. This work is not reimbursable as the mains are in public right-of-way. There will be no impacted services for this project. **(Subdivision 4, Cavanaugh)**

BUILDINGS, PLANTS AND EQUIPMENT

1. 100086000746 - $280,000 – 2022 network lifecycle refresh and upgrades. This project will replace the aging network devices to improve the security, reliability, and performance of the District's computing environment. This effort will replace a portion of network switches, Wi-Fi system, office phones, network modems, and other security appliances reaching their end of life. The work is in accordance with the Network Infrastructure Replace Plan where the Information Technology Department replaces and upgrades a certain amount of network infrastructure every year to maintain the reliability and performance of the network systems.

2. 100086000747 - $190,000 – Website redesign. The project will redesign the District website. The project will improve the overall website experience, functionality, and user flow. It will create a simplified look with a design that follows the brand guidelines. The project will ensure that all District portals share a standard look and feel for a seamless customer experience. It will expand services to include a News Room to post stories, photos, polls, and infographics to serve as a go-to source for the news media, customers, and employees.

3. 100084001305 - $147,000 – Skyline pump Zone 2 Pump #6 engine top end overhaul. This request is for material and labor to perform a top end overhaul on the engine driving Pump #6 at the Skyline Pumping Station. The engine was installed in 1993. It is anticipated to reach the recommended service level of 20,000 hours by the end of the summer 2022 pumping season. The work will be completed in the fall of 2022. Benefits of the overhaul include the prevention of an inopportune engine failure and improved efficiency and emissions.

Gina Langel

Gina Langel
Senior Vice President, Chief Operations Officer

Approved:

Mark E Doyle

Mark E. Doyle
President

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 30, 2022

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 6, 2022, 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. Cedar Construction, WP1789, 100055001350, 100057000494, Install Water Mains in Deer Crest Subdivision, E. of N. 114th St. & Reynolds St., Lots 1-312	4/7/2021	$819,537.50	$833,419.45

Comments: There was an overall net increase on this project of $13,881.95. Included in this overall increase is Change Order No. 1, for a cost of $11,016.90, primarily for additional costs in material prices due to supply chain issues for silt fence and clearing and grubbing of trees. **Approval of this final will also approve Change Order No. 1.**

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
b. Cedar Construction, WP1742, 100055001328, Install Water Mains in Blue Stem Meadows, N.W. of N. 180th St. and Blondo St.	8/6/2020	$488,511.00	$488,931.50

Comments: There was an overall net increase on this project of $420.50. Included in this overall increase is Change Order No. 1, for $6,530.00 due to additional site restoration required for a new home constructed during the project that was not on the original drawings. **Approval of this final will also approve Change Order No. 1.**

Contract	Contract Approval Date	Amounts	
		Contract Bid	Actual
c. Hawkins Construction, WP1580, 100083001056, Replace Existing Filter Plant Valves and Actuators at the Platte South Water Production Facility	8/7/2019	$545,830.81	$585,278.81

Comments: There was an overall net increase on this project of $39,448.00, due to four previously approved change orders for larger couplings, piping modifications, and additional costs due to a delay in the project. 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	
		*Unit Price Bid	Actual
d. Roto Rooter, GP1557, 1000720000867, Crossbore Program Current Inspections	1/7/2021	$813,802.50	$422,679.43

Comments: There was an overall net decrease on this project of $391,123.07, primarily due to a delaying of inspections resulting from the impact of COVID-19. 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
e. Mill Iron W, LLC, WP1458, 100083001138, 100083001027, Wellfield Fencing Projects, Platte West Water Treatment Plant & Platte South Water Treatment Plant	9/1/2021	$181,358.70	$186,308.70

Comments: There was an overall net increase on this project of $4,950.00, due to Change Order No. 1 for additional signage. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications. **Approval of this final will also approve Change Order No. 1.**

Contract	Contract Approval Date	Amounts	
		Contract Bid	Actual
f. Cummings & Sons Construction, WP1651, 100083001090, Modify Upflow Basin Handrails and Provide New Handrails at Filter Beds at the Platte South Water Treatment Facility	10/4/2019	$290,654.03	$236,833.79

Comments: There was an overall net decrease on this project of $53,820.24, due to a previously approved change order which reduced the overall scope of work. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

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

Stephanie L. Henn
Director, Plant Engineering

Approved:

Cory J. O'Brien
Vice President
Engineering & Construction

Gina Langel
Senior Vice President
Chief Operations Officer

Mark E. Doyle
President

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 25, 2022

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

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

From: Sherri A Meisinger, Director, Procurement

The following items will be on the April 6, 2022 Committee Agenda for consideration and the April 6, 2022 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Gretna High School No. 2, South 180th Street and Camelback Avenue 100057000490 100055001353 100055001367 100057000491 100057000495 WP1784A/WP1821 Engineering Estimate: $1,014,617.00	18/2	**Cedar Construction** Kersten Construction	**$1,041,054.00** 1,223,795.70

(C&A for 100055001367, 100057000495 and 100057000491 approved April 7, 2021 in the amount of $772,023.00 and C&A for 100057000490 and 100055001353 approved February 3, 2021 in the amount of $590,000.00 for a total of $1,362,023.00.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Maverick Landing, N.E. of 72nd Street and Grover Street 100055001396 100051001059 100065001685 WP1902 Engineering Estimate: $186,430.00	18/2	**Kersten Construction** Cedar Construction	**$202,999.00** 245,925.00

(A C&A in the amount of $270,251.00 will be presented to the Board on April 6, 2022 for approval.)

OTHER

Item	Bids Sent / Rec'd	Bidders	Bid Amount
10,000 yd3 of Fill Dirt for Construction	1/1	**Pink Grading**	**$40,000.00**
Rehabilitation of Basin 6 at the Florence Water Treatment Plant 100083001151 WP1643 *Bid rejected	10/1	*Building Crafts, Inc.*	*$1,976,000.00**
Four (4) Heavy Duty Rubber Tire, 4x4 Loader Backhoe 100087000649 (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 5, 2022 in the amount of $16,953,750.00.)	7/2	**Murphy Tractor** Nebraska Machinery	**$630,588.00** 750,000.00
Two (2) Small Directional Boring Machines, Mixing Systems, Tandem Axle Trailers and Locating Systems 100087000651 (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 5, 2022 in the amount of $16,953,750.00.)	1/1	**Ditch Witch**	**$317,473.78**

Overhaul Zone 2 Pump 6 Engine at Skyline Pump Station 100084001305	3/2	***Enerflex*** NMC	***$72,211.66*** 85,542.84

(A C&A in the amount of $147,000.00 will be presented to the Board on April 6, 2022 for approval.)

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 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 25, 2022

Subject: DESIGN & CONSTRUCTION DELIVERY SYSTEMS - DESIGN-BUILD & CONSTRUCTION MANAGER AT RISK

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

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

There are a variety of ways for the District, as a project owner, to complete construction projects. Currently, the District utilizes the design-bid-build delivery system for construction projects. The traditional design-bid-build project delivery system involves the project owner contracting design services under one contract. Upon completion of the design, construction services are bid through a separate contract.

The Political Subdivisions Construction Alternatives Act, Neb. Rev. Stat. § 13-2901 et seq ("Act"), was amended this session to allow the District to take advantage of two additional ways to complete a project. Those two ways are referred to as design-build and construction manager at risk systems. Design-build is a delivery system in which an owner, through a single contract, hires a designer and contractor team, working as a single entity, to deliver a construction project. Construction manager at risk is a delivery system in which an owner contracts with a designer and during the design phase, contracts with a construction manager developing the design team. The construction manager also assumes the contractual responsibility to deliver the construction project within the contracted price to the District.

As part of the construction manager at risk delivery system, the construction manager provides design solutions to decrease cost, accelerate schedules, provide a guaranteed maximum price for the project, and manage all aspects of construction. Now that the District is included in the Act, it has the authorization to utilize both design-build and construction manager at risk delivery systems for various construction projects upon an adoption by the District Board of Directors to utilize such alternative delivery methods as per section 13-2904. The construction manager at risk system has been successfully used by industry peers to control costs and accelerate construction schedules. Management is confident these benefits will also be enjoyed by the District. For those reasons, Management believes this system is in the public interest.

Management requests the Board of Directors adopt the attached resolution selecting the construction manager at risk system for the renovation of the Construction Center and for the construction of the Second Construction Center located along Highway 133 and State Street. The resolution was drafted pursuant to Neb. Rev. Stat. § 13-2904 which requires the affirmative vote of at least two-thirds of this body. Management will also ensure its policies conform with Neb. Rev. Stat. § 13-2904 and that all other requirements of the Act are met.

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

Approved:

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

Mark A. Mendenhall
Senior Vice President, General Counsel

Mark E. Doyle
President

RESOLUTION

WHEREAS, the Political Subdivisions Construction Alternatives Act, Neb. Rev. Stat. §13-2901 et seq (“Act”) was amended to include the Metropolitan Utilities District of Omaha, authorizing the utilization of two additional options to complete a construction project. Those two options are referred to as design-build and construction manager at risk systems.

WHEREAS, the Board of Directors hereby finds and determines that the options authorized by the Act have been successfully used by industry peers to control costs and accelerate construction schedules.

WHEREAS, the Board of Directors hereby finds and determines that the options will be beneficial to the District, will serve the best interests of its customer-owners, and is therefore appropriate for the District to utilize the authority provided by the Act.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Metropolitan Utilities District of Omaha that it finds and determines that it is necessary and appropriate to adopt this Resolution authorizing the selection of the construction manager at risk system for the renovation of the Construction Center located at 63rd and Oak Streets as well as the construction of a second Construction Center located along Highway 133 and State Street.

BE IT FURTHER RESOLVED by the Board of Directors of the Metropolitan Utilities District of Omaha that Neb. Rev. Stat. §13-2901 et seq requires adoption of the Resolution by an affirmative vote of at least two-thirds of the Board of Directors.

Adopted:

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

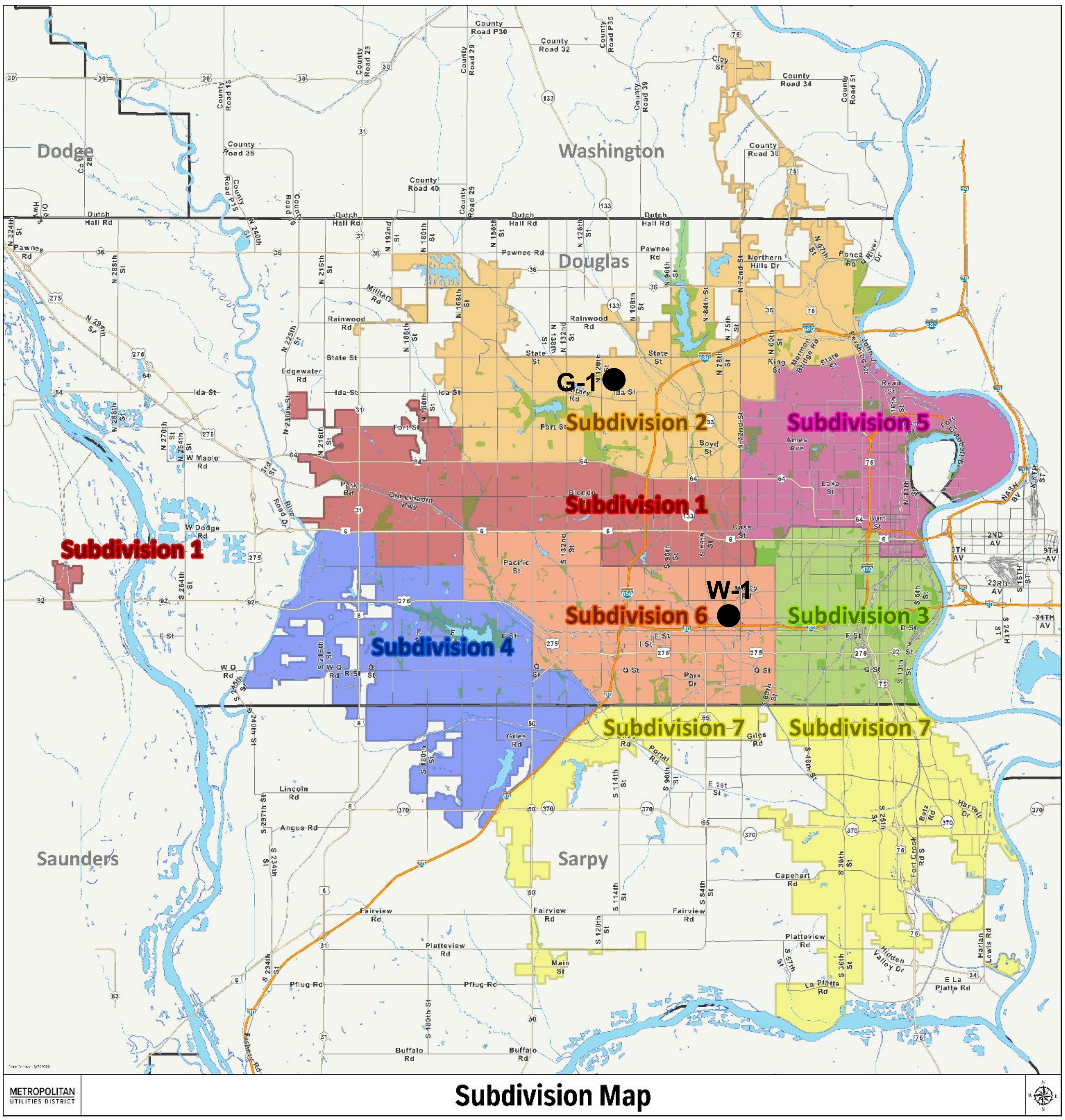
March 28, 2022

Subject: MAIN EXTENSIONS

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

From: Cory J. O'Brien, Vice President, Engineering & Construction

The following main extensions will be on the April 6, 2022, Committee Agenda for consideration and the Board Agenda for approval:



WATER MAINS:

1. **MAVERICK LANDING, Subdivision 6, McGowan:** These mains are being installed to provide domestic water service and fire protection to one multiple-residence lot and five commercial lots in the Maverick Landing Subdivision, 72nd and Grover Streets. Work is requested to be completed by June 2022. (City of Omaha Zoning, MH Ozone II, LLC)

   Subdivision: Maverick Landing
   Project Number: WP 1902
   Project Cost: $270,251
   Applicant Contribution: $258,165
   Construction by Applicant: $0.00
   M.U.D. Cost: $12,086

GAS MAINS:

1. **DEER CREEK HIGHLANDS NORTHEAST, Subdivision 2, Friend:** These mains are being installed to provide gas service to 52 single-residence lots in the Deer Creek Highlands Northeast Subdivision, 116th and Potter Streets. Work is requested to be complete by June 2022. (City of Omaha Zoning, Hubbell Realty)

   Subdivision: Deer Creek Highlands Northeast Subdivision
   Project Number: GP 2696
   Project Cost: $53,606
   Total Developer Estimated Cost: $53,606
   Adjusted Developer Estimated Cost: $47,852
   Allowable Revenue Credit: $56,108

Cory J. O'Brien
Cory J. O'Brien
Vice President, Engineering & Construction

Approved:

Gina Langel
Gina Langel
Sr. Vice President, Chief Operations Officer

Mark E. Doyle
Mark E. Doyle
President

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 24, 2022

Subject: Wage and/or Salary Increases and Ratifications, April 2022 Board Meeting

To: Personnel Committee members Begley, Friend, and Frost
cc: Board Members Cavanaugh, Cook, Howard, and McGowan
President Doyle, and Senior Vice Presidents Ausdemore, 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:	**Veronica Bautista**
Current position (department):	Customer Service Clerk I (Customer Service)
New position (department):	Customer Service Clerk II (Credit Services – Branch Delivery)
Current rate; step/grade:	$29.71; Step 4
Proposed rate; step/grade:	$31.20; Step 4
Percent of increase:	5.02%
District hire date:	June 9, 2014

Employee:	**Latasha Collar**
Current position (department):	Customer Service Clerk I (Customer Service)
New position (department):	Customer Service Clerk II (Credit Services – Branch Delivery)
Current rate; step/grade:	$26.74; Step 2
Proposed rate; step/grade:	$28.08; Step 2
Percent of increase:	5.01%
District hire date:	January 8, 2020

Employee:	**Travis Crawford**
Current position (department):	Water Maintenance Worker (Water Distribution)
New position (department):	Leak Detector Operator (Water Distribution)
Current rate; step/grade:	$32.76; Step 3
Proposed rate; step/grade:	$34.91; Step 2
Percent of increase:	6.56%
District hire date:	December 17, 2001

Employee:	**Michael Dvorak**
Current position (department):	Pipe Layer – Welder (Construction)
New position (department):	Utility Worker (Construction)
Current rate; step/grade:	$37.01; Step 4
Proposed rate; step/grade:	$39.19; Step 4
Percent of increase:	5.89%
District hire date:	June 9, 2014

Employee:	**Joseph Parr**
Current position (department):	Customer Service Clerk I (Customer Service)
New position (department):	Customer Service Clerk II (Customer Service)
Current rate; step/grade:	$28.22; Step 3
Proposed rate; step/grade:	$29.64; Step 3
Percent of increase:	5.03%
District hire date:	November 19, 2018

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

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

There are no recommendations for approval this month

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

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

Employee:	**Ryan Freeburg**
Current position (department):	Pipe Layer Trainee (Construction)
New position (department):	Pipe Layer (Construction)
Current rate; step/grade:	$29.17; Step 4
Proposed rate; step/grade:	$31.35; Step 2
Percent of increase:	7.47%
District hire date:	March 30, 2020

Employee: **Shane O'Connell**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: $29.17; Step 4
Proposed rate; step/grade: $31.35; Step 2
Percent of increase: 7.47%
District hire date: March 30, 2020

Employee: **Mike Paskevic**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: $29.17; Step 4
Proposed rate; step/grade: $31.35; Step 2
Percent of increase: 7.47%
District hire date: March 23, 2020

Employee: **Garrith Whaley**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: $29.17; Step 4
Proposed rate; step/grade: $31.35; Step 2
Percent of increase: 7.47%
District hire date: March 30, 2020

Employee: **Anthony White**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: $29.17; Step 4
Proposed rate; step/grade: $31.35; Step 2
Percent of increase: 7.47%
District hire date: March 30, 2020

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: **Rowland Alcala**
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: September 23, 1996

Employee: **Nicholas Blake**
Current position (department): Water Plant Engineer (Platte South)
New position (department): Plant Foreman (Platte South)
Current rate; step/grade: $38.73; Step 2
Proposed rate; step/grade: $84,565; SPA – 04
Percent of increase: 5.00%
District hire date: March 16, 2020

Employee: **Dennis Dudzik**
Current position (department): Utility Locator (Safety & Security)
New position (department): Sr. Engineering Technician (Plant Engineering)
Current rate; step/grade: $39.17; Step 4
Proposed rate; step/grade: $85,548; SPA – 03
Percent of increase: 5.00%
District hire date: June 9, 2014

Employee: **Adam Gartner**
Current position (department): Design Engineer (Plant Engineering)
New position (department): Senior Plant Engineer (Plant Engineering)
Current rate; step/grade: $109,185; SPA – 05
Proposed rate; step/grade: $114,644; SPA – 07
Percent of increase: 5.00%
District hire date: February 19, 2019

5. <u>Supervisory, Professional and Administrative (SPA) New Hire Ratification</u>

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.

Employee: **Stash Dwornicki**
Current position (department): Safety Specialist (Safety & Security)
Current rate; step/grade: $80,000; SPA – 03
District hire date: March 14, 2022

Employee: **Emily Hovda Walton**
Current position (department): Engineer II (Engineering Design)
Current rate; step/grade: $81,332; SPA – 04
District hire date: March 21, 2022

Employee: **Devender Kumawat**
Current position (department): Basis Administrator (Information Technology)
Current rate; step/grade: $105,000; SPA – 05
District hire date: February 28, 2022

Employee: **Steven Stella**
Current position (department): Engineer II (Plant Engineering)
Current rate; step/grade: $85,000; SPA – 04
District hire date: March 21, 2022

Bonnie Savine
Vice President, Human Resources

Mark A. Mendenhall
Senior Vice President, General Counsel

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 28, 2022

Subject: THIRD LEGISLATIVE REPORT – 2022 SESSION

To: Judiciary and Legislative Committee

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

From: Rick Kubat, Government Relations Attorney

The Legislative session is winding down with six remaining legislative days left at the time of the April 6th MUD Board meeting. Provided below is the list of introduced legislation along with Board positions. There are numerous other legislative proposals that are being closely monitored on behalf of the District.

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

Board Pos: Support
Status: Signed into law by the Governor

LB 83 (Flood) – Changes the Open Meetings Act to provide for virtual conferencing. LB 83 has two parts. The first part provides for virtual meetings under regular or non-emergency circumstances. The District was added as an eligible entity via an amendment to LB 83 to hold up to half of our Board meetings in a virtual setting. The second part of the bill addresses virtual meetings when an emergency declaration is made. It allows virtual meetings if an emergency is declared under the Emergency Management Act. The District is also included as an eligible public body in the emergency declaration portion of LB 83.

Board Pos: Support
Status: Signed into law by the Governor

LB 131 (Hunt) - Urban Affairs clean-up and priority bill containing various items. LB 131 provided up to $10 million in general fund dollars to help smaller natural gas municipalities pay for the increased gas prices associated with last year's polar vortex.

Board Pos: Neutral
Status: Signed into law by the Governor

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

Board Pos: Neutral
Status: Signed into law by the Governor

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

Board Pos: Neutral
Status: Signed into law by the Governor

LB 178 (Lindstrom) – Provides for a turn-back of a portion of the 5.5% of state sales tax dollars collected for sewer and potable water services. LB 178 is a similar version of last year's LB 242. The only change from last year's LB 242, is additional language in LB 178 which requires entities who receive turnback dollars to account for their receipt in their budget statement along with a declaration of the percentage by which water and sewer rates would have increased if not for the receipt of turnback funds. The turn-back of revenue is specifically designated and earmarked for potable water and wastewater infrastructure assistance or repaying of bonds for such work. LB 178 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2021, through June 30, 2022, a turn-back of 54% of the 5.5% of state sales tax dollars collected from July 1, 2022, through June 30, 2024, and a turn-back of 72% of the 5.5% of state sales tax dollars collected after July 1, 2024. LB 178 did not receive any opposition testimony. The bill was supported by the Omaha and Lincoln Chambers, the City of Omaha, City of Lincoln, Sarpy County, United Cities of Sarpy County, Nebraska Assn. of Resource Districts, the Coalition of Agricultural Manufactures, American Council of Engineering Companies, Assn. of General Contractors, Nebraska Assn. of Commercial Property Owners, Nebraska Utility and Excavators Assn, Nebraska Water Resources Assn, the cities of Blair, Hastings, Grand Island, South Sioux City, Plattsmouth and others. LB 178 has not received a priority designation and will not be heard without such a designation.

Board Pos: Support
Status: Advanced to General File

LB 190 (Hughes) – Prohibits the Legislature from appropriating or transferring money from the Water Sustainability Fund. The only exception would be upon a finding that the goals of the fund are no longer being accomplished. LB 190 was amended into LB 507.

Board Pos: Support

Status: Signed into law by the Governor

LB 266 (McCollister) – Adopt the Renewable Energy Standards Act. LB 266 requires public power suppliers to achieve net-zero carbon emissions by 2050.

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

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

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

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

Board Pos: Support
Status: Passed into law over the objection of the Governor

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

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

LB 344 (Friesen) – Changes provisions to the One-Call Notification System Act and creates the Underground Excavation Safety Committee (UESC). LB 344 creates the UESC to consist of the State Fire Marshall (SFM), two operator representatives, two excavator representatives appointed by the Governor and two locators. LB 344 has been substantively altered via the adopted amendment AM 1880. The legislation now permits the SFM to handle investigations, issue written determinations, conclusions of law and issue civil penalties for violations of the one-call Act. If a party objects to the SFM's order, the SFM shall appoint a hearing officer to consider evidence and issue orders. Appeals of the hearing officer's determination would be handled under the Administrative Procedures Act.

Board Pos: Oppose
Status: Amended, provided a speaker priority designation, on Select File

LB 406 (McDonnell) – Creates the Lower Platte River Infrastructure Task Force and provides funding. LB 406 created a task force to study potential reservoirs on the Lower Platte River. The purpose of the study was to look at three to five potential flood-control infrastructure projects along the river basin for flood control, water supply, water quality, recreation, and hydropower. Last year, the Board took a position to support LB 406 with the understanding that the District would have representation on any committee formed to study a reservoir on the Platte River. LB 406 was altered in the last days of the legislative session to include only state senators as committee members. LB 406 was further amended to include studies of Lake McConaughey, Lewis and Clark Lake and Niobrara State Park.

Board Pos: Neutral
Status: Signed into law by the Governor

LB 414 (Wishart) – Changes provisions of the Political Subdivisions Construction Alternatives Act. LB 414 enhances the ability for political subdivisions to use design-build contracts for sewer, water, utility, and other large projects. Unfortunately, the District was unable to be amended onto LB 414. Senator Wishart passed LB 847 in the 2022 Session to include the District as an eligible entity to use design-build contracts.

Board Pos: Support
Status: Signed into law by the Governor

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

Board Pos: Support
Status: Placed on General File with pending amendments and provided a Committee Priority designation

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

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

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

Board Pos: Neutral
Status: Signed into law by the Governor

NEWLY INTRODUCED LEGISLATION IN THE 2022 SESSION

LB 800 (Urban Affairs) - Changes provisions to cities of the metropolitan class. LB 800 is a clean up bill and makes some non-substantive changes to the District's empowering statutes.

Board Pos: Neutral
Status: Urban Affairs Committee priority bill, Placed on Select File

LB 809 (Moser) – Changes powers and duties of the Nebraska Department of Environment and Energy (NDEE). The NDEE administers the State of Nebraska's Drinking Water State Revolving Fund (SRF). LB 809 would increase the amount of loan forgiveness from 50% to 75% for SRF funds. Current law only allows SRF loan forgiveness for communities with a population of 10,000 or less. LB 809 also removes the population threshold for loan forgiveness, specifically for lead service line replacements. This change would enable the District to become an eligible entity to receive SRF. This bill is important to the District because the State of Nebraska is receiving roughly $360 million additional dollars in the next five years in the SRF program via the recently passed federal Bi-partisan Infrastructure and Jobs Act. The District provided testimony in support of LB 809, and we will likely be seeking financial assistance from the SRF fund to finance the long-term goal of lead service line replacements.

Board Pos: Support
Status: Natural Resources Committee priority bill, Placed on Select File

LB 847 (Wishart) – Introduced on behalf of the District, LB 847 would amend the Political Subdivisions Construction Alternatives Act (the "Act") to provide the District with the ability to use design-build contracts. Last year the District was not included in similar legislation

(LB 414) for other political subdivisions. LB 847 provides the District, Omaha Public Power District, Nebraska Public Power District and Central Nebraska Public Power District with permissive authority to use design-build contracts. The Act requires political subdivisions to use design-build if two-thirds of the governing board makes a finding that design-build either saves in cost or time or that the project is specialized or complex.

Board Pos: Support
Status: Signed into law by the Governor

LB 884 (M. Cavanaugh) – Provide notice to private residential owners under the One-Call Notification System Act. LB 884 requires notification to private property owners before an excavation. The bill could become problematic for the District when an emergency excavation becomes necessary. The One Call Notification Act currently does not provide for methods of notification for private property owners. LB 884 has been introduced to address a specific situation and will likely be significantly altered.

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

LB 906 (B. Hansen) - Requires employers to provide for COVID vaccine exemptions and provides for duties to the Department of Health and Human Services (DHHS). Employees could fill out a form provided by DHHS to become exempt from an employer vaccine mandate due to sincerely held religious beliefs or medical related concerns. Employers can require unvaccinated employees to wear personal protective equipment and be subject to periodic testing. The employer is required to pay for the protective equipment and testing.

Board Pos: Neutral
Status: Signed into law by the Governor

LB 944 (McCollister) – Changes the sales tax rate on the furnishing of electricity services. The Tax Commissioner would establish a carbon intensity factor in 2023 for the production of electricity. Electrical utilities currently pay 5.5% state sales tax for electrical services. LB 944 would enable electrical utilities to lower their state sales taxes by lowering their carbon intensity factor. An electric utility that has a carbon intensity factor of less then 20% of the State standard would be completely exempt from state sales tax. An electric utility with a carbon score greater than 20% of the state standard, but less than 100% of the state standard would have state sales taxes lowered on a sliding scale basis.

Board Pos: Neutral
Status: Remains in the Revenue Committee

LB 1002 (McDonnell) – Appropriates funds under the American Rescue Plan Act (ARPA) for low-income home energy assistance. LB 1002 provides $2 million in ARPA funds for individuals eligible under the low-income home energy assistance program (LIHEAP). LB

1002 provides $1 million dollars to the Omaha Public Power District and $1 million dollars to the District for low-income energy assistance.

Board Pos: Support
Status: Remains in the Appropriations Committee

LB 1008 (Albrecht) – Prohibits a county, city, or village from restricting energy utility service. LB 1008 prohibits political subdivisions from enacting any ordinance, resolution, regulation, rule, or policy that has the effect of limiting energy choice. Specifically, such county, city or village could not ban the use of any electric, natural gas, propane, or other energy utility service.

Board Pos: Support
Status: Remains in Government, Military and Veterans Affairs Committee

LB 1012 (Hilgers on behalf of the Governor) - The bill proposes to create two new funds for water infrastructure projects. The first fund created is the Statewide Tourism and Recreational Water Access and Resource Sustainability Fund (STAR WARS). This is the fund that seeks to establish a reservoir on the Platte River between Omaha and Lincoln. The second fund created is the Perkins County Canal Project Fund. Both funds would be administered by the Department of Natural Resources. The adopted committee amendment (AM 2000) now includes a $20 million appropriation to the Department of Natural Resources (DNR) to conduct various studies related to a reservoir on the Lower Platte. Contained within the $20 million appropriation is a requirement for the DNR to consult with the City of Lincoln and MUD for an objective analysis of the effects this project would have on the public water supply.

Board Pos: Neutral
Status: Placed on Final Reading

LB 1013 (Hilgers on behalf of the Governor) - The bill proposes numerous transfers from the cash reserve fund, including $53,500,000 to the Perkins County Canal Project Fund.

Board Pos: Neutral
Status: Placed on Final Reading

LB 1014 (Hilgers on behalf of the Governor) - The bill directs numerous appropriations to projects funded by American Rescue Plan dollars allocated to the State of Nebraska.

Board Pos: Neutral
Status: Placed on Select File

LB 1015 (Hilgers on behalf of the Governor) – LB 1015 creates the underlying legislation for the Perkins County Canal. It provides the Department of Natural Resources with the authority necessary to begin analysis of the canal system in western Nebraska. The Governor has stated that the Perkins County Canal is necessary for Nebraska to maintain a 1923 South Platte River Compact with the State of Colorado.

Board Pos: Neutral
Status: Senator Hughes priority designation, Placed on Select File

LB 1023 (Hilgers) – LB 1023 creates the underlying legislation for the STAR WARS water projects to include a Lower Platte River reservoir, enhanced amenities at Lake McConaughy, Lewis and Clark Lake and Niobrara State Park. LB 1023 tasks the Department of Natural Resources with the authority to engage in public-private partnerships necessary to complete said projects. The reservoir on the Lower Platte River is to be no less then 3,600 acres in Sarpy County and shall not include a dam on the Platte River, nor can it flood any city or village. The District, along with the City of Lincoln, has met with Speaker Hilgers and others related to our mutual concerns that any reservoir on the Lower Platte does not hinder the public water supply, including, but not limited to, water quantity or water quality. Funding for the MUD/Lincoln study is included in LB 1012 via the adoption of AM2000.

Board Pos: Neutral
Status: Senator McDonnell priority designation, Placed on Select File

LB 1046 (Bostelman) – Changes the selection of Directors and CEOs of the Omaha Public Power District (OPPD) and the Nebraska Public Power District (NPPD). This bill provides that both OPPD and NPPD would have four Board members each elected by the public in subdivisions. Five remaining directors for each Board would be appointed by the Governor, bringing total representation on each board to nine members. The Governor would have the additional authority to appoint future CEOs of both OPPD and NPPD.

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

LB 1048 (Blood) – Appropriates $10 million from the American Rescue Plan Act to the University of Nebraska Medical Center to study chemicals released during ethanol production and storage and its effects on polluted ground water. The legislation is centered on the ground water contamination caused by the closed AltEn LLC ethanol plant in Mead Nebraska.

Board Pos: Support
Status: Remains in the Appropriations Committee

LB 1058 (Brewer) – Provides requirements for public power suppliers related to base load generation. LB 1058 would have public power pay any employee a five-year severance for shutting down any base load generation. LB 1058 further provides that any public power utility that eliminates base load generation would need to pay the state of Nebraska the greater amount of either 10 years of state tax payments or a $50 million dollar penalty.

Board Pos: Neutral

Status: Remains in the Natural Resources Committee. The Natural Resources Committee voted to amend the provisions of LB1058 into LB1045 via AM2081. LB1045 is a Natural Resources Committee priority bill. LB1045 sits on General File.

LB 1081 (Bostar) – Provides $200 million in American Rescue Plan Act dollars to a city that utilizes more than 30 million gallons per day of water for costs associated for an additional water supply project. This legislation has been introduced on behalf of the City of Lincoln to help finance their long-term alternative water supply. The Legislature has included a $20 million allocation for the City of Lincoln in the State's ARPA bill, LB 1014.

Board Pos: Support
Status: Remains in the Natural Resources Committee. The Appropriations Committee voted to amend provisions of LB1081 into LB1014 via AM2330 (section 27). AM2330 was adopted during General File debate. LB1014 now sits on Select File.

LB 1146 (Friesen) – Changes provisions related to the Interlocal Cooperation Act. LB 1146 would require political subdivisions to have their elected Board members serve as voting members of any interlocal agreement entity. It would further provide that future bonding only be allowed by a vote of the people. LB 1146, as drafted, would be problematic for the Central Plains Energy Project (CPEP) which is comprised, in part, by the District via an interlocal agreement. Senator Friesen has indicated that he does not intend to include CPEP as part of LB 1146 and is willing to carve out an exemption should this legislation advance to the floor for consideration.

Board Pos: Oppose
Status: Remains in the Government Military and Veterans Affairs Committee

LB 1166 (Sanders) – Changes provisions to the One-Call Notification System Act. Excavators who do not comply with current notice requirements of the One-Call Act are strictly liable to owners of underground facilities if such facilities are damaged. LB 1046 would void strict liability for excavators when telecommunications are buried at a depth of less than 10 inches on residential property. Senator Sanders is concerned that telecommunication companies are not burying their service lines on residential property at a depth necessary to avoid damage.

Board Pos: Support
Status: Remains in Transportation and Telecommunications Committee

LB 1196 (McDonnell) – Appropriates $45 million in American Rescue Plan Act funds to the Nebraska Department of Economic Development to assist the District in replacing lead service lines. LB 1196 was introduced at the request of the District.

Board Pos: 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

Approved by the Board
April 6, 2022

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 29, 2022

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

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

1) The Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Actuarial Valuation as of January 1, 2022
2) GASB Statements No. 67 & 68 Report for the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Measurement Date: December 31, 2021
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 is 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 1-11 of the report, which provides an excellent synopsis of the information contained therein. Though the report contains considerable detail, the key statistical highlights follow:

	2022	2021
Funded Ratio at January 1 (Actuarial Value)	97.0%	94.0%
Actuarially Determined District Contribution	$8,588,396	$9,481,333

As a point of reference, the District's actual pension contribution in 2021 was $11.6 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 2022 budgeted contribution of $12.0 million. Positive market returns in 2021 served as the primary reason that the Actuarially Determined District Contribution disclosed above is significantly below the budget. 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 $10.5 million towards the pension in 2022, or 22.3% greater than the Actuarially Determined Contribution. The resulting $1.5 million in savings vs. the budget will be directed towards other high priorities within the District, including main infrastructure risk mitigation for the Water Department and facility needs for the Gas Department, such as design work for the second Construction Center.

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:

	2021	2020
Plan Fiduciary Net Position as % of Total Pension Liability (At December 31)	108.7%	101.1%
Pension Expense	$(13,856,876)	$ (3,822,470)

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, 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 6, 2022 Committee and Board Agendas to be placed on file.

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer

Approved:

Mark E. Doyle
President

Attachments

Placed on File
April 6, 2022

Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

METROPOLITAN
UTILITIES DISTRICT

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

Actuarial Valuation as of January 1, 2022

www.CavMacConsulting.com

March 24, 2022

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, 2022 for the plan year ending December 31, 2022. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions or actuarial methods since the prior valuation. However, there have been several changes to the actuarial assumptions used in this valuation as a result of the completion of an experience study in 2021. All of the recommended assumptions from the experience study were adopted by the Board of Directors at their November 3, 2021 meeting and are first used in this valuation. The net impact of the assumption changes was an increase in both the unfunded actuarial liability and the total contribution rate.

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

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.

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.

We note that as we prepare this report, the world is still recovering from the Covid-19 pandemic. We have considered all available information, but do not believe there is sufficient data yet to warrant the modification of any of our assumptions at this time. We will continue to monitor the situation and advise the Board in the future of any adjustments we believe would be appropriate.

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

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

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

Sincerely,

Patrice Beckham

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

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This report presents the results of the January 1, 2022 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.

This valuation reflects the scheduled increase in the employee contribution rate from 8.0% to 8.5% effective January 1, 2022. There is one additional increase to 9.0% scheduled for January 1, 2023. The increase in the employee contribution rate for 2022 decreased the District's contribution by about $350,000.

The key results in the January 1, 2022 valuation are compared to those in the 2021 valuation below:

	January 1, 2022	January 1, 2021
Actuarial Liability	$533,671,865	$501,663,185
Actuarial Assets	517,407,389	471,538,702
Unfunded Actuarial Liability	$16,264,476	$30,124,483
Funded Ratio	96.95%	94.00%
District Contribution Rate	12.36%	13.91%
District Actuarial Contribution	$8,588,396	$9,481,333

The actuarial valuation results provide a "snapshot" view of the Plan's financial condition on January 1, 2022 which reflects net favorable experience for the past plan year. The rate of return on the actuarial value of assets was higher than the expected return (11.2% actual versus 6.9% expected), which resulted in an actuarial gain on assets of $19.9 million. There was unfavorable experience on the plan liabilities for the past plan year, largely due to more retirements than expected and higher COLAs than expected, based on the actuarial assumptions. The net liability experience from all demographic assumptions was an actuarial loss of $2.3 million so the aggregate experience for the 2021 plan year, on both actuarial assets and actuarial liabilities, was a gain of $17.6 million.

There were no changes to the actuarial methods since last year's valuation. However, there have been several changes to the actuarial assumptions used in this valuation as a result of the four-year experience study completed in 2021. All of the recommended assumptions were adopted by the Board of Directors at their November 3, 2021 meeting and are first reflected in this valuation, including:

- Inflation assumption decreased from 2.60% to 2.50%.
- Investment return assumption decreased from 6.90% to 6.75%.
- Cost of living adjustment assumption decreased from 2.60% to 2.50%.
- General wage growth assumption decreased from 3.50% to 3.40%.

- Covered payroll growth assumption decreased from 3.50% to 3.00%.
- Salary merit scale was adjusted to better reflect actual experience.
- Mortality assumption was changed to the Pub-2010 General Employees Median Mortality Tables, with future mortality improvements using the MP-2020 Projection Scale.
- Retirement and termination rates were adjusted to better reflect actual experience.

The change in the actuarial assumptions increased the actuarial liability (AL) by $6.1 million and the total contribution rate by 0.66% of pay. The change to the investment return assumption had the most significant impact on the valuation results. Decreasing the investment return assumption resulted in an increase in the actuarial liability. The impact of all assumption changes on the January 1, 2022 valuation results is summarized in the following table:

	Prior Assumptions	Current Assumptions	Difference
Actuarial Liability (AL)	$527,605,001	$533,671,865	$6,066,864
Actuarial Value of Assets (AVA)	517,407,389	517,407,389	0
Unfunded AL (UAL)	$10,197,612	$16,264,476	$6,066,864
Funded Ratio	98.06%	96.95%	(1.11%)
Normal Cost Rate	19.38%	19.39%	0.01%
Administrative Expense	0.15%	0.15%	0.00%
UAL Contribution Rate	0.67%	1.32%	0.65%
Total Contribution Rate	20.20%	20.86%	0.66%
Annual District Contribution	$8,141,626	$8,588,396	$446,770

In addition to the assumption changes that are first reflected in this valuation, there was a recommendation in the experience study to continue decreasing the investment return assumption to 6.50% over the next four years. This change is contingent on approval from the Board of Directors. If implemented, the decrease in the investment return assumption is expected to increase both the unfunded actuarial liability and the actuarial required contribution.

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 2021, as reported by Vanguard, was 13.7%, higher than the assumed rate of return during 2021 of 6.9%. However, as a result of the deferred (unrecognized) investment experience due to the asset smoothing method, the rate of return on the actuarial value of assets was 11.2%. The strong return on the market value of assets in 2021 increased the deferred investment gain of $42.1 million in the 2021 valuation to $59.7 million in the 2022 valuation. Actual returns over the next few years will determine if, and when, the deferred investment gain will be recognized. With the current deferred investment experience, a return of about -4% on the market value of assets in 2022 would result in the actuarial value of assets being equal to the market value of assets at January 1, 2023. The deferred investment gain would be eliminated, but no actuarial gain/loss on assets would occur for the 2022 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, 2022, the Plan had total funds of $577.1 million, when measured on a market value basis. This was an increase of $63.5 million from the prior year and represents a 13.7% rate of return for the 2021 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 during 2021 of 6.9%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2022. The rate of return on the actuarial value of assets was 11.2% (higher than the 6.9% assumption) which generated an actuarial gain of $19.9 million.

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

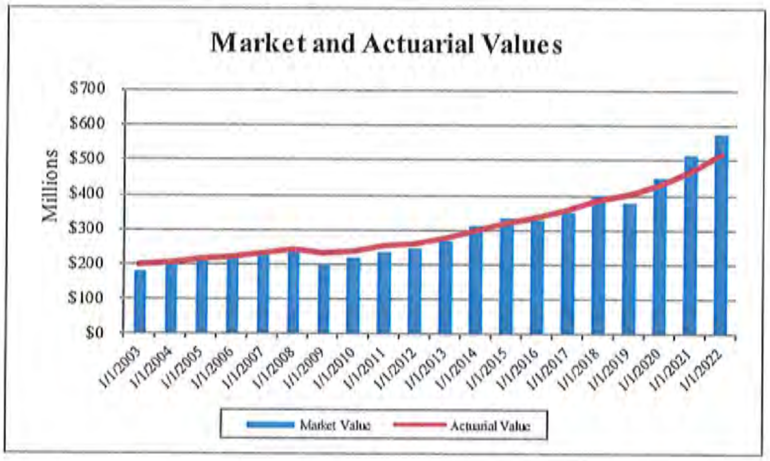
	Market Value ($M)		Actuarial Value ($M)	
Net Assets, January 1, 2021	$	513.6	$	471.5
• District Contributions	+	11.6	+	11.6
• Member Contributions	+	5.4	+	5.4
• Benefit Payments, Refunds and Administrative Expenses	-	23.3	-	23.3
• Net Investment Return	+	69.8	+	52.2
Net Assets, January 1, 2022	$	577.1	$	517.4
Rate of Return		13.7%		11.2%

The deferred investment gain (market value less actuarial value of assets) as of January 1, 2022 is $59.7 million, compared to a $42.1 million deferred gain in last year's valuation. This unrecognized investment gain will flow through the asset smoothing method over the next few years, producing actuarial gains to the extent it is not offset by investment experience that is lower than the assumed rate of return.

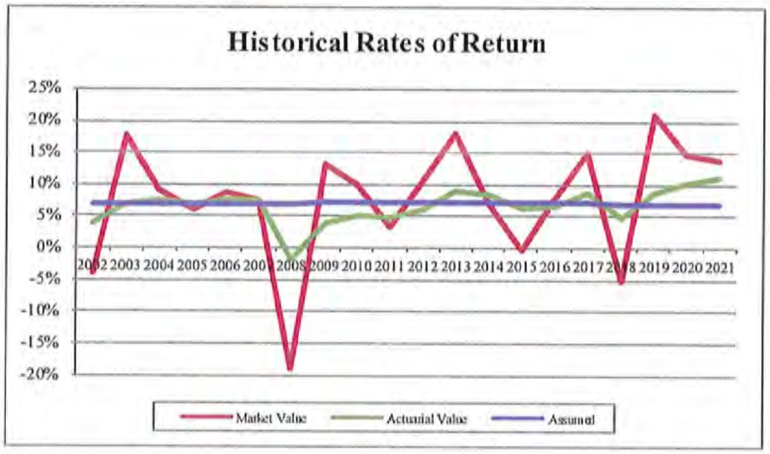
If the deferred investment gain was recognized immediately in the actuarial value assets, the unfunded actuarial liability would decrease by $59.7 million, resulting in a surplus of $43.5 million. The funded percentage would increase from 97.0% to 108.1% and the actuarially determined contribution for the District would decrease from $8.6 million to $5.3 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. 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)					
	2017	2018	2019	2020	2021	2022
Actuarial Value of Assets	359	387	403	432	472	517
Market Value of Assets	353	403	378	452	514	577
Actuarial Value/Market Value	102%	96%	106%	96%	92%	90%



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



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

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	
	2022	2021
Present Value of Future Benefits (PVFB)	$667,604,388	$625,772,998
Actuarial Liability (AL)	$533,671,865	$501,663,185
Assets at Actuarial Value	$517,407,389	$471,538,702
Funded Ratio (Actuarial Value)	97.0%	94.0%
Assets at Market Value	$577,149,019	$513,638,775
Funded Ratio (Market Value)	108.1%	102.4%

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2022 is shown below:

Actuarial Liability	$533,671,865
Actuarial Value of Assets	517,407,389
Unfunded Actuarial Liability	$ 16,264,476

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The Plan experience, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial loss of $2.3 million on liabilities and an actuarial gain of $19.9 million on the actuarial value of assets, resulting in a net gain of $17.6 million.

The change in the unfunded actuarial liability between January 1, 2021 and 2022 is shown below (in millions):

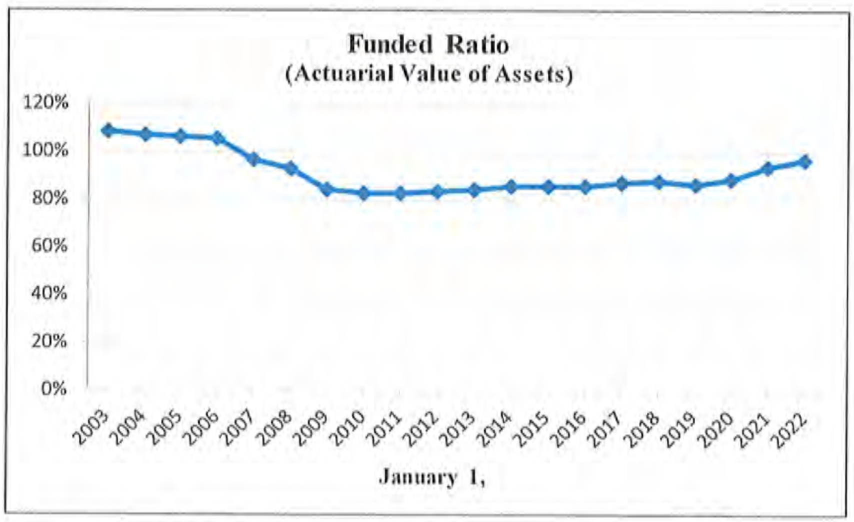
Unfunded Actuarial Liability, January 1, 2021	$	30.1
· Expected change in UAL	+	0.2
· Contributions in excess of the actuarial amount	-	2.2
· Investment experience	-	19.9
· Demographic experience	+	2.3
· Impact of assumption change	+	6.1
· Other experience	-	0.3
Unfunded Actuarial Liability, January 1, 2022	$	16.3

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, 2021 to the January 1, 2022 valuation are shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
January 1, 2021 Funded Ratio	94.00%	102.39%
· Expected change	0.30%	0.47%
· Excess contributions	0.41%	0.42%
· Investment experience	3.79%	6.60%
· Demographic experience	(0.44%)	(0.49%)
· Impact of assumption change	(1.11%)	(1.24%)
· Total Change	2.95%	5.76%
January 1, 2022 Funded Ratio	96.95%	108.15%

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. The funded ratio has increased over the last ten years. The deferred investment experience is expected to increase the funded ratio over the next few years, and the funded ratio is projected to reach 100% in 2024 if all assumptions are met in the future. If contributions above the actuarial contribution are made in the future and/or actual experience, especially investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio at or above 100% more rapidly.

Contribution Levels

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

The scheduled increase in the employee contribution rate from 8.0% to 8.5%, effective January 1, 2022, reduced the District's 2022 actuarial contribution by about $350,000. As the scheduled increase occurs in the future, it will reduce the amount of the District's contribution.

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

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

The normal cost rate is independent of the Plan's funded status and represents the cost, as a percent of payroll, of the benefits provided by the Plan which is allocated to the current year of service. The total normal cost for the Plan is 19.39% of pay. When offset by the employee contribution rate of 8.50% during 2022, the employer portion of the normal cost is 10.89% 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 2022 plan year is 0.15% of expected payroll.

Currently, the actuarial value of assets is less than the actuarial liability, so there is an unfunded actuarial liability of $16.3 million. Under the current amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate amortization base that is amortized, on a level-percent of payroll basis, over a closed 30-year period beginning January 1, 2014 (22 payments remaining in this valuation). Additionally, every year a new amortization base is calculated reflecting the actual plan experience in the immediately preceding plan year, as well as any change in the unfunded actuarial liability due to assumption changes or plan amendments. Each new base is amortized, with payments developed as a level-percent of payroll, over a closed 20-year period that begins on the valuation date when the new base is established. Using this methodology, referred to as "layered amortization", the resulting UAL amortization payment for 2022 is 1.32% of pay.

The total actuarial contribution rate for 2022 is:

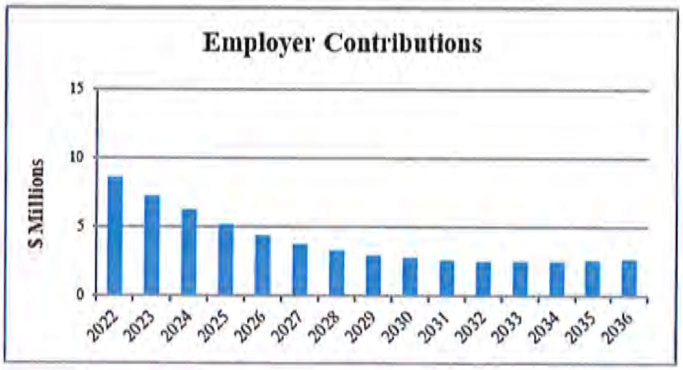
19.39%	(normal cost)
0.15%	(administrative expense)
1.32%	(UAL amortization payment).
20.86%	

Given the employee contribution rate of 8.50% for calendar year 2022, the District's share of the total contribution rate is 12.36% of expected payroll, or $8.6 million.

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

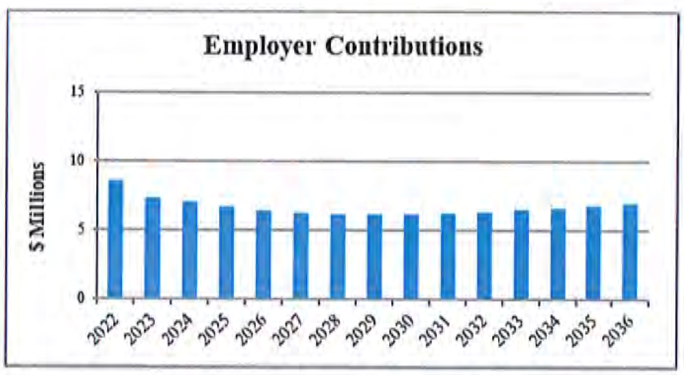
Total Actuarial Required Contribution Rate, January 1, 2021	21.91%
· Change in normal cost rate and administrative expense	0.25%
· Contributions in excess of the actuarial amount	(0.22%)
· Investment experience	(1.98%)
· Demographic experience	0.24%
· Payroll increase lower than expected	0.01%
· Impact of assumption change	0.66%
· Other experience	(0.01%)
Total Actuarial Required Contribution Rate, January 1, 2022	20.86%

To illustrate the importance of investment returns on the contribution level, we have included graphs of the estimated employer contributions based on three different scenarios for the rate of return on the market value of assets in 2022, 2023, and 2024. <u>The projections reflect the scheduled increases in the employee contribution rate next year and assume that all other actuarial assumptions are met</u> (including a 6.75% assumed rate of return on the market value of assets in 2025 and later) and that the full actuarial contribution will be made each year in the future:



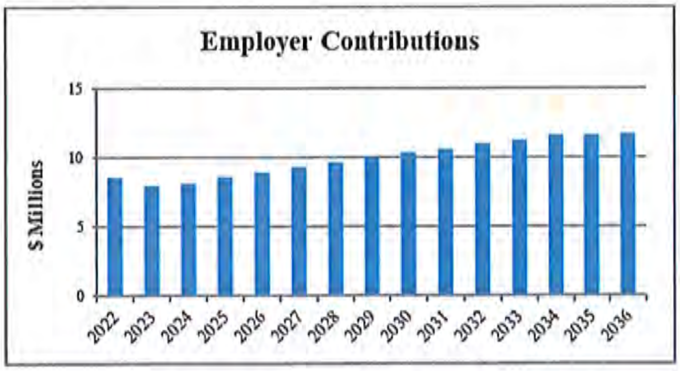
OPTIMISTIC
(10% return on market value for 2022-2024)

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



INTERMEDIATE
(6.75% return on market value for 2022-2024)

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



PESSIMISTIC
(0% return for 2022, 4% for 2023-2024)

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

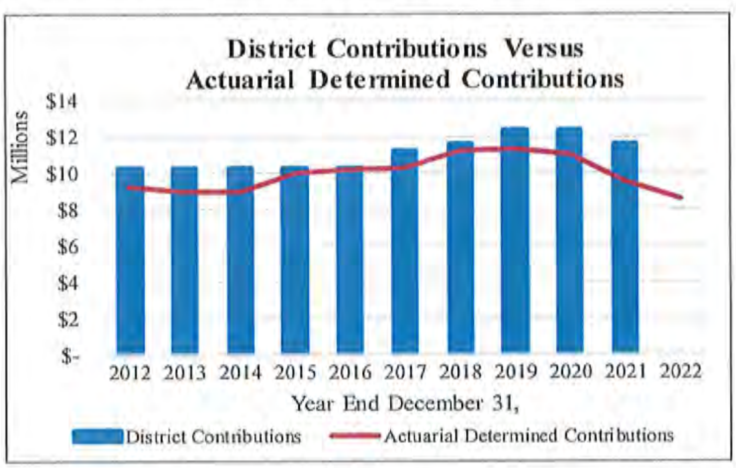
Under the funding methodology adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2022 plan year:

Actuarially Determined Contribution:	
Normal Cost	$13,473,321
Administrative Expenses	103,969
Amortization of UAL	917,365
Expected Employee Contributions	(5,906,259)
Total	$8,588,396

The resulting contribution for the District (net of expected employee contributions) is $8,588,396, which is 12.36% of expected covered payroll for 2022.

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

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



As provided by staff, the budgeted District contribution amount for 2022 is $12.0 million, which is $3.4 million higher than the actuarially determined contribution of $8.6 million for the 2022 plan year. The additional contribution will serve to reduce the unfunded actuarial liability or offset any unfavorable experience that occurs in 2022.

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. Overall, the scheduled increase in the employee contribution rate (ultimately reaching 9.0% in 2023) tends to reduce the District's contributions compared to the amount that would otherwise be due.

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

We note that as we prepare this report, the world is still recovering from the Covid-19 pandemic. We have considered all available information, but do not believe there is sufficient data yet to warrant the modification of any of our assumptions at this time. We will continue to monitor the situation and advise the Board in the future of any adjustments we believe would be appropriate.

METROPOLITAN UTILITIES DISTRICT OF OMAHA
RETIREMENT PLAN FOR EMPLOYEES

PRINCIPAL VALUATION RESULTS

	January 1, 2022	January 1, 2021	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	813	808	0.6
- Projected Payroll for Upcoming Fiscal Year	$69,485,404	$68,161,988	1.9
- Average Projected Salary	$85,468	$84,359	1.3
- Average Attained Age	46.9	47.9	(2.1)
- Average Entry Age	33.9	33.7	0.6
2. Inactive Membership			
- LTD and Inactive Vesteds	78	75	4.0
- Inactive Non-vested	1	2	(50.0)
- Number of Retirees / Beneficiaries	710	661	7.4
- Average Retiree/Beneficiary Annual Benefit	$34,976	$33,472	4.5
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$577,149,019	$513,638,775	12.4
- Actuarial Value	$517,407,389	$471,538,702	9.7
2. Projected Liabilities			
- Retirees and Beneficiaries	$299,692,808	$257,862,392	16.2
- Inactive Members	15,992,549	14,463,515	10.6
- Active Members	351,919,031	353,447,091	(0.4)
- Total Liability	$667,604,388	$625,772,998	6.7
3. Actuarial Liability	$533,671,865	$501,663,185	6.4
4. Unfunded Actuarial Liability (UAL)	$16,264,476	$30,124,483	(46.0)
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	96.95%	94.00%	3.1
Market Value Assets / Actuarial Liability	108.15%	102.39%	5.6
CONTRIBUTIONS			
1. Normal Cost Rate	19.39%	19.14%	1.3
2. Administrative Expense	0.15%	0.14%	7.1
3. UAL Contribution Rate	1.32%	2.63%	(49.8)
4. Total Contribution Rate (1) + (2) + (3)	20.86%	21.91%	(4.8)
5. Less Employee Contribution Rate	(8.50%)	(8.00%)	6.3
6. District Contribution Rate (4) + (5)	12.36%	13.91%	(11.1)
7. District Annual Contribution	$8,588,396	$9,481,333	(9.4)

Note: numbers may not add due to rounding.

EXHIBIT 1

SUMMARY OF FUND ACTIVITY
(Market Value Basis)

For Year Ended December 31, 2021

1. Market Value of Assets as of January 1, 2021	$	513,638,775
2. a. Contributions - District	$	11,600,000
b. Contributions - Employees		5,374,956
c. Total		16,974,956
3. Benefit payments and refunds	$	(23,236,403)
4. Administrative expenses	$	(103,969)
5. Investment income, net of investment expenses	$	69,875,660
6. Market Value of Assets as of December 31, 2021	$	577,149,019
7. Rate of Return on Market Value of Assets*		13.7%

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

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

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

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

1. Actuarial Value of Assets as of January 1, 2021	$471,538,702
2. a. Contributions during 2021	16,974,956
b. Benefit payments and refunds during 2021	23,236,403
c. Administrative expenses during 2021	103,969
3. Expected Value of Assets as of December 31, 2021 $(1) \times 1.069 + [(2a) - (2b) - (2c)] \times 1.069^{1/2}$	497,493,512
4. Market Value of Assets as of December 31, 2021	577,149,019
5. Excess of Market Value over Expected Value as of December 31, 2021	79,655,507
6. Actuarial Value of Assets as of December 31, 2021 $(3) + 0.25 \times (5)$	517,407,389
7. Corridor for Actuarial Value of Assets	
a. 80% of (4)	461,719,215
b. 120% of (4)	692,578,823
8. Final Actuarial Value of Assets as of December 31, 2021 (6) but not < (7a) nor > (7b)	$517,407,389
9. Estimated Rate of Return on Actuarial Value of Assets*	11.2%

*Net of investment expenses.

EXHIBIT 2 (continued)

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

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2003	$182,802,988	$201,266,877	110.10%
1/1/2004	208,097,692	208,282,032	100.09%
1/1/2005	219,605,615	216,654,583	98.66%
1/1/2006	225,161,798	224,761,515	99.82%
1/1/2007	237,959,892	234,707,113	98.63%
1/1/2008	249,095,495	245,760,175	98.66%
1/1/2009	196,124,538	235,349,446	120.00%
1/1/2010	218,042,907	241,024,751	110.54%
1/1/2011	238,265,999	252,420,193	105.94%
1/1/2012	244,777,760	263,114,155	107.49%
1/1/2013	268,895,003	277,702,452	103.28%
1/1/2014	314,630,091	300,065,992	95.37%
1/1/2015	333,135,690	322,199,383	96.72%
1/1/2016	329,261,948	339,057,547	102.98%
1/1/2017	352,513,865	358,959,262	101.83%
1/1/2018	402,738,799	387,412,491	96.19%
1/1/2019	378,210,890	402,503,121	106.42%
1/1/2020	452,080,699	432,489,879	95.67%
1/1/2021	513,638,775	471,538,702	91.80%
1/1/2022	577,149,019	517,407,389	89.65%

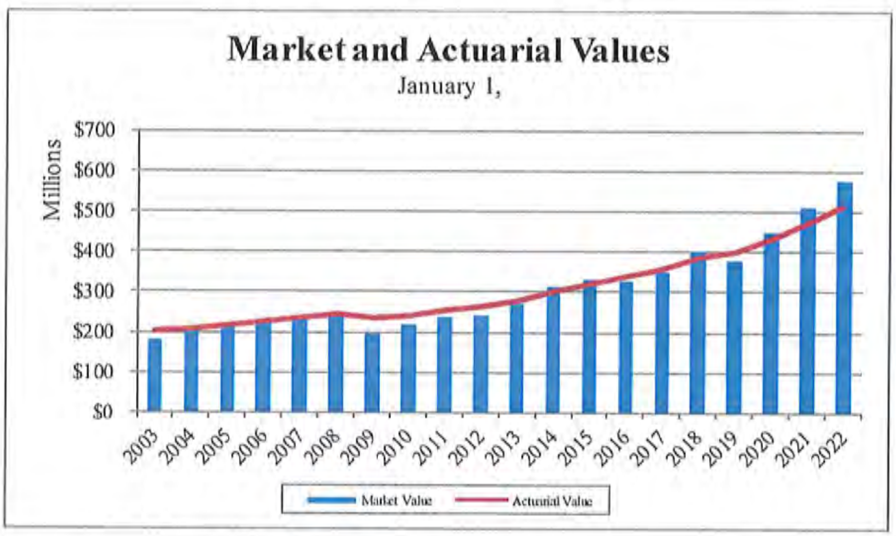


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2022 is as follows:

Assets

Current assets (actuarial value)		$ 517,407,389
Present value of future normal costs		133,932,523
Present value of future employer contributions to fund unfunded actuarial liability		16,264,476
Total Assets		$ 667,604,388

Liabilities

Present value of future retirement benefits for:		
Active employees	$ 337,791,092	
Retired employees, contingent annuitants and spouses receiving benefits	299,692,808	
Deferred vested employees	8,278,452	
Inactive employees – disabled	7,713,874	
Total		$ 653,476,226
Inactive non-vested employees – refund due		223
Present value of future death benefits payable upon death of active members		5,561,184
Present value of future benefits payable upon termination of active members		8,566,755
Total Liabilities		$ 667,604,388

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2022

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	$	667,604,388
2.	Present Value of Future Normal Costs		133,932,523
3.	Actuarial Liability (1) – (2)		533,671,865
4.	Actuarial Value of Assets		517,407,389
5.	Unfunded Actuarial Liability (3) – (4)	$	16,264,476
6.	Funded Ratio (4) / (3)		96.95%

EXHIBIT 5

CALCULATION OF ACTUARIAL (GAIN)/LOSS
For Plan Year Ending December 31, 2021

Liabilities		
1. Actuarial liability as of January 1, 2021	$	501,663,185
2. Normal cost as of January 1, 2021		12,168,165
3. Interest at 6.90% on (1) and (2) to December 31, 2021		35,454,363
4. Benefit payments during 2021		(23,236,403)
5. Interest on benefit payments		(788,285)
6. Impact of Assumption Changes		6,066,864
7. Expected actuarial liability as of December 31, 2021	$	531,327,889
8. Actuarial liability as of December 31, 2021	$	533,671,865
Assets		
9. Actuarial value of assets as of January 1, 2021	$	471,538,702
10. Contributions during 2021		16,974,956
11. Benefit payments and administrative expenses during 2021		(23,340,372)
12. Interest on items (9), (10) and (11)		32,320,226
13. Expected actuarial value of assets as of December 31, 2021	$	497,493,512
14. Actual actuarial value of assets as of December 31, 2021	$	517,407,389
(Gain) / Loss		
15. Expected unfunded actuarial liability (7) – (13)	$	33,834,377
16. Actual unfunded actuarial liability (8) – (14)	$	16,264,476
17. Actuarial (Gain) / Loss (16) – (15)	$	(17,569,901)
18. Actuarial (Gain) / Loss on Actuarial Assets (13) – (14)	$	(19,913,877)
19. Actuarial (Gain) / Loss on Actuarial Liability (8) – (7)	$	2,343,976

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 $2,344,000 during the plan year ended December 31, 2021, as well as an actuarial gain on assets of $19,914,000. The overall actuarial gain was $17,570,000. The major components of this net actuarial experience (gain)/loss are shown below:

Liability Sources		**(Gain)/Loss**
Salary Increases	$	(1,764,000)
Mortality		(944,000)
Terminations		15,000
Retirements		3,973,000
Disability		(285,000)
New Entrants/Rehires		506,000
COLA		981,000
Miscellaneous		(138,000)
Total Liability (Gain)/Loss	$	2,344,000
Asset (Gain)/Loss	$	(19,914,000)
Net Actuarial (Gain)/Loss*	$	(17,570,000)

*May not add due to rounding.

EXHIBIT 7

AMORTIZATION SCHEDULE OF THE UNFUNDED ACTUARIAL LIABILITY BASES

Amortization Bases	Original Amount	January 1, 2022 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2022	Annual Contribution*
2014 UAL Base	$ 49,110,413	22	1/1/2044	$ 53,961,630	$ 3,595,823
2015 Assumption Change Base	$ 9,846,943	13	1/1/2035	$ 9,149,161	$ 893,151
2015 Experience Base	$ (7,281,065)	13	1/1/2035	$ (6,765,109)	$ (660,418)
2016 Experience Base	$ 1,395,779	14	1/1/2036	$ 1,323,759	$ 121,986
2017 Experience Base	$ (3,897,186)	15	1/1/2037	$ (3,753,778)	$ (328,174)
2018 Assumption Change Base	$ 9,057,593	16	1/1/2038	$ 8,821,752	$ 734,876
2018 Experience Base	$ (8,192,496)	16	1/1/2038	$ (7,979,180)	$ (664,687)
2019 Experience Base	$ 8,980,430	17	1/1/2039	$ 8,844,382	$ 704,699
2020 Assumption Change Base	$ 5,133,619	18	1/1/2040	$ 5,095,143	$ 389,610
2020 Experience Base	$ (16,294,094)	18	1/1/2040	$ (16,171,972)	$ (1,236,620)
2021 Experience Base	$ (22,229,911)	19	1/1/2041	$ (22,176,240)	$ (1,632,282)
2022 Assumption Change Base	$ 6,066,864	20	1/1/2042	$ 6,066,864	$ 430,988
2022 Experience Base	$ (20,151,936)	20	1/1/2042	$ (20,151,936)	$ (1,431,587)
Total				**$ 16,264,476**	**$ 917,365**

* Contribution amount reflects mid-year timing.

1. Total UAL Amortization Payments	$ 917,365
2. Projected Payroll for FY 2022	$ 69,485,404
3. UAL Amortization Payment Rate	1.32%

EXHIBIT 8

DEVELOPMENT OF
2022 ACTUARIAL DETERMINED CONTRIBUTION

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

1. (a) Normal Cost	$	12,637,072
(b) Expected Payroll in 2022 for Current Actives	$	65,178,510
(c) Normal Cost Rate (a) / (b)		19.39%
2. Administrative Expense		0.15%
3. Unfunded Actuarial Liability Payment as Percent of Pay		1.32%
4. Total Actuarial Contribution Rate (1c) + (2) + (3)		20.86%
5. Employee Contribution Rate*		8.50%
6. District Actuarial Contribution Rate (4) – (5)		12.36%
7. Expected Payroll for 2022	$	69,485,404
8. Total Annual District Actuarial Contribution (6) x (7)	$	8,588,396
9. Monthly District Actuarial Contribution	$	715,700

* Reflects increase to 8.50% effective January 1, 2022.

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
2022	$24,875,000	$ 769,000	$25,644,000
2023	25,052,000	1,939,000	26,991,000
2024	25,152,000	3,304,000	28,456,000
2025	25,187,000	4,813,000	30,000,000
2026	25,200,000	6,455,000	31,655,000
2027	25,290,000	8,253,000	33,543,000
2028	25,310,000	10,135,000	35,445,000
2029	25,308,000	12,077,000	37,385,000
2030	25,279,000	14,060,000	39,339,000
2031	25,141,000	16,041,000	41,182,000
2032	24,942,000	18,027,000	42,969,000
2033	24,711,000	20,027,000	44,738,000
2034	24,395,000	22,098,000	46,493,000
2035	24,057,000	24,238,000	48,295,000
2036	23,666,000	26,417,000	50,083,000

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

EXHIBIT 10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Determined Contribution (ADC) (a)	Total Employer Contribution (b)	Percentage of ADC Contributed (b / a)
1/1/2002	12/31/2002	$ 873,502	$ 873,502	100.00%
1/1/2003	12/31/2003	1,012,910	1,012,910	100.00%
1/1/2004	12/31/2004	543,249	1,251,442	230.36%
1/1/2005	12/31/2005	1,454,070	1,905,277	131.03%
1/1/2006	12/31/2006	1,723,353	2,144,188	124.42%
1/1/2007	12/31/2007	2,602,505	2,885,080	110.73%
1/1/2008	12/31/2008	5,965,250	3,200,004	53.64%
1/1/2009	12/31/2009	7,688,825	6,200,004	80.64%
1/1/2010	12/31/2010	8,587,857	8,637,518	100.58%
1/1/2011	12/31/2011	9,235,199	9,300,000	100.70%
1/1/2012	12/31/2012	9,231,058	10,311,552	111.70%
1/1/2013	12/31/2013	8,995,793	10,299,996	114.50%
1/1/2014	12/31/2014	8,987,679	10,299,996	114.60%
1/1/2015	12/31/2015	9,956,157	10,301,268	103.47%
1/1/2016	12/31/2016	10,214,549	10,300,000	100.84%
1/1/2017	12/31/2017	10,273,167	11,193,821	108.96%
1/1/2018	12/31/2018	11,198,244	11,606,179	103.64%
1/1/2019	12/31/2019	11,269,603	12,300,000	109.14%
1/1/2020	12/31/2020	11,036,307	12,300,000	111.45%
1/1/2021	12/31/2021	9,481,333	11,600,000	122.35%
1/1/2022	12/31/2022	8,588,396		

EXHIBIT 11

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
1/1/2002	$200,022,238	$176,355,329	($23,666,909)	113.4%	$33,641,638	(70.4%)
1/1/2003	201,266,877	184,584,823	(16,682,054)	109.0%	35,393,305	(47.1%)
1/1/2004	208,282,032	194,491,079	(13,790,953)	107.1%	36,756,986	(37.5%)
1/1/2005	216,654,583	203,355,807	(13,298,776)	106.5%	38,256,948	(34.8%)
1/1/2006	224,761,515	212,358,261	(12,403,254)	105.8%	38,706,810	(32.0%)
1/1/2007	234,707,113	241,171,731	6,464,618	97.3%	40,945,335	15.8%
1/1/2008	245,760,175	262,626,673	16,866,498	93.6%	43,105,294	39.1%
1/1/2009	235,349,446	277,523,938	42,174,492	84.8%	46,428,438	90.8%
1/1/2010	241,024,751	291,186,530	50,161,779	82.8%	50,781,583	98.8%
1/1/2011	252,420,193	304,163,301	51,743,108	83.0%	51,484,227	100.5%
1/1/2012	263,114,155	315,121,772	52,007,617	83.5%	51,868,957	100.3%
1/1/2013	277,702,452	328,044,761	50,342,309	84.7%	51,031,067	98.7%
1/1/2014	300,065,992	349,176,405	49,110,413	85.9%	55,847,203	87.9%
1/1/2015	322,199,383	374,788,099	52,588,716	86.0%	59,332,362	88.6%
1/1/2016	339,057,547	393,919,275	54,861,728	86.1%	63,384,548	86.6%
1/1/2017	358,959,262	410,749,711	51,790,449	87.4%	61,064,398	84.8%
1/1/2018	387,412,491	440,820,801	53,408,310	87.9%	62,624,066	85.3%
1/1/2019	402,503,121	465,369,852	62,866,731	86.5%	62,865,829	100.0%
1/1/2020	432,489,879	484,575,088	52,085,209	89.3%	63,272,421	82.3%
1/1/2021	471,538,702	501,663,185	30,124,483	94.0%	66,588,665	45.2%
1/1/2022	517,407,389	533,671,865	16,264,476	97.0%	67,274,914	24.2%

SECTION III

RISK CONSIDERATIONS

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

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

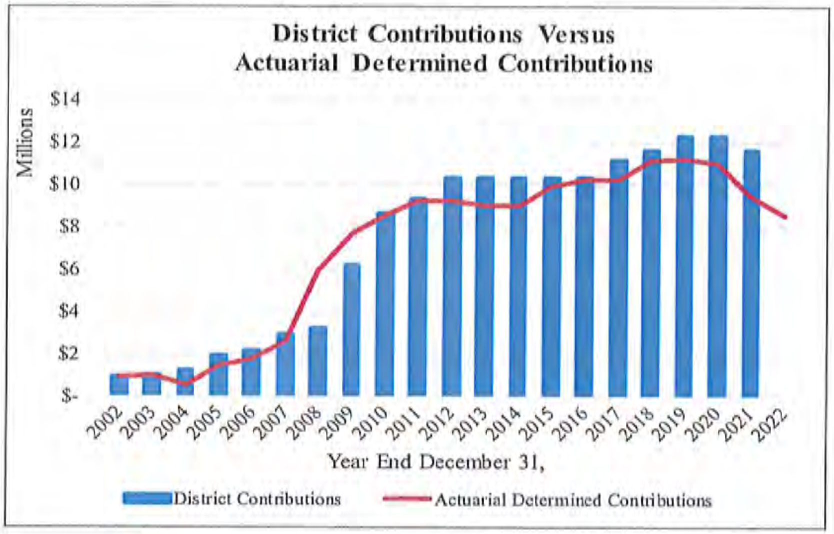
The various risk factors for a given plan can have a significant impact – good or bad – on the actuarial projection of liability and contribution rates.

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

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

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

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution each year. As the following graph shows, the District has contributed an amount equal to or greater than the actuarial contribution in all but two of the last 20 years, including every year for the past 12 years.



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

The most significant risk factor is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Exhibit 12). A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the average return for the same period. This is an expected result given the underlying capital market assumptions and the plan's asset allocation. Please see the three investment return scenarios that were illustrated on pages 8 and 9 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*
1/1/2003	$182,802,988	$35,393,305	5.16	3.67%
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%

*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, 2022 are 858% of payroll, so underperforming the investment return assumption by 10% (i.e., earn -3.25% for one year) is equivalent to 85.8% 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%)

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%

EXHIBIT 15

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

This exhibit compares the key January 1, 2022 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	21.89%	20.60%	19.39%	18.26%	17.21%
Administrative Expense	0.15%	0.15%	0.15%	0.15%	0.15%
UAL Contribution Rate	4.48%	2.90%	1.32%	(0.25%)	(1.17%)
Total Contribution Rate	26.52%	23.65%	20.86%	18.16%	16.19%
Employee Contribution Rate	(8.50%)	(8.50%)	(8.50%)	(8.50%)	(8.50%)
District Contribution Rate	18.02%	15.15%	12.36%	9.66%	7.69%
District Contribution Amount	$12,521	$10,527	$8,588	$6,712	$5,343
Actuarial Liability	$566,681	$549,801	$533,672	$518,252	$503,506
Actuarial Value of Assets	517,407	517,407	517,407	517,407	517,407
Unfunded Actuarial Liability*	$49,274	$32,394	$16,265	$845	($13,902)
Funded Ratio	91.3%	94.1%	97.0%	99.8%	102.8%

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS

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

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

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

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Retirement Benefits:

Normal & Late Retirement

A monthly amount which equals

(a) percentage of Final Average Salary based on years of continuous service, beginning at 2.15% for each of the first 25 years of service (2.00% prior to 3/1/06) plus 1.00% for the next 10 years, plus 0.50% for each year of service after 35 years.

(b) any monthly normal retirement annuity purchased under the MLI contract up to December 31, 1967.

Minimal Normal

A monthly amount which, together with the annuity under the MLI contract, if any, equals $6 for each year of service, beginning with $30 for five years of service and grading up to $120 for 20 or more years of service.

Early Retirement

A monthly amount which equals (1) times (2)

(1) An amount determined in the same manner as the normal retirement benefit, based on:

(a) Years of continuous service and Final Average Salary on the early retirement date, and

(b) Any monthly annuity, payable at age 65, to which the employee may be entitled under the MLI contract,

(2) A percentage factor equal to 100% at age 60 and above, with reductions of 0.25% a month for each month of early retirement (from age 60 to age 55)

Form of Annuity:

Normal

Monthly payments for life with refund at death of excess, if any, of the employee's contributions over payments received.

Optional

Contingent annuitant options are provided in the plan (a "pop-up" feature applies to any Contingent Annuitant Option if the employee's spouse is the Contingent Annuitant and the spouse predeceases the employee). Prior to 3/1/06, the pop up provision applied only to the Joint and 50% Contingent Annuitant option.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Termination Benefits:

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

Spouse's Benefit:

Effective 3/1/06:

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

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

Single Sum Death Benefits:

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

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

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 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
2003	1,338	803	44.8	30.7	14.1	45,875	3.84%	20	19		496
2004	1,333	793	44.8	30.7	14.1	47,913	4.44%	24	18		498
2005	1,345	786	45.5	31.2	14.3	49,637	3.60%	26	27		506
2006	1,352	782	45.8	31.4	14.4	50,184	1.10%	25	35		510
2007	1,371	793	46.1	31.6	14.5	53,104	5.82%	26	37		515
2008	1,401	814	46.1	31.8	14.3	54,730	3.06%	28	38		521
2009	1,413	831	46.7	31.9	14.8	57,576	5.20%	27	38		517
2010	1,429	851	47.1	32.1	15.0	59,997	4.20%	26	38		514
2011	1,434	852	47.5	32.3	15.2	62,082	3.48%	28	40		514
2012	1,436	846	48.0	32.7	15.3	62,458	0.61%	29	44		517
2013	1,409	815	48.6	32.9	15.6	62,822	0.58%	21	34		539
2014	1,446	821	48.3	33.1	15.2	65,631	4.47%	22	35		568
2015	1,491	856	48.0	33.2	14.8	66,999	2.08%	20	38		577
2016	1,492	851	48.3	33.2	15.1	69,168	3.24%	20	34	1	586
2017	1,484	836	48.8	33.3	15.5	72,200	4.38%	24	34	1	589
2018	1,489	824	49.0	33.4	15.6	75,567	4.66%	21	40	2	602
2019	1,516	792	48.3	33.6	14.7	76,528	1.27%	22	42	4	656
2020	1,536	808	48.0	33.7	14.3	78,026	1.96%	23	49	1	655
2021	1,546	808	47.9	33.7	14.2	79,834	2.32%	26	49	2	661
2022	1,602	813	46.9	33.9	13.0	80,838	1.26%	25	53	1	710

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2022. 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	813
(b)	Inactive vested employees	
	Terminated*	53
	Disability	25
(c)	Inactive non-vested employees	1
(d)	Retirees and beneficiaries	710
(e)	Total	1,602
Average age of employees in valuation:		
(a)	Active employees:	
	Attained age	46.9
	Entry age	33.9
(b)	Inactive vested employees:	
	Termination*	48.1
	Disability	56.9
(c)	Retired employees	71.3
(d)	Beneficiaries	76.0
Active employees eligible for vested benefits as of January 1, 2022		
(a)	Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits	343
(b)	Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits	230
(c)	Employees eligible for refund of contributions only	240
(d)	Total	813

*Includes 2 beneficiaries who are not yet receiving benefits.

MEMBERSHIP DATA RECONCILIATION

January 1, 2021 to January 1, 2022

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.

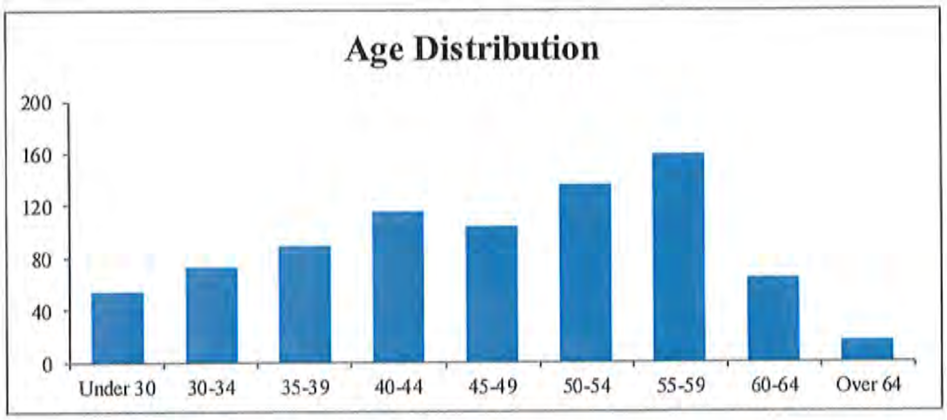
	Active Participants	Long-Term Disability	Retirees	Terminated Vested*	Terminated Non-Vested	Beneficiaries	Total
Participants as of 1/1/2021	808	26	525	49	2	136	1,546
New Participants	77	0	0	0	1	2	80
Moved to Full-Time	0	0	0	0	0	0	0
Moved to Part-Time	0	0	0	0	0	0	0
Terminations							
Refunded	(6)	0	0	0	(2)	0	(8)
Refund-Due	0	0	0	0	0	0	0
Deferred Vested	(8)	0	0	8	0	0	0
Disabilities	(4)	4	0	0	0	0	0
Retirements	(53)	(5)	62	(4)	0	0	0
Deaths							
With Beneficiary	(1)	0	(9)	0	0	10	0
Without Beneficiary	0	0	(12)	0	0	(5)	(17)
Data Corrections	0	0	1	0	0	0	1
Total Participants 1/1/2022	813	25	567	53	1	143	1,602

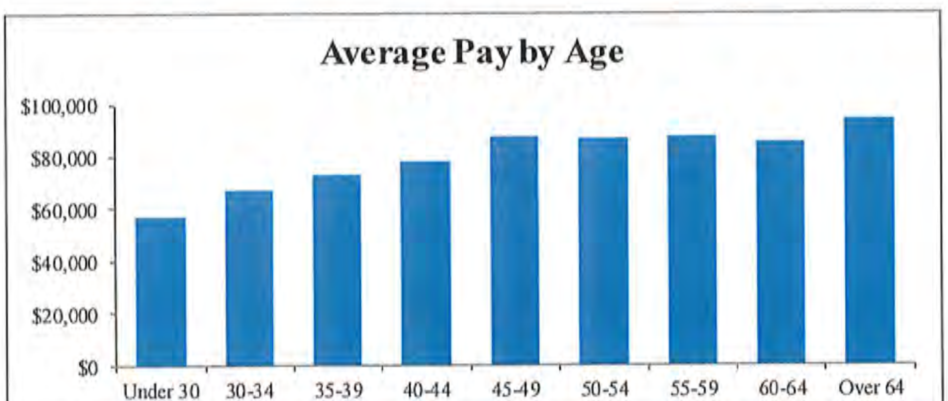
*Includes beneficiaries who are not yet receiving benefits.

SCHEDULE I

ACTIVE EMPLOYEES AS OF JANUARY 1, 2022

	Count of Members			2021 Pensionable Pay of Members		
Age	Males	Females	Total	Males	Females	Total
Under 30	51	3	54	$ 2,909,308	$ 179,669	$ 3,088,977
30-34	62	11	73	4,173,614	726,957	4,900,571
35-39	76	14	90	5,520,804	1,072,711	6,593,515
40-44	86	29	115	6,861,612	2,169,821	9,031,433
45-49	88	16	104	7,822,643	1,276,002	9,098,645
50-54	91	45	136	8,144,427	3,718,358	11,862,785
55-59	116	43	159	10,581,942	3,414,852	13,996,794
60-64	46	19	65	4,112,468	1,431,038	5,543,506
Over 64	9	8	17	1,024,985	579,982	1,604,967
Total	625	188	813	$51,151,803	$14,569,390	$65,721,193

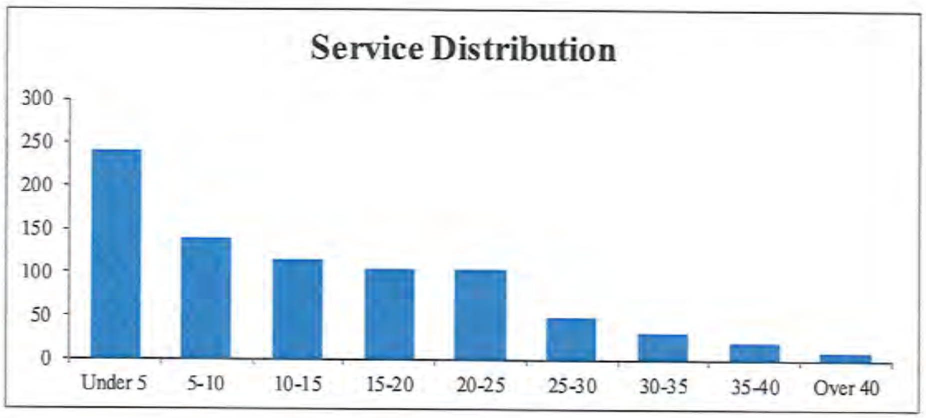




SCHEDULE I (continued)

ACTIVE EMPLOYEES AS OF JANUARY 1, 2022

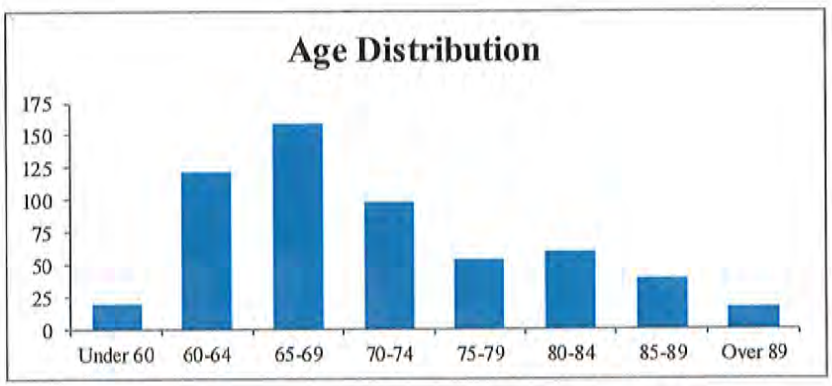
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 30	50	4	0	0	0	0	0	0	0	54
30-34	52	20	1	0	0	0	0	0	0	73
35-39	51	28	9	2	0	0	0	0	0	90
40-44	34	26	36	14	5	0	0	0	0	115
45-49	16	22	21	17	28	0	0	0	0	104
50-54	26	15	13	33	29	17	3	0	0	136
55-59	6	15	17	26	31	27	20	16	1	159
60-64	5	7	13	9	9	5	7	4	6	65
Over 64	0	3	6	2	3	0	1	0	2	17
Total	240	140	116	103	105	49	31	20	9	813

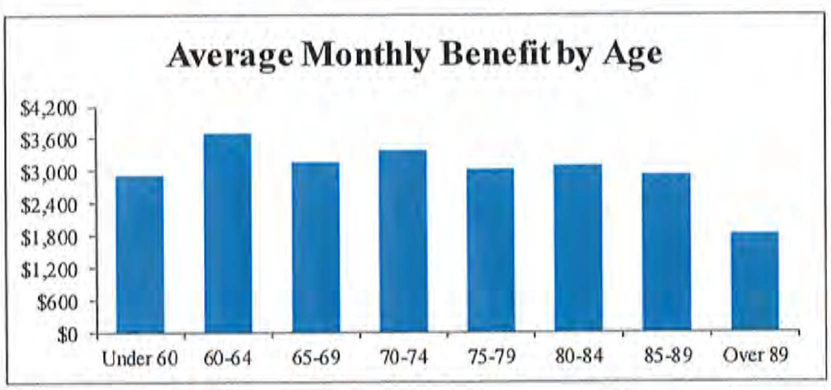


SCHEDULE II

RETIRED PARTICIPANTS AS OF JANUARY 1, 2022

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	15	5	20	$ 42,464	$ 15,741	$ 58,205
60-64	87	35	122	338,067	114,098	452,165
65-69	105	54	159	337,476	165,674	503,150
70-74	66	32	98	251,157	80,773	331,930
75-79	38	15	53	125,389	35,649	161,038
80-84	51	8	59	165,353	18,365	183,718
85-89	31	8	39	97,568	16,140	113,708
Over 89	14	3	17	27,781	3,075	30,856
Total	407	160	567	$1,385,255	$449,515	$1,834,770

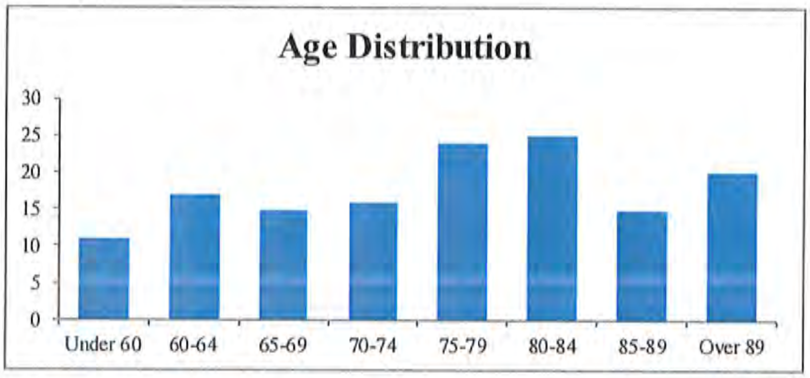


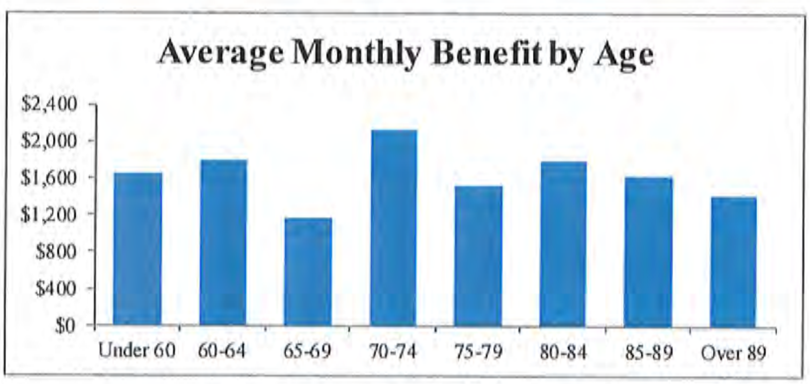


SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2022

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	2	9	11	$ 4,416	$ 13,830	$ 18,246
60-64	1	16	17	1,267	29,245	30,512
65-69	2	13	15	1,662	15,840	17,502
70-74	0	16	16	0	34,115	34,115
75-79	2	22	24	2,411	34,213	36,624
80-84	0	25	25	0	44,735	44,735
85-89	2	13	15	3,449	21,083	24,532
Over 89	0	20	20	0	28,373	28,373
Total	9	134	143	$13,205	$221,434	$234,639





SCHEDULE IV

TERMINATED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2022

	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	2	0	2	1,816	0	1,816
35-39	2	2	4	1,862	2,270	4,132
40-44	9	2	11	10,167	3,609	13,776
45-49	8	3	11	10,919	3,177	14,096
50-54	10	5	15	18,448	13,065	31,513
55-59	4	4	8	4,139	5,695	9,834
Over 59	0	2	2	0	554	554
Total	35	18	53	$47,351	$28,370	$75,721

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

SCHEDULE V

DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2022

	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	0	2	2	0	6,021	6,021
50-54	5	0	5	17,863	0	17,863
55-59	2	1	3	6,641	1,357	7,998
Over 59	11	2	13	30,344	4,536	34,880
Total	20	5	25	$60,395	$11,914	$72,309

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, 2021

www.CavMacConsulting.com

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

March 25, 2022

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, 2021 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards. Please note that the set of actuarial assumptions has changed since the Prior Measurement Date as a result of the quadrennial experience study completed in the fall of 2021. The new assumptions include a discount rate of 6.75% for the current Measurement Date to determine the Total Pension Liability, compared to 6.90% at the Prior Measurement Date.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of January 1, 2021, but using the new set of actuarial assumptions adopted by the MUD Board in November, 2021. 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.

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

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

TABLE OF CONTENTS

ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	January 1, 2021
Prior Measurement Date:	December 31, 2020
Measurement Date (MD):	December 31, 2021
Membership Data:	
Retirees and Beneficiaries	661
Disabled Members	26
Inactive Vested Members	49
Inactive Nonvested Members	2
Active Employees	808
Total	1,546
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.75%
Municipal Bond Index Rate at Prior Measurement Date	2.12%
Municipal Bond Index Rate at Measurement Date	2.05%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.90%
Single Equivalent Interest Rate at Measurement Date	6.75%
Net Pension Liability:	
Total Pension Liability (TPL)	$530,759,633
Fiduciary Net Position (FNP)	577,149,019
Net Pension Liability (NPL = TPL – FNP)	($46,389,386)
FNP as a percentage of TPL	108.74%
Collective Pension Expense:	($13,856,876)
Collective Deferred Outflows of Resources:	$20,397,388
Collective Deferred Inflows of Resources:	$84,255,951

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, 2021 (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 results of the annual actuarial funding valuation of the Plan performed as of January 1, 2021 (the Valuation Date) using the new set of assumptions adopted by the MUD Board in November, 2021. The results of the funding valuation were detailed in a report dated March 18, 2021.

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, 2021 TPL. The SEIR for the Prior Measurement Date was 6.90% and the SEIR for the current 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, 2021, the date of the valuation used to determine the December 31, 2021 TPL.

Membership

Number as of January 1, 2021	
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	661
Disabled Members	26
Inactive Members Entitled To But Not Yet Receiving Benefits	49
Inactive Non-vested Members	2
Active Members	808
Total	1,546

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 2021, each member contributed 8.00% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 8.50% in 2022 and 9.00% in 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023. District contributions to the Plan totaled $11,600,000 for the fiscal year ending December 31, 2021.

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, 2021, 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, 2021, the money-weighted rate of return was 13.7%, as calculated by Vanguard.

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

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

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

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

Paragraph 31.a. (1)-(4): As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2021 is presented in the following table.

Fiscal Year Ending December 31, 2021		
Total Pension Liability	$	530,759,633
Fiduciary Net Position		577,149,019
Net Pension Liability	$	(46,389,386)
Ratio of Fiduciary Net Position to Total Pension Liability		108.74%

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, 2021 was determined based on an actuarial valuation prepared as of January 1, 2021, rolled forward one year to December 31, 2021, 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	2.12 percent
Measurement Date	2.05 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	6.90 percent
Measurement Date	6.75 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 Board meeting.

Paragraph 31.b.(1)

(a) Discount rate (SEIR): The discount rate used to measure the TPL at December 31, 2021 was 6.75%. The discount rate used to measure the TPL at December 31, 2020 was 6.90%.

(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: 8.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 8.50% in 2022 and 9.00% in 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023.
b. District contribution: The actuarial contribution rate less the employee contribution rate times expected pensionable payroll for the plan year.
c. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.

Based on those assumptions, the Plan's FNP was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 6.75% 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 2.05% on the Measurement Date.

(e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2120.

(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	$599,365,349	$530,759,633	$473,402,624
Fiduciary Net Position	$577,149,019	$577,149,019	$577,149,019
Net Pension Liability	$22,216,330	($46,389,386)	($103,746,395)

Paragraph 31.c.: The TPL at December 31, 2021 is based upon an actuarial valuation prepared as of January 1, 2021, using the new set of assumptions adopted by the MUD Board in November, 2021. The valuation was used to determine the TPL on the Measurement Date, by rolling the liabilities forward one year to December 31, 2021 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2021, 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, 2021 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
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 six years are presented. Additional years will be reported as they become available.

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

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

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 6.90%, the discount rate in effect as of the Prior Measurement Date.

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

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

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members, or decrease PE if there is a benefit reduction. For the year ended December 31, 2021, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 12.64 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 6.61 years.

The last item under changes in TPL is changes in actuarial assumptions or other inputs. There were a number of changes in the actuarial assumptions or other inputs since the Prior Measurement Date. These changes will 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, 2021 is shown in the following table.

Pension Expense
For the Year Ended

December 31, 2021	
Service Cost at end of year	$13,007,768
Interest on the Total Pension Liability	34,269,868
Benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(1,039,241)
Expensed portion of current-period assumption changes	831,862
Employee contributions	(5,374,956)
Projected earnings on plan investments	(35,225,131)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(6,930,106)
Administrative expenses	103,969
Other	0
Recognition of beginning Deferred Outflows of Resources	12,278,278
Recognition of beginning Deferred Inflows of Resources	(25,779,187)
Total Pension Expense	**($13,856,876)**

Note: Average expected remaining service life for all members is 6.61 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, 2021, the date of the valuation used to determine the December 31, 2021 TPL.

Membership

Number as of January 1, 2021	
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	661
Disabled Members	26
Inactive Members Entitled To But Not Yet Receiving Benefits	49
Inactive Non-vested Members	2
Active Members	808
Total	1,546

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 2021, each member contributed 8.00% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March of 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 8.50% in 2022 and 9.00% in 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023.

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

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending December 31, 2021 the Plan received $11,600,000 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, 2020	$508,089,174	$513,638,775	($5,549,601)
Changes for the year:			
Service Cost at end of year	13,007,768		13,007,768
Interest on TPL	34,269,868		34,269,868
Benefit term changes	0		0
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)	0
Administrative expenses		(103,969)	103,969
Other		0	0
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)

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

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2021. The TPL as of December 31, 2021 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2021, using the new set of assumptions adopted in 2021, rolled forward to December 31, 2021 using standard actuarial formulae.

(b): There is no special funding situation.

(c): There were a number of changes in the actuarial assumptions or other inputs since the Prior Measurement Date. These changes are detailed in Section II of this report.

(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, 2021, 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, 2021). 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	$888,934	$14,575,508	($13,686,574)
Changes of assumptions	9,750,695	0	9,750,695
Differences between projected and actual earnings	9,757,759	69,680,443	(59,922,684)
Total	$20,397,388	$84,255,951	($63,858,563)

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, 2020		Additions		Recognition		December 31, 2021	
Differences between expected and actual experience								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		0		0		0		0
FY 2018 Base		0		0		0		0
FY 2019 Base		1,164,146		0		275,212		888,934
FY 2020 Base		0		0		0		0
FY 2021 Base		0		0		0		0
Total	$	1,164,146	$	0	$	275,212	$	888,934
Changes of assumptions								
FY 2016 Base	$	0	$	0	$	0	$	0
FY 2017 Base		3,424,469		0		1,322,190		2,102,279
FY 2018 Base		0		0		0		0
FY 2019 Base		3,904,788		0		923,118		2,981,670
FY 2020 Base		0		0		0		0
FY 2021 Base		0		5,498,608		831,862		4,666,746
Total	$	7,329,257	$	5,498,608	$	3,077,170	$	9,750,695
Differences between projected and actual earnings								
FY 2017 Base	$	0	$	0	$	0	$	0
FY 2018 Base		19,515,517		0		9,757,758		9,757,759
FY 2019 Base		0		0		0		0
FY 2020 Base		0		0		0		0
FY 2021 Base		0		0		0		0
Total	$	19,515,517	$	0	$	9,757,758	$	9,757,759
Total	$	28,008,920	$	5,498,608	$	13,110,140	$	20,397,388

Deferred Inflows of Resources								
	December 31, 2020		Additions		Recognition		December 31, 2021	
Differences between expected and actual experience								
FY 2016 Base	$	426,237	$	0	$	230,400	$	195,837
FY 2017 Base		2,293,439		0		885,498		1,407,941
FY 2018 Base		843,974		0		251,182		592,792
FY 2019 Base		0		0		0		0
FY 2020 Base		8,030,425		0		1,481,628		6,548,797
FY 2021 Base		0		6,869,382		1,039,241		5,830,141
Total	$	11,594,075	$	6,869,382	$	3,887,949	$	14,575,508
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
Total	$	0	$	0	$	0	$	0
Differences between projected and actual earnings								
FY 2017 Base	$	5,469,554	$	0	$	5,469,554	$	0
FY 2018 Base		0		0		0		0
FY 2019 Base		31,268,269		0		10,422,756		20,845,513
FY 2020 Base		28,152,676		0		7,038,169		21,114,507
FY 2021 Base		0		34,650,529		6,930,106		27,720,423
Total	$	64,890,499	$	34,650,529	$	29,860,585	$	69,680,443
Total	$	76,484,574	$	41,519,911	$	33,748,534	$	84,255,951

(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
2022	$13,110,141	$28,244,417	($15,134,276)
2023	2,810,281	27,685,526	(24,875,245)
2024	2,030,192	16,579,572	(14,549,380)
2025	1,107,476	9,450,974	(8,343,498)
2026	831,862	1,661,526	(829,664)
Thereafter	507,436	633,936	(126,500)

(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, 2021

Statement of Plan Fiduciary Net Position at December 31, 2021

Assets		
Cash and cash equivalents	$	1,599,643
Investments at fair value		
Fixed income		178,067,965
Domestic stock		266,450,800
International stock		131,030,611
Total investments		575,549,376
Total assets		577,149,019
Liabilities		
Accrued expenses and benefits payable		0
Total liabilities		0
Net position restricted for pensions	$	577,149,019

Statement of Changes in the Fiduciary Net Position
for the Year Ended December 31, 2021

Additions:		
Employer contributions	$	11,600,000
Employee contributions		5,374,956
Total contributions		16,974,956
Net investment income		69,875,660
Total additions		86,850,616
Deductions:		
Service benefits		23,236,403
Administrative expenses		103,969
Total deductions		23,340,372
Net increase/(decrease)		63,510,244
Net position restricted for pensions:		
Beginning of year		513,638,775
End of year	$	577,149,019

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	$13,007,768	$12,718,417	$11,710,809	$11,863,654	$11,137,854	$10,857,017	$10,160,376
Interest	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
Differences between expected and actual experience	(6,869,382)	(9,512,053)	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)	0
Assumption changes	5,498,608	0	5,751,024	0	8,713,229	0	0
Benefit payments, including member refunds	(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	$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	$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)	$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	$11,600,000	$12,300,000	$12,300,000	$11,606,179	$11,193,821	$10,300,000	$10,301,268
Employee contributions	5,374,956	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899	2,820,596
Net investment income	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	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Administrative expenses	(103,969)	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)	(92,250)
Other	0	0	0	0	0	0	0
Net change in Plan Fiduciary Net Position	$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	$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)	$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)	($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	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll	$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	-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
2012	$ 9,231	$ 10,312	$ (1,080)	$ 51,031	20.21%
2013	8,996	10,300	(1,304)	55,847	18.44%
2014	8,988	10,300	(1,312)	59,332	17.36%
2015	9,956	10,301	(345)	63,385	16.25%
2016	10,215	10,300	(85)	61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	January 1, 2021
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 14 to 23 years (Single Equivalent Amortization Period is 25 years)
Asset Valuation Method	Expected Value + 25% of (Market – Expected Values)
Price Inflation	2.60 percent
Salary Increases, including price inflation	4.00 to 11.00 percent, depending on years of service
Long-Term Rate of Return	6.90 percent
Retirement	Service-based table of rates.
Mortality	Pre-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016. Post-retirement mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016. Disabled mortality rates were based on the RP-2014 Disabled Mortality Table, adjusted to 2006, with Female rates set forward one year, projected with generational improvements under Scale MP-2016.
Cost-of-Living Adjustment	2.60 percent per year

APPENDIX B

SUMMARY OF KEY BENEFIT PROVISIONS

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

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

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

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

Retirement Benefits:

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

Form of Annuity:

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

Termination Benefits:

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

Spouse's Benefit:

Effective 3/1/06:

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

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

Single Sum Death Benefits:

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

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

Employee Contributions

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

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

APPENDIX 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. The lump sum death benefit (a return of contributions with interest) for vested terminated members is assumed to equal three times the annual benefit amount. The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.

Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

Retirement Plan for Employees of MUD

January 1, 2022 Actuarial Valuation Results

Presented by: Patrice Beckham
April 6, 2022

www.CavMacConsulting.com

Funding of Retirement System

- Very long term in nature – the obligations (liabilities) to current members stretch out over 75 years
- Estimated benefit payments are the Plan's liabilities
  - Based on many actuarial assumptions, but actual experience may vary from that expected
  - That variability creates "risk" (uncertainty) that translates into potential volatility in contributions
- It is prudent to regularly monitor funding progress so adjustments can be made if trends become apparent
- Actuarial valuations are performed annually to evaluate current funded status and determine the actuarial contribution for current year based on the Plan's funding policy

Funding of MUD's Retirement Plan

- The key metric coming out of the actuarial valuation is the actuarial contribution for the current year
- Plan is funded by contributions from the employees and the District
  - Employees contribute a fixed percent of their pay to the Plan
    - In 2022, the employee contribution rate is 8.50%
    - Increases to 9.00% in 2023. No further increases scheduled.
  - District contributes the remainder of the actuarial contribution

Experience Study Changes

- The experience study in 2021 resulted in changes to the set of actuarial assumptions that are first reflected in the January 1, 2022 valuation
  - Inflation decreased from 2.60% to 2.50%
  - Investment return decreased from 6.90% to 6.75%
  - Cost of living adjustment decreased from 2.60% to 2.50%
  - Salary increase assumption was adjusted to better reflect actual experience
  - Mortality assumption was changed to the Pub-2010 General Employees Median Mortality Tables, with future mortality improvements using the MP-2020 Projection Scale
  - Other minor adjustments to some assumptions
- Most significant cost impact was due to changes to the investment return and mortality assumptions

Impact of Experience Study Changes

January 1, 2022 Actuarial Valuation Results

	Prior Assumptions	Current Assumptions	Change
Actuarial Liability	$527,605,001	$533,671,865	$6,066,864
Assets (AVA)	517,407,389	517,407,389	0
Unfunded AL	$10,197,612	$16,264,476	$6,066,864
Funded Ratio	98.06%	96.65%	(1.11%)
District Contribution Rate	11.70%	12.36%	0.66%
District Annual Contribution	$8,141,626	$8,588,396	$446,770

Actual vs Expected Experience in 2021

- Overall, favorable experience for the year
  - Investment return was 14% on market value and 11% on actuarial (smoothed) value. Actual return was higher than assumed (6.9%), resulting in an actuarial gain of $20 million.
  - Liabilities were higher than expected (actuarial loss of $2 million) largely due to more retirements than expected
  - Net actuarial gain was $18 million
- Market value of assets is higher than the actuarial value by $60 million (deferred gain)
  - Provides a nice cushion for adverse experience
  - A return of -4% on market value in 2022 will still meet the assumed return of 6.75% on the actuarial assets

Summary of Results
Funded Status

	1/1/22 Valuation	1/1/21 Valuation
Actuarial liability ($M)	$534	$502
Actuarial assets ($M)	(517)	(472)
Unfunded actuarial liability ($M)	$ 16	$ 30
Funded Ratio: Assets/Liability		
Actuarial Value of Assets	97.0%	94.0%
Market Value of Assets	108.1%	102.4%

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/subtract due to rounding.

District Contribution

	1/1/22 Valuation	1/1/21 Valuation	Change
Total Contribution Rate	20.86%	21.91%	(1.05%)
Employee Rate*	(8.50%)	(8.00%)	(0.50%)
Employer Rate	**12.36%**	**13.91%**	**(1.55%)**
Estimated Covered Payroll	$69,485,404	$68,161,988	$1,323,416
Employer Contribution (Actuarially Determined)	**$8,588,396**	**$9,481,333**	**($892,937)**
District Contribution	**$12.0 million (Budgeted)***	**$11.6 million (Actual)**	**$0.4 million**

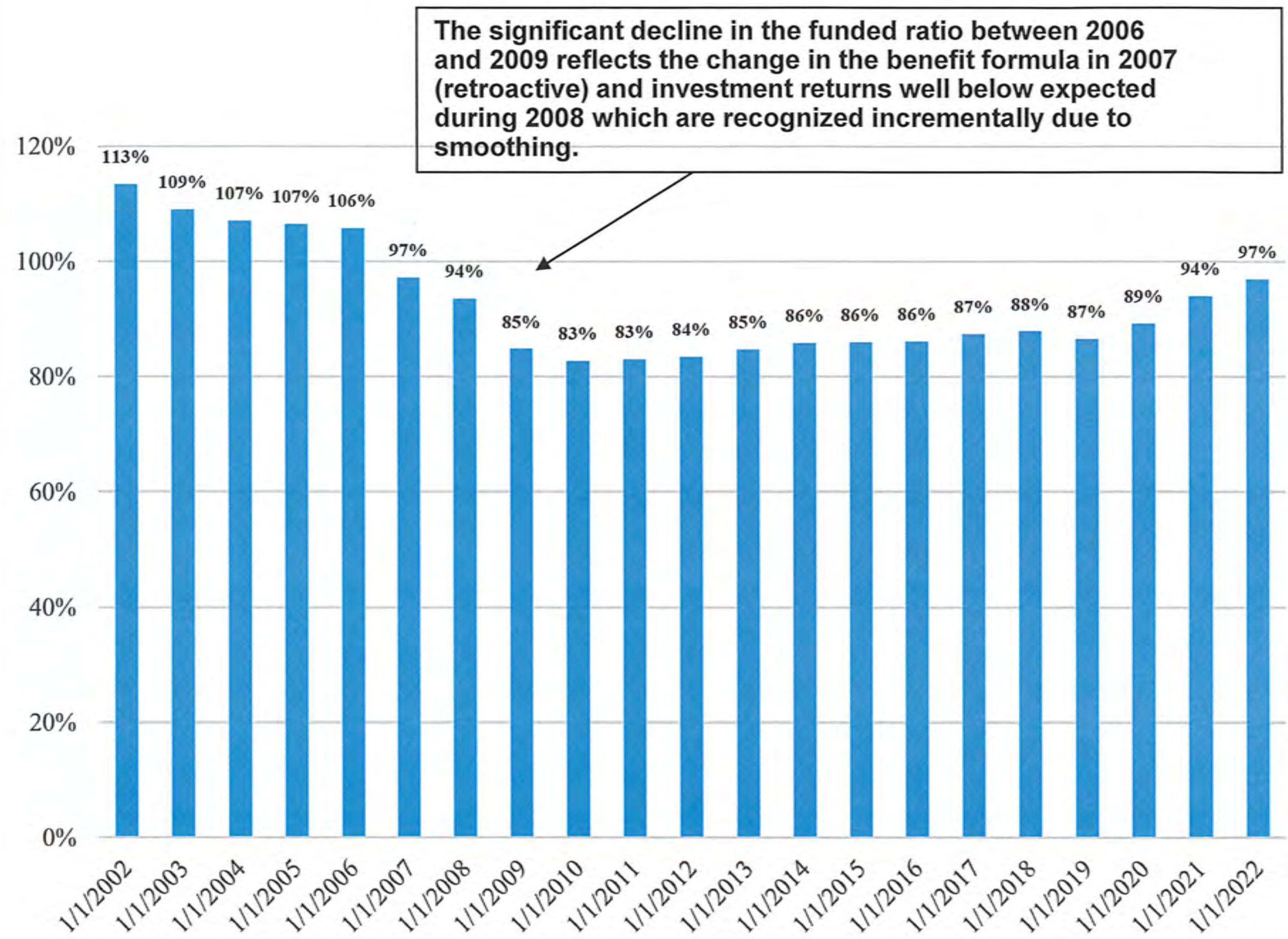
*** Employee contribution rate will increase to 9.0% in 2023.**

Sources of Change in Key Valuation Results

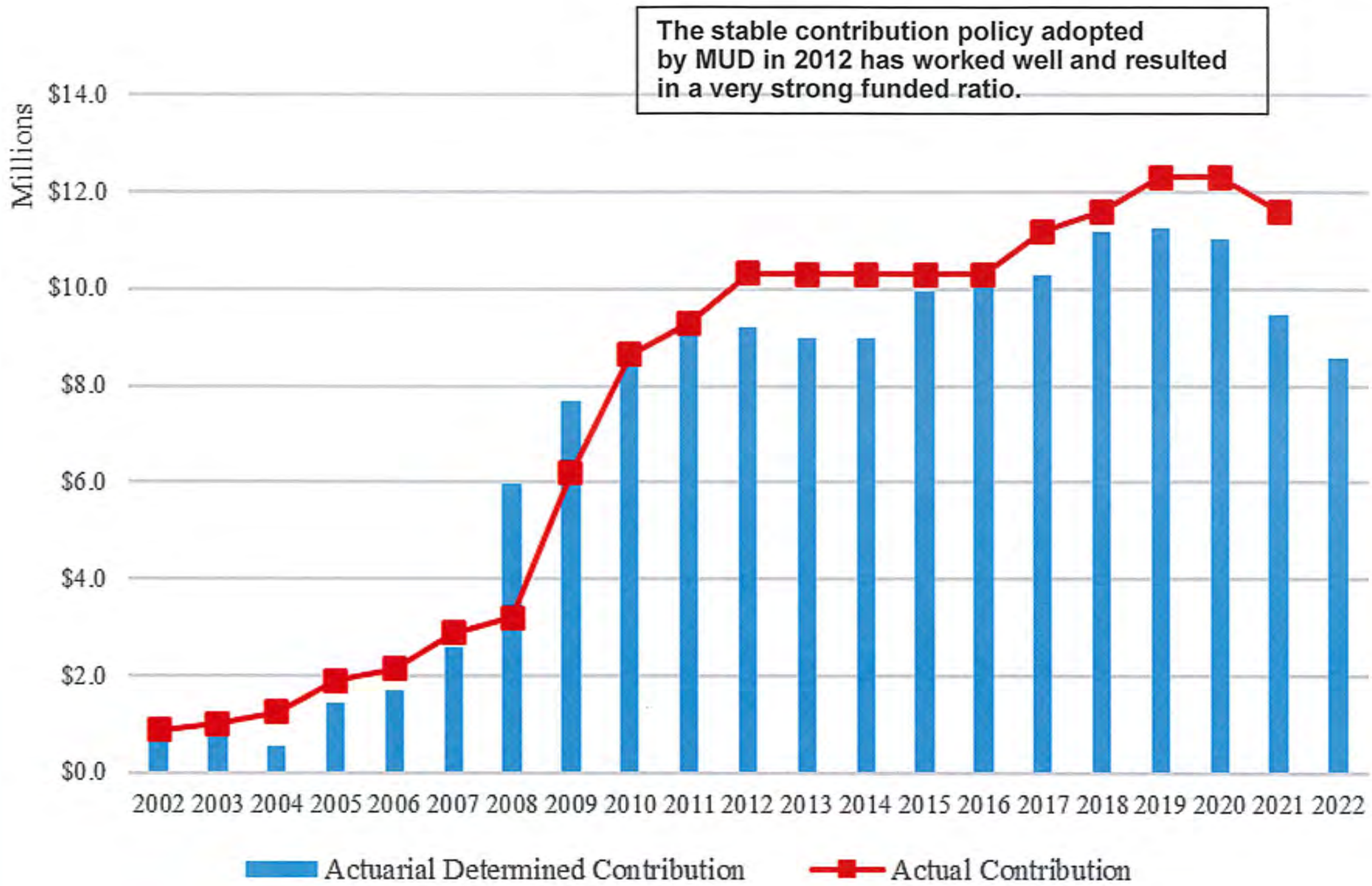
	District Contribution Rate	Funded Ratio
January 1, 2021 Valuation	**13.91%**	**94.00%**
Expected year to year change	0.00%	0.30%
Contributions above actuarial rate	(0.22%)	0.41%
Investment experience	(1.98%)	3.79%
Demographic/other experience	0.48%	(0.44%)
Impact of assumption change	0.66%	(1.11%)
Increase in employee contributions	(0.50%)	0.00%
Payroll lower than expected	0.01%	0.00%
Total Net Change	**(1.55%)**	**2.95%**
January 1, 2022 Valuation	**12.36%**	**96.95%**

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

Historical Funded Ratio

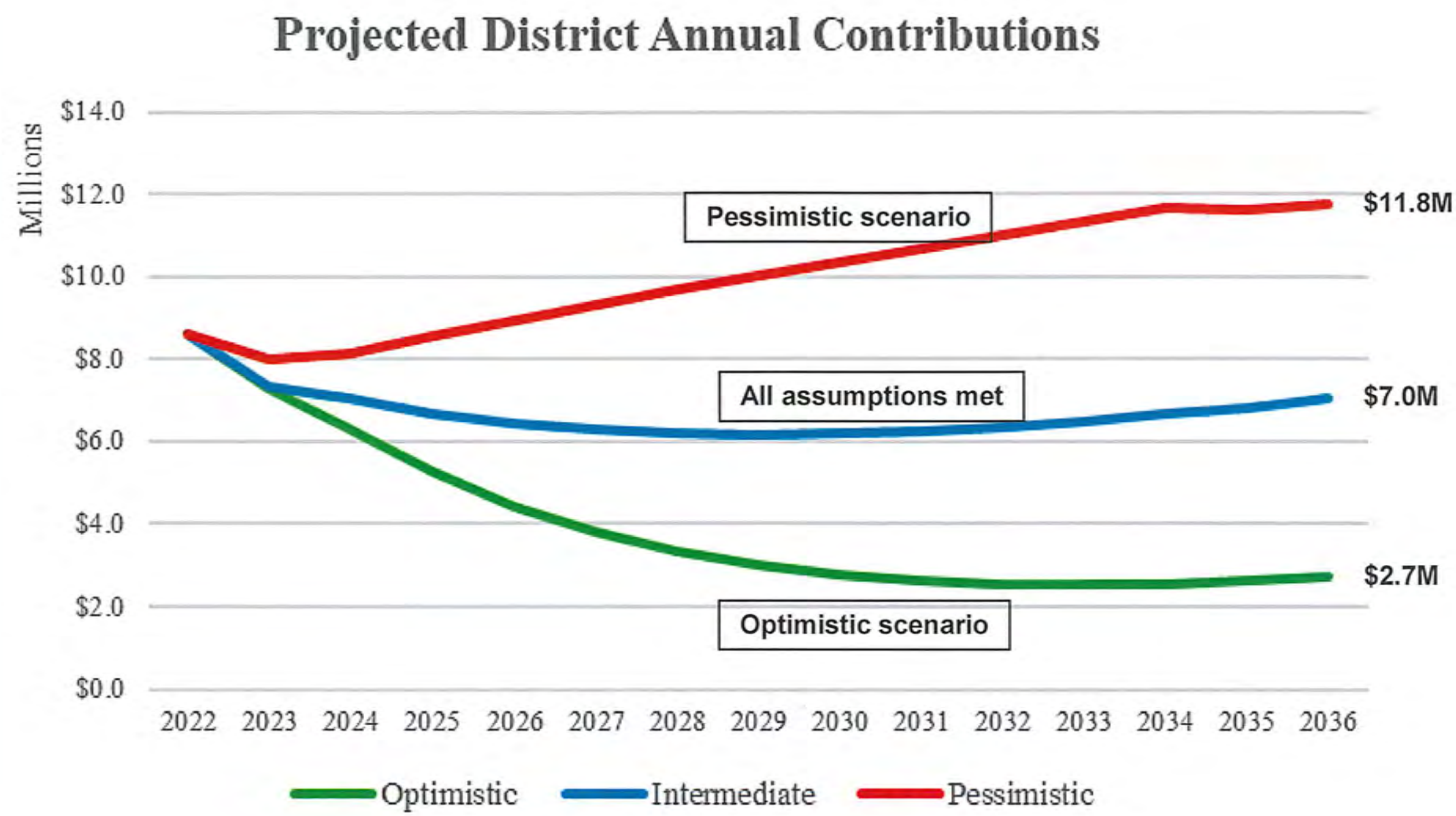


Historical Employer Contributions



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

Investment Return Risk



Optimistic: 10% return for 2022-2024, 6.75% thereafter
Intermediate: 6.75% return in all years (assumed rate of return)
Pessimistic: 0% for 2022, 4% for 2023-2024, 6.75% thereafter

Comments

- New assumptions will serve to strengthen the Plan's actuarial basis.

- 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 97%
  - 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

Total Plan Membership

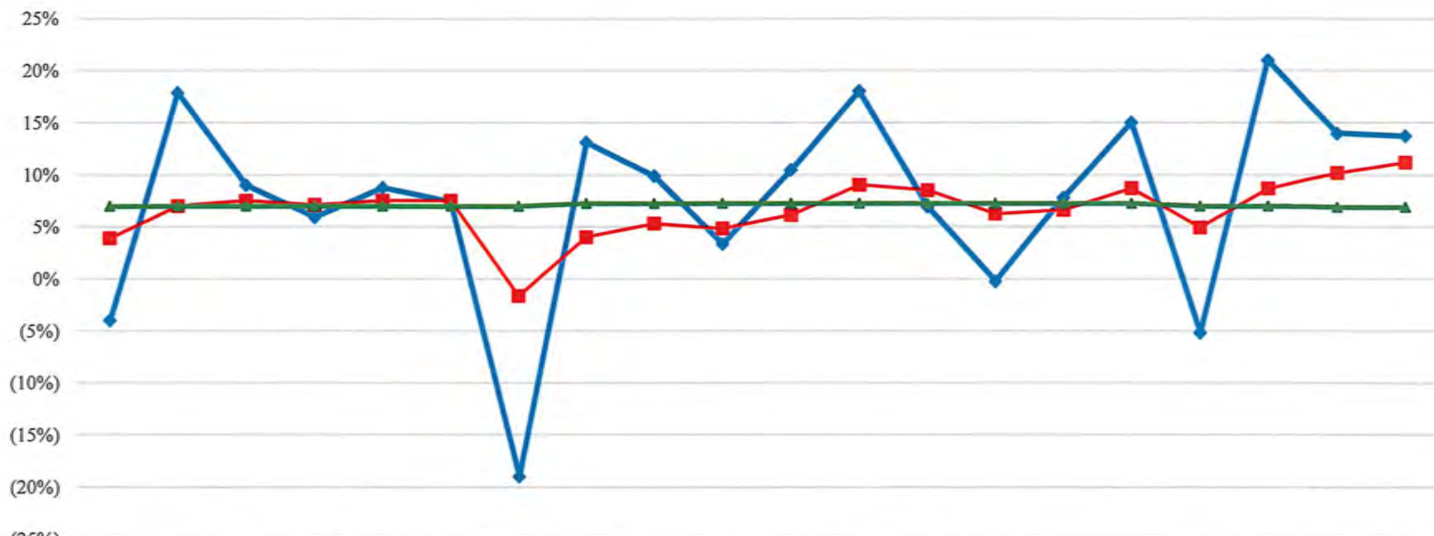
	1/1/22 Valuation	1/1/21 Valuation	Change
Active members	813	808	0.6%
LTD/Inactive vested	78	75	4.0%
Inactive non-vested	1	2	(50.0%)
Retirees and Beneficiaries	710	661	7.4%
Total	1,602	1,546	3.6%

Details of 2022 Contribution Rate

	1/1/22 Valuation	1/1/21 Valuation	Change
Normal cost rate	19.54%	19.28%	0.26%
UAL contribution*	1.32%	2.63%	(1.31%)
Total Contribution Rate	20.86%	21.91%	(1.05%)
Employee Rate	(8.50%)	(8.00%)	(0.50%)
Employer Rate	**12.36%**	**13.91%**	**(1.55%)**
Estimated Covered Payroll	$69,485,404	$68,161,988	$1,323,416
Total Required Contribution	$14,494,655	$14,934,292	(439,637)
Employee Contribution	$ 5,906,259	$ 5,452,959	453,300
Employer Contribution	**$8,588,396**	**$9,481,333**	**$ (892,937)**

Note: Multiple amortization bases exist but the largest piece of unfunded actuarial liability (UAL) is amortized over a closed 22-year period (as of 1/1/2022).

Investment Return Volatility
Returns for MUD's Plan



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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%
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%
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%

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

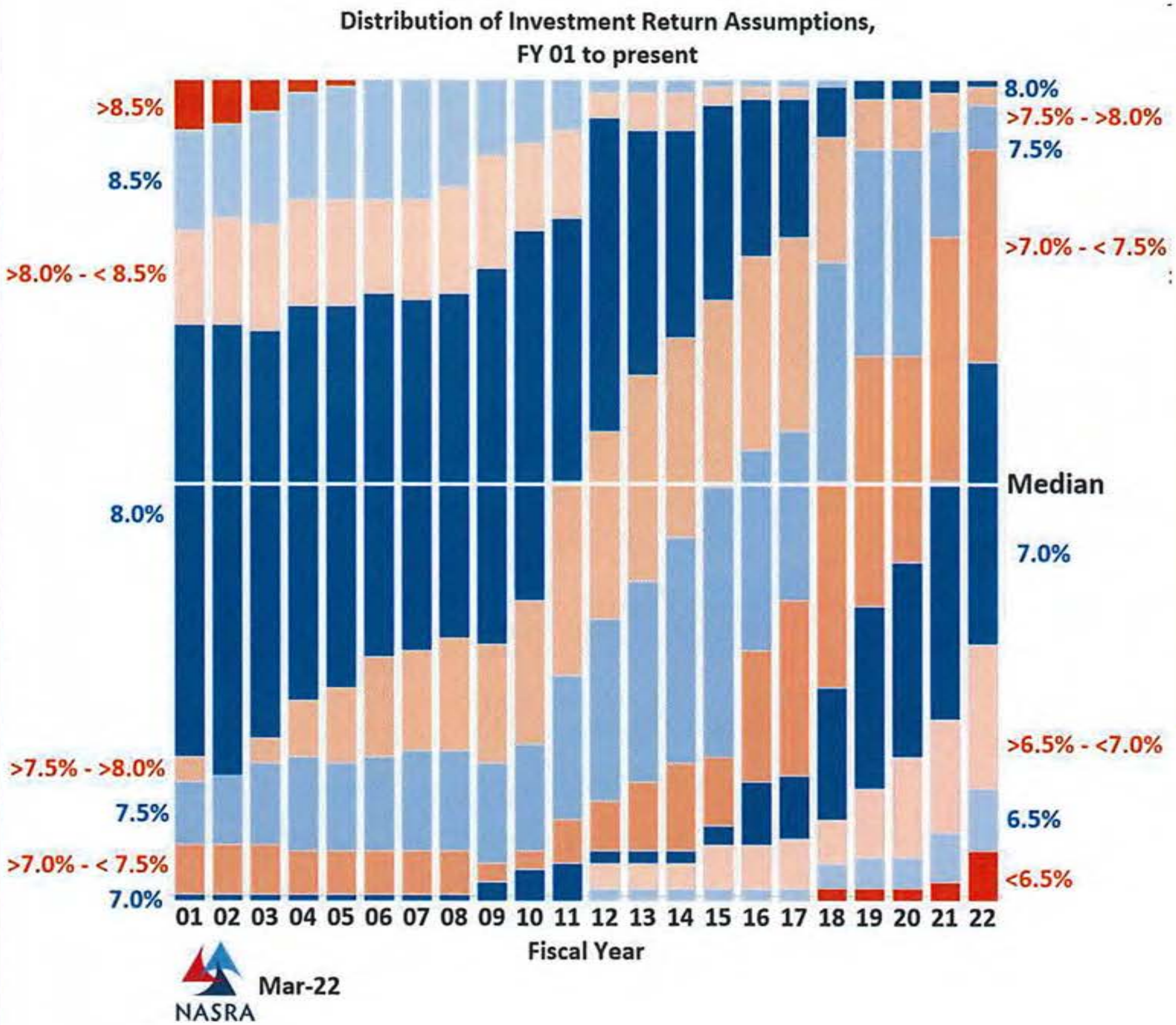
Contribution Rate Volatility

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

Year	Assets	Payroll	Ratio	Impact on Actuarial Contribution
2022	$577.1M	$67.3M	858%	$4.10M

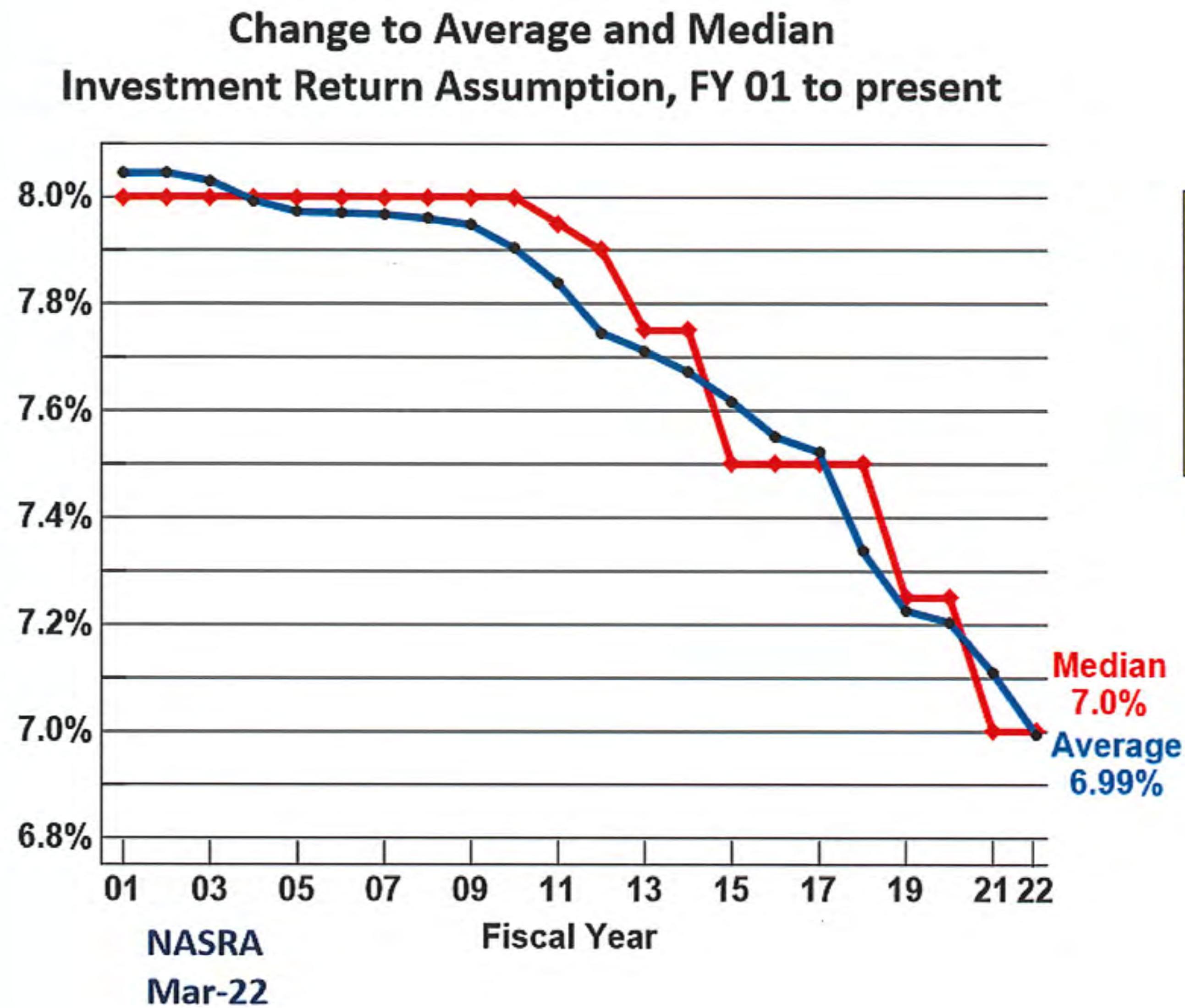
- Assets are more than eight times payroll
  - Underperforming the investment return assumption by 10% (earn -3.25%) is equivalent to 86% of payroll
  - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
  - This level of volatility is not unexpected given the asset allocation

Distribution of Investment Return Assumptions - Large Public Plans



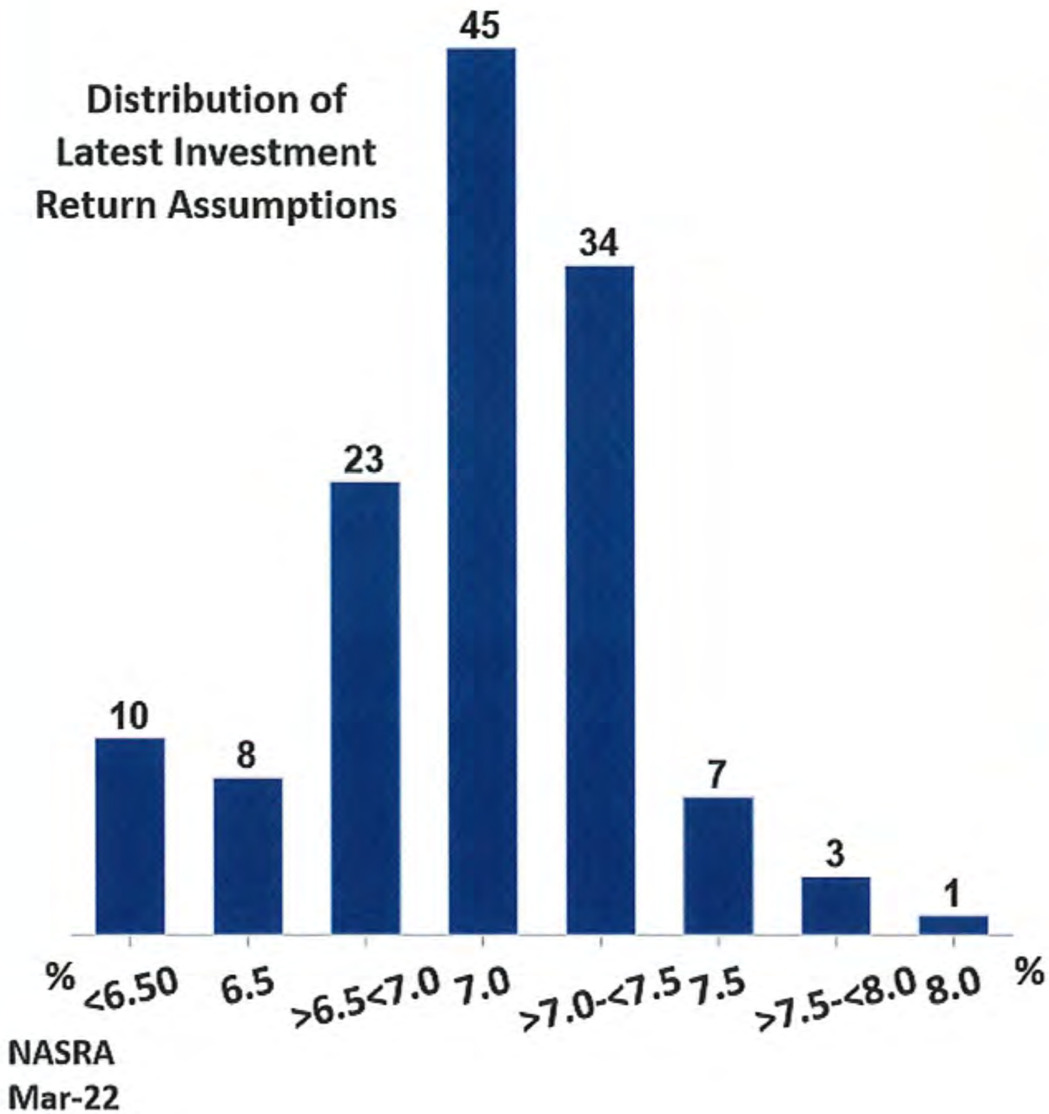
The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 10 years. Currently, the median return is 7.00%, but we continue to see many systems reducing their assumptions so a further reduction would not be unexpected.

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.

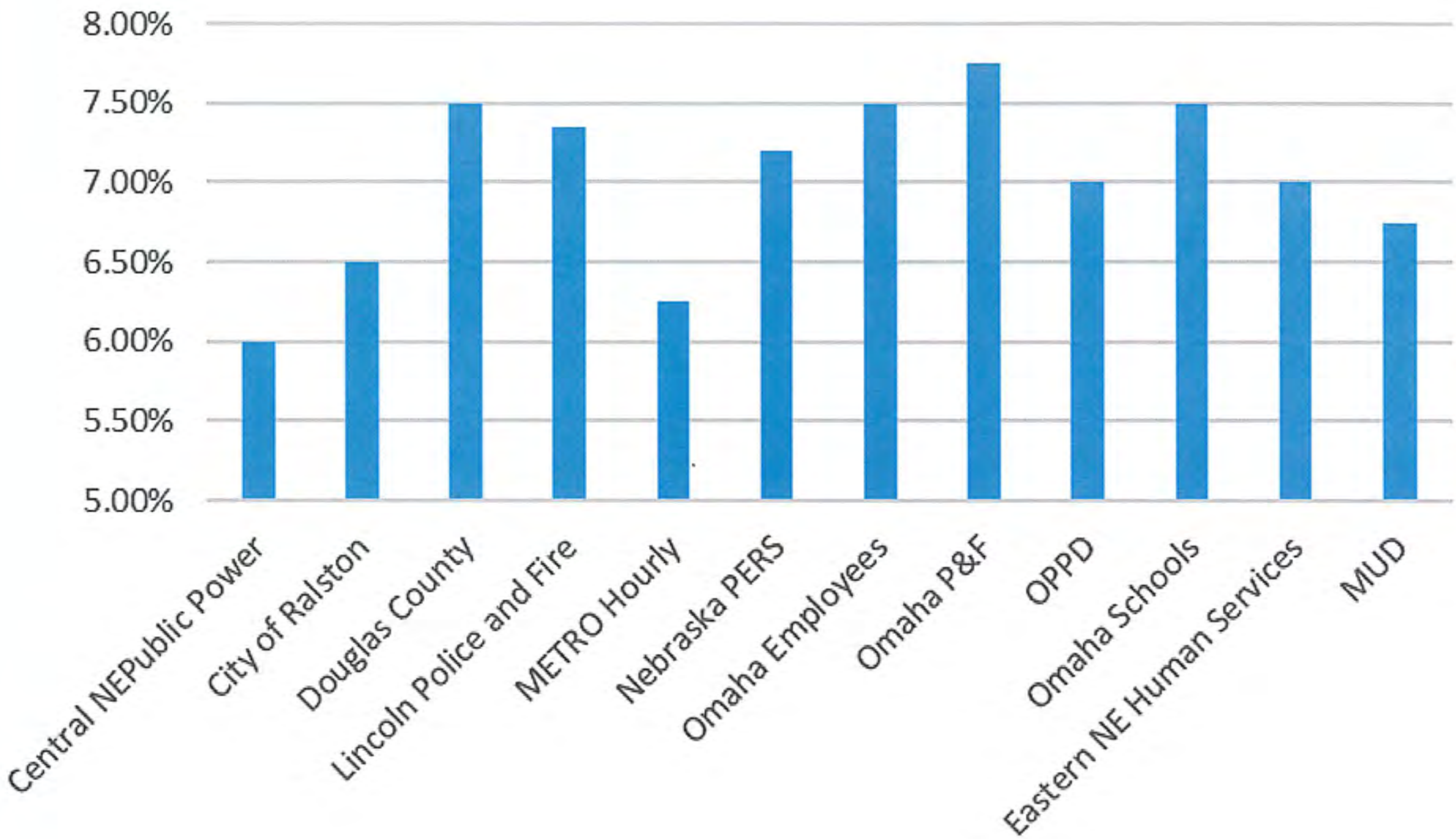
Other Public Plans
Return Assumptions



86 of 131 Plans in the Survey (66%) use an investment return assumption of 7.0% or less.

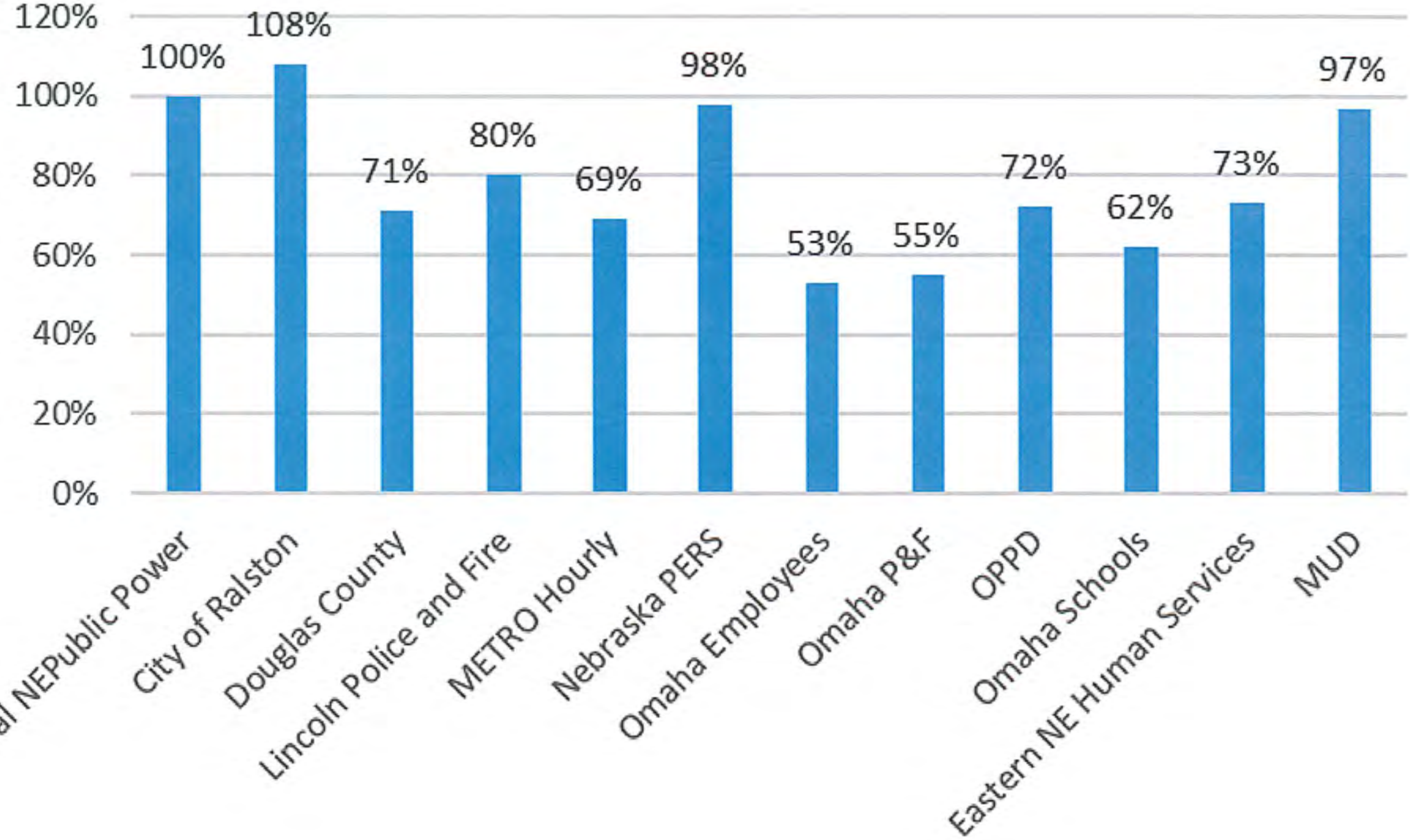
Note: direct comparability is limited as asset allocations vary among different retirement systems.

Investment Return Assumption of Other Nebraska Plans



Based on information submitted to the Nebraska Public Retirement Systems Committee in fall of 2021.

Funded Ratio of Other Nebraska Plans



Based on information submitted to the Nebraska Public Retirement Systems Committee in fall of 2021. Dates vary but most are 2021 valuation results.

Caveats and Limitations

This presentation is based on the data, methods, assumptions and plan provisions described in the actuarial valuation report dated March 24, 2022. 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, 2022 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

Patrice Beckham, FSA, EA, FCA, MAAA
Cavanaugh Macdonald Consulting, LLC

Placed on File
April 6, 2022

METROPOLITAN UTILITIES DISTRICT

Inter-Departmental Communication

March 29, 2022

Subject: RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

Attached for your review, please find the "Financial Statements and Supplemental Schedules" for the year ended December 31, 2021, 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, 2021. 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 (there were no 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 6, 2022, Committee and Board Agendas to be placed on file.

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer

Approved:

Mark E. Doyle
President

Attachments

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

METROPOLITAN UTILITIES DISTRICT

Table of Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audits 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* (*Government Auditing Standards*), issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 in an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other postemployment benefit plan and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Management is responsible for the other information included in the annual financial 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 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 28, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Omaha, Nebraska
March 28, 2022

"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, 2021 and 2020. This information should be read in conjunction with the Financial Statements, Notes to Basic Financial Statements and Required Supplementary Information.

Overview of Financial Statements

Management's discussion and analysis serves as an introduction to the financial statements and supplementary information. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities.

The statement of net position presents information on the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the District's financial position.

The statement of revenues, expenses, and changes in net position presents information on how the District's net position changed during the year; all revenues and expenses are accounted for in this statement. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The notes to the financial statements provide required disclosures and additional information that is necessary to support the financial statements. The notes begin on page 24.

COVID-19 Pandemic

The COVID-19 pandemic was a significant event in 2020 and 2021, with world-wide implications. Since the District supplies potable water and natural gas, both deemed life essential services, the demand for our products was minimally impacted by the pandemic. The District incurred approximately $1.2 million in incremental costs in 2020 due to the pandemic, consisting primarily of overtime costs associated with employees quarantining in our three water treatment plants to ensure uninterrupted supply of potable water to our customers. Incremental costs in 2021 were minimal and entirely offset by proceeds from the sale of surplus equipment purchased in 2020 for employees quarantining at the water treatment plants coupled with reimbursement from Federal Emergency Management Agency funds.

The District relied on a structured Incident Command approach, as delineated in our Business Continuity Plan, to address the challenges associated with the pandemic, and at no time was our ability to provide natural gas and potable water disrupted. We did note a slowing in payment patterns due to the financial hardships experienced by our customers which contributed to increased bad debt expense for both the Gas and Water Departments in 2020 as compared with prior years. Payment patterns improved in 2021 as reflected in decreased bad debt expense for both the Gas and Water Departments as compared with 2020.

Considering the unpredictable nature and duration of the pandemic, the District deferred approximately $20 million in budgeted expenditures in 2020, both in the form of reduced capital spending and deferred hiring, aimed at preserving the liquidity and financial strength of the District. These actions allowed the District to maintain liquidity well above internal targets and additional deferrals were not deemed necessary in 2021.

In response to the financial hardships faced by some customers due to the pandemic, the District temporarily suspended service disconnections and late payment charges in 2020. In addition, the District delayed its planned Water Department rate increase from January 2 to May 2, 2021. The District also helped customers secure utility assistance funds available through federal, state and county agencies. Our customers in need received Coronavirus Aid, Relief and Economic Security (CARES) Act grants of $1.0 million and $2.1 million in 2021 and 2020, respectively. In addition, our customers received grants of $1.8 million in 2021 for utilities assistance from the Consolidated Appropriations Act.

Though the pandemic was clearly disruptive to the District and its customers, it did not have a material impact on the financial results for the District in 2020 or 2021, nor do we expect it to in future years.

Financial Highlights

The District's overall financial position and results of operations for the current and prior years are summarized in the paragraphs and exhibits to follow.

Gas Department

	2021		2020		2019	
Sales, volume sold – DTH:		%		%		%
Firm gas sales	26,773,756	84	28,139,754	87	30,853,007	85
Interruptible gas sales	4,919,376	16	4,208,187	13	5,366,081	15
Total gas sales	31,693,132	100	32,347,941	100	36,219,088	100
Heating degree days	5,323		5,648		6,206	
Customers (at December 31):						
Firm customers	237,814		235,456		232,742	
Interruptible customers	20		29		27	
	237,834		235,485		232,769	

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

Gas Department Summary of Results of Operations

	2021		2020		2019	
Operating revenues:						
Firm and interruptible gas sales	$ 229,577,728	93%	$ 173,398,480	91%	$ 205,780,148	92%
Infrastructure charge	13,401,667	5	13,152,817	7	13,112,638	6
Other	4,979,255	2	4,120,388	2	4,987,913	2
Less bad debt expense	(377,858)	—	(721,884)	—	(614,407)	—
Total operating revenues, net	247,580,792	100%	189,949,801	100%	223,266,292	100%
Operating expenses:						
Cost of natural gas	140,342,276	70%	87,036,070	59%	114,501,720	62%
Other operating expenses	59,601,135	30	61,064,035	41	69,889,570	38
Total operating expenses	199,943,411	100%	148,100,105	100%	184,391,290	100%
Nonoperating revenues (expenses), net	(1,028,325)		(1,061,847)		958,281	
Change in net position	46,609,056		40,787,849		39,833,283	
Net position, beginning of year	443,723,999		402,936,150		363,102,867	
Net position, end of year	$ 490,333,055		$ 443,723,999		$ 402,936,150	

Revenues for gas sales, net, were up 30.3% in 2021 vs. 2020, due to increased gas costs, which is a direct "pass-through" to our customers, partially offset by a 2.0% decrease in volumes. Revenues for gas sales, net, were down 14.9% in 2020 vs. 2019, due to a 10.7% decrease in volumes coupled with decreased gas costs. The annual revenues for the average residential gas customer were $612.41 in 2021, as compared to $540.26 in 2020 and to $627.55 in 2019.

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

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

The District contracts with Central Plains Energy Project (CPEP) for a significant portion of its gas purchases. CPEP is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Under the current agreements, the District anticipates taking approximately 90% of the gas acquired in these transactions under three 30-year gas purchase agreements, one entered into in 2009 (CPEP #2), one in 2012 (CPEP #3) and one in 2018 (CPEP #4). In 2021, the CPEP prepaid gas purchase agreements accounted for approximately 47% of the District's annual natural gas requirements.

Terms of the 2007 gas supply agreement (CPEP #1) were renegotiated in 2009 and again in 2012; the gas flows under this agreement ended on October 31, 2020.

Subsequent to litigation, the 2009 long-term prepaid gas purchase contract (CPEP #2) was renegotiated in 2014. The renegotiated contract provided for the following: 1) $12.5 million up-front proceeds at closing, which was recorded as unearned gas purchase discounts by the District and recognized as a reduction of the cost of natural gas based on the pattern of gas purchases through October 2019; 2) locked-in discounts of $.16 per DTH for the period November 1, 2014 through October 31, 2019, and 3) the ability to renegotiate discounts for the November 1, 2019 through June 30, 2039. In 2019, this project was refinanced as required in the 2014 documents; the gas flows under this agreement will now expire in 2049.

In 2012 the District participated in CPEP Project 3 Series Transaction (CPEP #3). This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017 CPEP did an early refinancing of this transaction that will increase the District's savings beginning in 2022.

In November 2018, the District entered into a 30-year gas supply contract with CPEP (CPEP #4) with gas flows commencing on August 1, 2019. This agreement expires on January 31, 2050. After the initial five-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In addition to the aforementioned activity with CPEP, the District is party to three other significant gas supply agreements, which accounted for approximately 11% of the District's annual natural gas requirements in 2021. Including CPEP, prepaid transactions accounted for approximately 58% of the District's annual gas supply in 2021.

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.

Winter Storm Uri

In February 2021, North America experienced a polar vortex referred to as Winter Storm Uri. During this winter weather event, the District's customers used approximately 50% more natural gas on average, and the District sent out a record amount of gas on February 15, 2021.

Due to the efforts of our dedicated employees as well as our natural gas supply strategies, MUD was able to meet this increased demand in a very economical manner. District-owned storage assets (liquefied natural gas plant and two Propane caverns) delivered nearly 40% of natural gas demand to our customers over the six-day period with the most extreme temperatures. In addition to our demonstrated service reliability in meeting the increased demand, our storage/peak-shaving facilities provided significant cost avoidance of approximately $100 million for our customers, as we did not need to purchase natural gas on the spot market during times of record prices.

Incremental gas costs related to this event amounted to approximately $13 million. The polar vortex cost our average residential customer approximately $26 in incremental cost - $17 in increased natural gas usage during the month of February and $9 in increase natural gas cost, which was recovered over the April through December period. If natural gas had instead been purchased on the spot market, we estimate that our customers would have incurred substantially higher costs than the aforementioned $26 – approximately $200 more per our estimates (as experienced by customers in our area who are served by other natural gas distribution companies).

Gas Department Summary Financial Position

	2021	2020	2019
Plant in service, net	$ 498,742,968	$ 474,652,039	$ 452,932,182
Noncurrent assets	27,596,154	4,831,484	1,204,765
Current assets	211,979,278	211,559,774	196,831,726
Total assets	738,318,400	691,043,297	650,968,673
Deferred outflows of resources			
Pension amounts	5,321,344	4,024,242	5,256,517
Total deferred outflows of resources	5,321,344	4,024,242	5,256,517
Total assets and deferred outflows of resources	$ 743,639,744	$ 695,067,539	$ 656,225,190
Deferred inflows of resources			
Pension amounts	$ 40,075,330	$ 30,475,574	$ 14,861,988
OPEB amounts	29,566,524	26,180,264	30,771,073
Contributions in aid of construction	41,448,229	41,726,625	41,101,682
Total deferred inflows of resources	111,090,083	98,382,463	86,734,743
Current liabilities	76,080,364	72,138,610	58,068,102
Noncurrent liabilities	66,136,241	80,822,467	108,486,195
Total liabilities	142,216,605	152,961,077	166,554,297
Net position			
Net investment in capital assets	424,731,940	399,106,408	378,171,010
Restricted	200,509	200,939	199,689
Unrestricted	65,400,607	44,416,652	24,565,451
Total net position	490,333,056	443,723,999	402,936,150
Total liabilities, deferred inflows of resources, and net position	$ 743,639,744	$ 695,067,539	$ 656,225,190

Gas Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Gas Department at December 31, 2021 and 2020.

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Gas Revenue Bonds				
Series 2018	$ 29,470,000	$ -	$ 1,150,000	$ 28,320,000
Plus unamortized premium	1,087,949	-	109,237	978,712
Total Long-Term Debt	$ 30,557,949	$ -	$ 1,259,237	$ 29,298,712

On June 28, 2018 the District issued $31,605,000 of Gas Department Revenue Bonds Series 2018; the True Interest Cost associated with the offering is 3.243 percent. The proceeds of the sale of the 2018 bonds were used, together with other available funds, to finance a portion of the costs of improvements to the District's Gas System, including replacement of cast iron gas mains throughout the District's service area and infrastructure improvements to the Gas System. During 2021 and 2020, respectively, the District made principal payments of $1,150,000 and $1,095,000 towards its outstanding Series 2018 gas revenue bonds.

Gas Department Long-Term Debt Covenant Compliance

Gas Revenue Bonds Series 2018

The District was in compliance with the provisions of the Gas Revenue Series 2018 bond covenants at December 31, 2021, 2020 and 2019. Relative to this bond offering, the District covenants that it will fix, establish, and maintain rates or charges for natural gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately $57.1 million, $44.9 million and $52.1 million for 2021, 2020 and 2019, respectively. Please see the chart below for debt service coverage ratio information:

	2021	2020	2019
Debt service coverage ratios	26.60x	21.18x	24.37x
Debt service coverage requirements	1.20x	1.20x	1.20x

Gas Revenue Bonds Series 2022

On March 16, 2022, the District issued $115,040,000 of Gas Department Revenue Bonds, Series 2022 (the 2022 Gas Bonds); the True Interest Cost associated with the offering is 2.366 percent. The 2022 Gas Bonds were issued for the purpose of financing a portion of the continued replacement of the cast iron gas mains throughout the District’s gas system, expansion, and improvements to the District’s liquified natural gas plant and related infrastructure improvements. The 2022 Gas Bonds are payable solely from gas revenues and are payable through 2042.

Credit Ratings and Liquidity

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 February 2022, Moody’s Investors Service assigned an Aa2 rating to the Series 2022 Gas Revenue Bonds and affirmed the Aa2 rating of the District’s gas enterprise system, citing a “stable service area and solid financial performance.” In November 2019, S&P Global Ratings assigned a rating of AA+ to District’s gas system as part of the District’s obligations under certain of its gas purchase contracts; the District was previously rated AA by the rating agency. At the time of the upgrade to the AA+ rating level, the District’s gas system was the highest rated municipal gas system of those to which S&P assigns credit ratings.

The District continues to focus on maintaining strong liquidity for the Gas Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by “days cash on hand” of 232 days at year end 2021, as compared with 388 days at year-end 2020 and 300 days at year end 2019. The decrease in days cash on hand 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.

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 2.630 percentage points, with a minimum rate of 1.950%. As of December 31, 2021, the interest rate was 1.950% and no amount was outstanding. The District did not draw on the line of credit during 2021, 2020 or 2019.

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 153 miles, over the next six years; the District expended $16.7 million to improve infrastructure and replace cast iron gas mains in 2021, $18.0 million in 2020 and $19.0 million in 2019. Significant projects in 2021 and 2020 are as follows:

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) Information technology-related: $1.2 million;
7) Vehicles, equipment and all other general plant: $5.6 million.

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

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

Water Department

	2021	2020	2019
Water sales (million gallons)	30,811.6	31,021.1	27,747.0

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 annual precipitation levels of 31.9 inches (2021 precipitation was 33.2 inches for the year), coupled with the fact that full year precipitation totals for 2020 were 13 inches below normal (17.7 inches for the year). In 2020, the volume of water sales increased 3,274.1 million gallons vs. prior year, or 11.8%, due in part to full year precipitation levels that were nearly 13 inches, or 42%, below normal. Varying precipitation levels have the greatest impact on commercial and residential sprinkling volumes.

	2021	2020	2019
Customers (December 31)	222,715	220,625	218,116

The number of customers at the end of 2021 increased 2,090, or 0.9%, over 2020. The number of customers at the end of 2020 increased 2,509, or 1.2%, over 2019.

Water Department Summary of Results of Operations

	2021		2020		2019	
Operating revenues:						
Water sales	$ 123,193,825	86%	$ 121,283,075	87%	$ 102,555,331	85%
Infrastructure charge	15,155,428	11	14,847,245	11	14,798,599	12
Other	4,388,966	3	4,276,869	2	4,154,150	3
Less bad debt expense	(251,022)	—	(457,656)	—	(247,118)	—
Total operating revenues, net	142,487,197	100%	139,949,533	100%	121,260,962	100%
Operating expenses	88,868,925		87,663,411		92,350,493	
Nonoperating expenses net	6,937,106		7,209,940		5,913,435	
Change in net position	46,681,166		45,076,182		22,997,034	
Net position, beginning of year	381,092,838		336,016,656		313,019,622	
Net position, end of year	$ 427,774,004		$ 381,092,838		$ 336,016,656	

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. Operating revenues, net, increased 15.4% in 2020 due partially to a 12.0% increase to the Commodity component of rates effective January 2, 2020 as well as the full year impact of a 7.0% increase to the Commodity component of rates effective July 1, 2019. The purpose of these rate increases was to partially fund the District's water infrastructure replacement program. The 2020 increase in operating revenues, net, was also impacted by increased usage associated with precipitation levels that were 13 inches below normal in 2020 and 22 inches lower than 2019 levels. The annual revenues for the average residential water customer were $402.23 in 2021, compared to $404.61 in 2020 and $345.27 in 2019.

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 and decreased costs associated with the District's COVID-19 response, partially offset by a decrease in amounts charged to capital projects. Total operating expenses in 2020 were down by $4.7 million as compared with 2019, or 5.1%, due primarily to decreased administrative and general expense, which consists of decreased pension and OPEB expense, decreased public liability claims related to water main breaks and an increase in amounts charged to capital projects, partially offset by incremental costs associated with the District's COVID-19 response. The decreased administrative and general expense was partially offset by increased water service reconnections and service replacements (due to an increase in miles of water main replaced).

Net non-operating expenses in 2021 decreased by $0.3 million as compared with 2020, or 3.8%, due primarily to decreased interest expense. Net non-operating expenses in 2020 increased by $1.3 million as compared with 2019, or 21.9%, due primarily to decreased interest income on investable cash balances due to lower yields and lower investable cash balances, partially offset by decreased interest expense.

Water Summary Financial Position

	2021	2020	2019
Plant in service, net	$ 985,875,653	$ 957,665,097	$ 910,548,673
Current assets	142,588,624	130,227,809	118,354,147
Noncurrent assets	28,667,559	15,687,459	25,545,917
Total assets	1,157,131,836	1,103,580,365	1,054,448,737
Deferred outflows of resources			
Pension amounts	4,429,351	3,305,015	4,318,048
Debt refunding	2,357,745	2,791,011	3,257,838
Total deferred outflows of resources	6,787,096	6,096,026	7,575,886
Total assets and deferred outflows of resources	$ 1,163,918,932	$ 1,109,676,391	$ 1,062,024,623
Deferred inflows of resources			
Pension amounts	$ 33,533,928	$ 25,329,337	$ 12,368,626
OPEB amounts	24,341,982	21,254,844	24,938,524
Contributions in aid of construction	354,971,325	329,881,295	312,463,282
Total deferred inflows of resources	412,847,235	376,465,476	349,770,432
Current liabilities	91,067,172	93,408,503	81,241,559
Noncurrent liabilities	232,230,521	258,709,574	294,995,976
Total liabilities	323,297,693	352,118,077	376,237,535
Net position:			
Net investment in capital assets	421,851,155	412,383,861	382,918,990
Restricted	2,073,228	2,063,690	2,036,531
Unrestricted	3,849,621	(33,354,713)	(48,938,865)
Total net position	427,774,004	381,092,838	336,016,656
Total liabilities, deferred inflows of resources, and net position	$ 1,163,918,932	$ 1,109,676,391	$ 1,062,024,623

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Water Department at December 31, 2021 and 2020:

	Balance at December 31, 2020	Increases	Decreases	Balance at December 31, 2021
Water Revenue Bonds				
Series 2018	$ 34,820,000	$ -	$ 1,355,000	$ 33,465,000
Plus unamortized premium	1,008,236	-	103,173	905,063
Water Revenue Bonds				
Series 2015	149,050,000	-	9,200,000	139,850,000
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
Plus unamortized premium	1,549,543	-	129,513	1,420,030
NDEQ Note Payable #2	3,328,341	-	287,926	3,040,415
Total Long Term Debt	$ 225,041,706	$ -	$ 14,087,891	$ 210,953,815

On September 27, 2018 the District issued $37,390,000 of Water Revenue Bonds Series 2018; the True Interest Cost associated with the offering is 3.174 percent. The proceeds of the sale of the 2018 bonds are being used, together with other available funds, to finance a portion of the costs of improvements to the District's Water System, including multiple projects undertaken to upgrade the Florence Water Treatment Plant and other improvements to the District's Water System. During 2021 and 2020, respectively, the District made principal payments of $1,355,000 and $1,315,000 towards its outstanding Series 2018 water revenue bonds. At December 31, 2021, $2.6 million of the bond proceeds remained.

At December 31, 2021 and 2020, the District's long-term debt included $139,850,000 and $149,050,000 respectively of Series 2015 bonds outstanding. During 2021 and 2020, respectively, the District made principal payments of $9,200,000 and $8,750,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2021 and 2020, the District's long-term debt included $26,110,000 and $28,035,000, respectively, of Series 2012 bonds outstanding. During 2021 and 2020, respectively, the District made principal payments of $1,925,000 and $1,860,000 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, 2021 and 2020, long term obligations for this note were $3,040,415 and $3,328,341 respectively. During 2021 and 2020, the District made principal payments of $287,926 and $282,255 respectively pursuant to this note payable.

Water Department Long-Term Debt Covenant Compliance

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

The District was in compliance with the provisions of the Water Revenue Series 2012, Water Revenue Series 2015 and Water Revenue Series 2018 bond covenants at December 31, 2021, 2020 and 2019. 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 $32.1 million, $36.1 million and $21.9 million for 2021, 2020 and 2019, respectively. Please see the chart below for debt service coverage ratio information:

	2021	2020	2019
Debt service coverage ratios	3.35x	3.57x	2.62x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In August 2021, Moody's Investors Service affirmed the District's Aa2 rating, citing the District's "stable service 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 a significant improvement in liquidity as demonstrated by the number of "days cash on hand", with 389 days at year-end 2021 as compared with 354 days at year-end 2020 and 356 days at year-end 2019.

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 2.630 percentage points, with a minimum rate of 1.950%. As of December 31, 2021, the interest rate was 1.950% and no amount was outstanding. The District did not draw on the line of credit during 2021, 2020 or 2019.

Water Department Capital Asset Activity

Significant projects in 2021 and 2020 are as follows:

- 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.

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

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

Contact Information

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

METROPOLITAN UTILITIES DISTRICT

Statements of Net Position

December 31, 2021 and 2020

Assets and Deferred Outflows of Resources	2021 Gas Department	2021 Water Department	2021 Eliminations	2021 Business-type Activities Total	2020 Gas Department	2020 Water Department	2020 Eliminations	2020 Business-type Activities Total
Capital assets:								
Utility plant in service	$ 694,206,264	1,285,258,123	—	1,979,464,387	$ 667,921,516	1,202,896,350	—	1,870,817,866
Less accumulated depreciation	228,414,449	352,383,846	—	580,798,295	213,345,163	331,275,524	—	544,620,687
	465,791,815	932,874,277	—	1,398,666,092	454,576,353	871,620,826	—	1,326,197,179
Construction in progress	32,951,153	53,001,376	—	85,952,529	20,075,686	86,044,271	—	106,119,957
Net capital assets	498,742,968	985,875,653	—	1,484,618,621	474,652,039	957,665,097	—	1,432,317,136
Noncurrent assets:								
Cash and cash equivalents – restricted	—	3,938,622	—	3,938,622	—	9,531,901	—	9,531,901
Investments - restricted	—	1,840,460	—	1,840,460	—	2,609,557	—	2,609,557
Net pension asset	25,096,236	21,293,150	—	46,389,386	2,961,072	2,588,529	—	5,549,601
Other noncurrent assets	2,499,918	1,595,327	—	4,095,245	1,870,412	957,472	—	2,827,884
Total noncurrent assets	27,596,154	28,667,559	—	56,263,713	4,831,484	15,687,459	—	20,518,943
Current assets:								
Cash and cash equivalents	127,338,550	98,798,888	—	226,137,438	151,236,837	83,334,251	—	234,571,088
Cash and cash equivalents – restricted	200,509	1,900,295	—	2,100,804	200,939	1,891,034	—	2,091,973
Accounts receivable – customers and others, less allowance for doubtful accounts	55,583,141	31,373,341	—	86,956,482	40,098,307	36,108,956	—	76,207,263
Interdepartmental receivable	—	3,932,873	(3,932,873)	—	—	3,295,261	(3,295,261)	—
Natural gas in storage	12,901,175	—	—	12,901,175	7,765,780	—	—	7,765,780
Propane in storage	5,644,689	—	—	5,644,689	3,563,138	—	—	3,563,138
Materials and supplies	4,070,635	4,386,783	—	8,457,418	3,989,605	4,075,948	—	8,065,553
Construction materials	3,916,834	1,883,386	—	5,800,220	3,650,436	1,343,500	—	4,993,936
Prepayments	2,323,745	313,058	—	2,636,803	1,054,732	178,859	—	1,233,591
Total current assets	211,979,278	142,588,624	(3,932,873)	350,635,029	211,559,774	130,227,809	(3,295,261)	338,492,322
Total assets	738,318,400	1,157,131,836	(3,932,873)	1,891,517,363	691,043,297	1,103,580,365	(3,295,261)	1,791,328,401
Deferred Outflows of Resources								
Pension amounts	5,321,344	4,429,351	—	9,750,695	4,024,242	3,305,015	—	7,329,257
Deferred charge on refunding	—	2,357,745	—	2,357,745	—	2,791,011	—	2,791,011
Total deferred outflows of resources	5,321,344	6,787,096	—	12,108,440	4,024,242	6,096,026	—	10,120,268
Total assets and deferred outflows of resources	$ 743,639,744	1,163,918,932	(3,932,873)	1,903,625,803	$ 695,067,539	1,109,676,391	(3,295,261)	1,801,448,669

See accompanying notes to basic financial statements.

Liabilities, Deferred Inflows and Net Position	2021 Gas Department	2021 Water Department	2021 Eliminations	2021 Business-type Activities Total	2020 Gas Department	2020 Water Department	2020 Eliminations	2020 Business-type Activities Total
Net position:								
Net investment in capital assets	$ 424,731,940	421,851,155	—	846,583,095	$ 399,106,408	412,383,861	—	811,490,269
Restricted:								
Environmental	—	172,933	—	172,933	—	172,656	—	172,656
Debt service requirements-sinking fund	200,509	1,900,295	—	2,100,804	200,939	1,891,034	—	2,091,973
Unrestricted	65,400,607	3,849,621	—	69,250,228	44,416,652	(33,354,713)	—	11,061,939
Total net position	490,333,056	427,774,004	—	918,107,060	443,723,999	381,092,838	—	824,816,837
Deferred inflows of resources								
Pension amounts	40,075,330	33,533,928	—	73,609,258	30,475,574	25,329,337	—	55,804,911
OPEB amounts	29,566,524	24,341,982	—	53,908,506	26,180,264	21,254,844	—	47,435,108
Contributions in aid of construction	41,448,229	354,971,325	—	396,419,554	41,726,625	329,881,295	—	371,607,920
Total deferred inflows of resources	111,090,083	412,847,235	—	523,937,318	98,382,463	376,465,476	—	474,847,939
Noncurrent liabilities:								
Long-term debt, excluding current installments	28,093,712	197,600,100	—	225,693,812	29,407,949	212,273,779	—	241,681,728
Self-insured risks	597,236	644,521	—	1,241,757	98,096	379,470	—	477,566
Net OPEB liability	35,967,455	32,431,694	—	68,399,149	49,846,993	44,553,578	—	94,400,571
Other accrued expenses	1,477,838	1,554,206	—	3,032,044	1,469,429	1,502,747	—	2,972,176
Total noncurrent liabilities	66,136,241	232,230,521	—	298,366,762	80,822,467	258,709,574	—	339,532,041
Current liabilities:								
Accounts payable	42,543,693	9,353,268	—	51,896,961	29,119,518	8,819,681	—	37,939,199
Customer deposits	18,973,911	8,212,281	—	27,186,192	25,526,198	7,808,495	—	33,334,693
Customer advances for construction	1,429,798	26,994,301	—	28,424,099	1,200,974	29,025,868	—	30,226,842
Interdepartmental payable	3,932,873	—	(3,932,873)	—	3,295,261	—	(3,295,261)	—
Sewer fee collection due to municipalities	—	25,796,003	—	25,796,003	—	28,117,453	—	28,117,453
Statutory payment due to municipalities	1,448,944	655,048	—	2,103,992	1,003,654	645,777	—	1,649,431
Other accrued expenses	3,041,543	3,198,721	—	6,240,264	3,210,280	3,283,072	—	6,493,352
Current installments of long-term debt	1,205,000	13,353,715	—	14,558,715	1,150,000	12,767,927	—	13,917,927
Accrued interest	86,765	613,589	—	700,354	91,557	662,380	—	753,937
Self-insured risks	2,965,030	2,890,246	—	5,855,276	2,323,245	2,277,850	—	4,601,095
Other liabilities	452,807	—	—	452,807	5,217,923	—	—	5,217,923
Total current liabilities	76,080,364	91,067,172	(3,932,873)	163,214,663	72,138,610	93,408,503	(3,295,261)	162,251,852
Total liabilities	142,216,605	323,297,693	(3,932,873)	461,581,425	152,961,077	352,118,077	(3,295,261)	501,783,893
Total liabilities, deferred inflows of resources, and net position	$ 743,639,744	1,163,918,932	(3,932,873)	1,903,625,803	$ 695,067,539	1,109,676,391	(3,295,261)	1,801,448,669

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

December 31, 2021 and 2020

	2021			2020		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Operating revenues:						
Charges for services	$ 247,958,650	142,738,219	390,696,869	$ 190,671,685	140,407,189	331,078,874
Less bad debt expense	377,858	251,022	628,880	721,884	457,656	1,179,540
Charges for services, net	247,580,792	142,487,197	390,067,989	189,949,801	139,949,533	329,899,334
Operating expenses:						
Cost of natural gas	140,342,276	—	140,342,276	87,036,070	—	87,036,070
Operating and maintenance	37,565,758	71,429,648	108,995,406	40,685,392	70,698,570	111,383,962
Depreciation and amortization	18,240,248	15,456,120	33,696,368	17,458,144	15,023,958	32,482,102
Payment in lieu of taxes	3,795,129	1,983,157	5,778,286	2,920,499	1,940,883	4,861,382
Total operating expenses	199,943,411	88,868,925	288,812,336	148,100,105	87,663,411	235,763,516
Operating income	47,637,381	53,618,272	101,255,653	41,849,696	52,286,122	94,135,818
Nonoperating revenues (expenses):						
Investment income, net	15,390	524,961	540,351	502,184	559,802	1,061,986
Other expense	(18,760)	(351,289)	(370,049)	(469,821)	(161,823)	(631,644)
Interest expense	(1,024,954)	(7,110,778)	(8,135,732)	(1,094,210)	(7,607,919)	(8,702,129)
Total nonoperating revenues (expenses), net	(1,028,324)	(6,937,106)	(7,965,430)	(1,061,847)	(7,209,940)	(8,271,787)
Change in net position	46,609,057	46,681,166	93,290,223	40,787,849	45,076,182	85,864,031
Net position, beginning of year	443,723,999	381,092,838	824,816,837	402,936,150	336,016,656	738,952,806
Net position, end of year	$ 490,333,056	427,774,004	918,107,060	$ 443,723,999	381,092,838	824,816,837

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2021 and 2020

	2021 Gas Department	2021 Water Department	2021 Business-type Activities Total	2020 Gas Department	2020 Water Department	2020 Business-type Activities Total
Cash flows from operating activities:						
Receipts from customers	$ 227,674,960	147,473,835	375,148,795	$ 187,000,418	134,662,661	321,663,079
Payments to suppliers	(157,836,146)	(67,260,848)	(225,096,994)	(93,515,110)	(52,467,801)	(145,982,911)
Cash collections on behalf of other governments	—	201,218,849	201,218,849	—	181,196,452	181,196,452
Cash disbursements to other governments	—	(193,173,217)	(193,173,217)	—	(172,657,449)	(172,657,449)
Payments to employees	(40,178,549)	(34,195,460)	(74,374,009)	(39,254,995)	(32,741,260)	(71,996,255)
Payments in lieu of taxes	(3,795,129)	(1,983,157)	(5,778,286)	(2,920,499)	(1,940,883)	(4,861,382)
Net cash provided by operating activities	25,865,136	52,080,002	77,945,138	51,309,814	56,051,720	107,361,534
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	683,236	(683,236)	—	4,681,044	(4,681,044)	—
Net cash provided by (used in) noncapital financing activities	683,236	(683,236)	—	4,681,044	(4,681,044)	—
Cash flows from capital and related financing activities:						
Plant additions	(47,731,492)	(53,155,062)	(100,886,554)	(44,482,815)	(70,614,438)	(115,097,253)
Plant removal/retirement costs	(1,325,953)	638,193	(687,760)	(578,093)	727,313	149,220
Payments on long-term debt	(1,150,000)	(12,767,927)	(13,917,927)	(1,340,235)	(12,207,254)	(13,547,489)
Customer advances/CIAC	883,949	30,520,859	31,404,808	1,958,403	28,592,093	30,550,496
Interest paid	(1,138,983)	(8,046,268)	(9,185,251)	(1,213,501)	(8,594,999)	(9,808,500)
Net cash used in capital and related financing activities	(50,462,479)	(42,810,205)	(93,272,684)	(45,656,241)	(62,097,285)	(107,753,526)
Cash flows from investing activities:						
Interest received	15,390	524,961	540,351	502,184	559,802	1,061,986
Sales of investment securities	—	769,097	769,097	—	7,520,008	7,520,008
Net cash flows provided by investing activities	15,390	1,294,058	1,309,448	502,184	8,079,810	8,581,994
Net increase (decrease) in cash and cash equivalents	(23,898,717)	9,880,619	(14,018,098)	10,836,801	(2,646,799)	8,190,002
Cash and cash equivalents, beginning of year	151,437,776	94,757,186	246,194,962	140,600,975	97,403,985	238,004,960
Cash and cash equivalents, end of year	$ 127,539,059	104,637,805	232,176,864	$ 151,437,776	94,757,186	246,194,962
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 47,637,381	53,618,272	101,255,653	$ 41,849,696	52,286,122	94,135,818
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	18,003,195	15,281,653	33,284,848	17,156,427	14,734,822	31,891,249
Depreciation charged to operating and maintenance	4,084,571	1,202,780	5,287,351	3,937,308	1,363,713	5,301,021
Amortization charged to depreciation and amortization	237,053	174,467	411,520	301,717	289,136	590,853
Amortization charged to operating and maintenance	1,380,424	284,673	1,665,097	1,658,570	295,273	1,953,843
Cash flows impacted by changes in						
Amounts due from customers and others	(15,484,834)	4,735,615	(10,749,219)	(5,359,423)	(5,744,529)	(11,103,952)
Natural gas, propane, materials, supplies, and prepayments	(8,566,989)	(445,034)	(9,012,023)	596,499	(585,668)	10,831
Other noncurrent assets	(629,506)	(637,855)	(1,267,361)	(665,647)	(284,832)	(950,479)
Accounts payable and other	13,686,486	(2,756,689)	10,929,797	(376,627)	4,178,161	3,801,534
Customer deposits	(6,532,667)	403,786	(6,128,881)	6,833,499	4,621,907	11,455,406
Self-insurance and other liabilities	(3,624,190)	877,446	(2,746,744)	2,777,541	(179,806)	2,597,735
Net pension liability (asset)	(22,135,164)	(18,704,621)	(40,839,785)	(25,630,373)	(21,311,702)	(46,942,075)
Deferred inflows pension	9,599,756	8,204,591	17,804,347	10,066,179	8,475,148	18,541,327
Deferred outflows pension	(1,297,102)	(1,124,336)	(2,421,438)	6,779,682	5,498,596	12,278,278
Net OPEB liability	(13,879,538)	(12,121,884)	(26,001,422)	(4,024,425)	(3,900,941)	(7,925,366)
Deferred inflows OPEB	3,386,260	3,087,138	6,473,398	(4,923,071)	(3,952,253)	(8,875,324)
Deferred outflows OPEB	—	—	—	332,262	268,573	600,835
Net cash provided by operating activities	$ 25,865,136	52,080,002	77,945,138	$ 51,309,814	56,051,720	107,361,534
Supplemental schedules of noncash capital and related financing items:						
Construction in accounts payable	$ 3,264,088	6,063,253	9,327,341	$ 3,261,057	5,118,046	8,379,103

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Fiduciary Net Position

Pension and Other Post Employment Benefits

December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 1,599,643	$ 1,610,995
Investments at fair value:		
Mutual funds:		
Fixed income funds	197,553,467	151,831,211
Domestic equity funds	305,727,834	271,395,474
International equity funds	151,953,494	149,110,653
Total investments	655,234,795	572,337,338
Total assets	$ 656,834,438	$ 573,948,333
Liabilities		
Accrued expense and benefits payable	-	-
Total liabilities	-	-
Net position held in trust for pension and other post employment benefits	$ 656,834,438	$ 573,948,333

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, 2021 and 2020

	2021	2020
Additions:		
Investment income (loss), net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends, net of investment expense	$ 79,568,319	$ 73,545,434
Employer contributions	24,850,226	23,946,933
Employee contributions	5,374,956	5,021,423
Total additions	109,793,501	102,513,790
Deductions:		
Benefit payments	26,794,426	21,897,160
Administrative expenses	112,970	98,373
Total deductions	26,907,396	21,995,533
Net increase	82,886,105	80,518,257
Net position held in trust for pension and OPEB benefits		
Beginning of year	573,948,333	493,430,076
End of year	$ 656,834,438	$ 573,948,333

See accompanying notes to basic financial statements

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

Metropolitan Utilities District (the District), a political subdivision of the State of Nebraska, is a public utility providing water and gas service to a diversified base of residential, commercial, and industrial customers. State statutes vest authority to establish rates in the board of directors (the Board) and provide, among other things, that separate books of account be kept for each utility department and for the equitable allocation of joint expenses. The Board determines the District's rates. The District is not liable for federal and state income taxes. The District pays ad valorem taxes on real property not used for public purposes. As required by the Enabling Act, the District pays 2% of its revenue from retail sales within the corporate limits of the City of Omaha to the City of Omaha, and 2% of its retail sales within other city and village corporate limits to those cities and villages. The District is subject to state sales and use tax on certain labor charges and nearly all material purchases.

(b) Basis of Presentation

The District's financial statements are presented in accordance with generally accepted accounting principles (GAAP) for business-type activities of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts as prescribed by the National Association of Regulatory Utility Commissioners (NARUC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB). The District accounts for the operations of the water and gas systems in separate major funds.

Operating revenues and expenses generally result from providing gas and water services to the District's customers. The principal operating revenues are charges to customers for providing gas and water services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's accounting policies also follow the regulated operations provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which permits an entity with cost based rates to defer certain costs as income, that would otherwise be recognized when incurred, to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rate changes to its customers.

(c) Fiduciary Fund Type

The District also includes a pension trust fund and other postemployment benefits (OPEB) trust fund as a fiduciary fund type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs or operations. Pension and OPEB trust funds are accounted for in essentially the same manner as the enterprise funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. The Pension Trust Fund accounts for the assets of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The OPEB Trust Fund accounts for the assets of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha. These plans are included in the reporting entity because the District controls the assets of each of these trust funds, as defined by GASB Statement No. 84, *Fiduciary Activities*.

(d) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding and the changes of actuarial assumptions used in the measurement of total pension liability. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amount for changes of actuarial assumptions used in the measurement of total pension liability is recognized in pension expense over the average expected remaining service life of the active and inactive pension plan members at the beginning of the measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The District has six items that meet the criterion for reporting as deferred inflows on the statement of net position: contributions in aid of construction (CIAC), the difference between expected and actual experience in the measurement of total pension liability, the differences between projected and actual earnings on pension plan investments, the differences between projected and actual earnings on OPEB plan investments, the difference between expected and actual experience in the measurement of total OPEB liability and the changes in actuarial assumptions used in the measurement of total OPEB liability. As described below, CIAC is included in depreciation expense and amortized over the estimated useful lives of the related utility plant. The difference between expected and actual experience and the changes in actuarial assumptions in the measurement of the pension and OPEB liabilities is recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

(e) Utility Plant

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

	2021	2020
Water Department	2.1%	2.1%
Gas Department	3.5	3.6

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

(f) Net Position

The net position of the District is broken down into three categories: (1) net investment in capital assets, (2) restricted for environmental funds and debt service requirements, and (3) unrestricted.

- Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation, plus unspent bond proceeds and reduced by the outstanding balance of debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for environmental funds represent net position whose use is restricted through external constraints imposed by the Nebraska Department of Environmental Quality and the Nebraska Game and Parks Commission. Restricted for debt service requirements represent net position whose use is restricted per the provisions of the Series 2012, Series 2015 and Series 2018 water revenue bonds, and the Series 2018 gas revenue bonds.
- Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted for environmental, debt 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.

(g) Bond Premium and Discounts

Bond premium and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method.

(h) Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand accounts, overnight repurchase agreements, and short-term liquid investments purchased with an original maturity of 90 days or less. At December 31, 2021 and 2020, the Gas Department held current “Cash and cash equivalents – restricted” of $0.2 million pursuant to various bond resolutions.

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, 2020, the Water Department held $12.1 million in noncurrent “Cash and cash equivalents – restricted” and “Investments – restricted” which is made up of $0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, $3.0 million pursuant to various bond resolutions, and $8.9 million of proceeds remaining from the Water System Revenue Bond Series 2018 issued in September 2018, which will be expended to upgrade the District’s Florence Water Treatment Plant and for other improvements to the District’s Water System. At December 31, 2021 and 2020, the Water Department also held current “Cash and cash equivalents – restricted” of $1.9 million pursuant to various bond resolutions.

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

(i) Accounts Receivable and Unbilled Revenue

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The accounts receivable balance also includes an accrual related to unbilled revenues, determined by prorating actual subsequent billings. The allowance for doubtful accounts is the District’s best estimate of the amount of probable credit losses in the District’s existing accounts receivable. The District’s allowance methodology was developed based on an analysis of open accounts and historical write-off experience.

(j) Inventories

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

(k) Compensated Absences

The District employees earn vacation days at specific rates during their employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation of no more than what they are eligible to earn in two years. Current and noncurrent amounts pertaining to accrued compensated absences are recorded within “Other accrued expenses” in the statement of net position.

(l) Revenues

The District recognizes operating revenues as they are earned. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period. Accounts receivable include unbilled revenues as follows:

		2021	2020
Gas	$	34,490,634	22,648,065
Water		3,539,297	3,730,023

(m) Interdepartmental Transactions

Most routine disbursement transactions of the District are paid by the Gas Department, due in part to the fact that the Gas Department collects virtually all billings for the District in combined Gas/Water invoices; balancing between the departments occurs via maintenance of interdepartmental receivable and payable accounts. At December 31, 2021, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $3,932,873. At December 31, 2020, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $3,295,261. The receivable and payable have been eliminated in the business-type activities total column.

(n) Billing and Collection Agent Services

The District serves as the billing and collection agent for fees related to sewer services provided by certain political subdivisions, including the City of Omaha. Separate accounting records are maintained by the District for these collection services. Fees billed but not yet remitted by the District to the applicable entities totaled $25,796,003 and $28,117,453 as of December 31, 2021 and 2020, 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 2021 and $5.3 million in 2020. These processing fees have been reflected as a reduction to operating and maintenance expenses in the District’s statement of revenue, expenses, and changes in net position. The cities’ fees reflect only the expenses incurred by the District to bill and collect the cities’ charges.

(o) Pensions

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

(p) Other Postemployment Benefits

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

(q) Use of Estimates

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

(r) Recent Accounting Pronouncements

GASB Statement No. 87, *Leases*, issued in June 2017, was to be effective for the District beginning with its year ending December 31, 2020. As a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, Statement No. 87 will be effective for the District beginning with its year ending December 31, 2022. The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing comparability of financial statements between governments; and also enhancing the relevance, reliability (representation faithfulness), and consistency of information about the leasing activities of governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently assessing the impact of this Statement.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, issued in May 2020, will be effective for the District beginning with its year ending December 31, 2023. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District is currently assessing the impact of this Statement.

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

(2) Impact of Adoption of New Accounting Standard

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

(3) Deposits and Investments

State Statute 14-2144 R.R.S. authorizes funds of the District to be invested at the discretion of the board of directors in the warrants and bonds of the District and the municipalities constituting the District, including the warrants and bonds of the sanitary improvement districts thereof. In addition to such securities, the funds may also be invested in any securities that are legal investments for the school funds of the State of Nebraska as delineated in the State of Nebraska Statute, Section 30-3209. The trust funds related to the District's retirement plan and other postemployment benefit plan invest pursuant to the same statutory investment restrictions.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be returned. At December 31, 2021 and 2020, all bank balances were covered by federal depository insurance or collateralized with securities held by the Federal Reserve Bank.

Fair Value Measurements: The District categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the District's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the District, the following fair value techniques were utilized in measuring the fair value of its investments:

Bond and Equity Mutual Funds: These investments are reported at fair value based on published fair value per share (unit) for each fund.

As of December 31, 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
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		
2020					
Corporate bonds and notes	$ 1,037,020	—	1,037,020	1	A- to AAA
Commercial paper	1,572,537	1,572,537	—	1	A-1
	$ 2,609,557	1,572,537	1,037,020		

As of December 31, 2021 and 2020, the District's fiduciary funds had the following investments.

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

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, 2021 and 2020, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 13.7% and 14.7%, respectively. For the years ended December 31, 2021 and 2020, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 14.8% and 15.8%, 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, 2021 and 2020, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

(4) Utility Plant

Utility plant at December 31, 2021 and 2020 is summarized as follows:

	Gas Department	Water Department	Total
2021			
Utility plant in service:			
Depreciable	$ 689,668,093	1,269,804,212	1,959,472,305
Nondepreciable (land)	4,538,171	15,453,911	19,992,082
Total	694,206,264	1,285,258,123	1,979,464,387
Construction in progress (nondepreciable)	32,951,153	53,001,376	85,952,529
	727,157,417	1,338,259,499	2,065,416,916
Less:			
Accumulated depreciation	(228,414,449)	(352,383,846)	(580,798,295)
	$ 498,742,968	985,875,653	1,484,618,621
2020			
Utility plant in service:			
Depreciable	$ 663,383,345	1,189,019,644	1,852,402,989
Nondepreciable (land)	4,538,171	13,876,706	18,414,877
Total	667,921,516	1,202,896,350	1,870,817,866
Construction in progress (nondepreciable)	20,075,686	86,044,271	106,119,957
	687,997,202	1,288,940,621	1,976,937,823
Less:			
Accumulated depreciation	(213,345,163)	(331,275,524)	(544,620,687)
	$ 474,652,039	957,665,097	1,432,317,136

The provision for depreciation expense is as follows:

	2021			2020		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Charged to depreciation	$ 18,003,195	15,281,653	33,284,848	17,156,427	14,734,821	31,891,248
Charged to operating and maintenance	4,084,571	1,202,780	5,287,351	3,937,308	1,363,713	5,301,021
	$ 22,087,766	16,484,433	38,572,199	21,093,735	16,098,534	37,192,269

The depreciation expense presented above includes a reduction of expense of $8,395,917 and $7,870,812 for the year ended December 31, 2021 and 2020, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2021 and 2020 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year
2021				
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
Accumulated depreciation	(213,345,163)	(22,953,960)	7,884,674	(228,414,449)
	$ 474,652,039	59,079,894	(34,988,965)	498,742,968
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
	$ 1,432,317,136	175,231,956	(122,930,471)	1,484,618,621
2020				
Gas Department:				
Utility plant in service	$ 631,065,357	46,884,638	(10,028,479)	667,921,516
Construction in progress	21,316,487	44,856,539	(46,097,340)	20,075,686
Accumulated depreciation	(199,449,662)	(21,941,667)	8,046,166	(213,345,163)
	$ 452,932,182	69,799,510	(48,079,653)	474,652,039
Water Department:				
Utility plant in service	$ 1,159,933,052	45,251,439	(2,288,141)	1,202,896,350
Construction in progress	59,714,624	71,586,427	(45,256,780)	86,044,271
Accumulated depreciation	(309,099,003)	(23,121,414)	944,893	(331,275,524)
	$ 910,548,673	93,716,452	(46,600,028)	957,665,097
	$ 1,363,480,855	163,515,962	(94,679,681)	1,432,317,136

(5) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2021 and 2020 is as follows:

2021	Balance, beginning of year	Increases	Decreases	Balance, end of year	Due within one year
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
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	6,005,318	6,198,538	9,272,308	6,240,264
	$ 358,994,814	11,084,845	91,448,028	278,631,631	26,654,255

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

(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, 2021 and 2020 consist of:

	Interest rate		Annual installment	Principal outstanding 2021	2020
Series 2012 bonds:					
Serial	2.000% - 4.000%	$	1,185,000 - 2,335,000	12,835,000	14,760,000
Term	3.0		2,455,000 - 2,865,000	13,275,000	13,275,000

The Water Revenue Bonds Series 2012 are subject to optional redemption prior to maturity on and after December 15, 2022. Principal and interest payments are as follows:

		Principal	Interest	Total
2022	$	1,970,000	908,544	2,878,544
2023		2,020,000	849,444	2,869,444
2024		2,095,000	768,644	2,863,644
2025		2,170,000	684,844	2,854,844
2026		2,245,000	598,044	2,843,044
2027 – 2031		12,745,000	1,695,275	14,440,275
2032		2,865,000	89,530	2,954,530
	$	26,110,000	5,594,325	31,704,325

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 $1,925,000 and $966,294, respectively, were paid on these bonds in 2021. Principal and interest payments of $1,860,000 and $1,040,694, respectively, were paid on these bonds in 2020. Total water revenues for the year ended December 31, 2021 and 2020 were $142,738,219 and $140,407,189 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 $9,200,000 and $5,709,505, respectively, were paid on these bonds in 2021. Principal and interest payments of $8,750,000 and $6,147,005, respectively, were paid on these bonds in 2020. Total water revenues for the year ended December 31, 2021 and 2020 were $142,738,219 and $140,407,189, respectively.

The balance, annual installments, and interest rates at December 31, 2021 and 2020 consist of:

	Interest rate		Annual installment	Principal outstanding 2021	Principal outstanding 2020
Series 2015 bonds:					
Serial	2.850% - 5.000%	$	7,330,000 - 14,115,000	132,030,000	141,230,000
Term	3.500		2,520,000 - 2,695,000	7,820,000	7,820,000

The Water Revenue Bonds Series 2015 are subject to optional redemption prior to maturity on and after December 1, 2025. Principal and interest payments are as follows:

		Principal	Interest	Total
2022	$	9,665,000	5,249,505	14,914,505
2023		10,155,000	4,766,255	14,921,255
2024		10,680,000	4,258,505	14,938,505
2025		11,220,000	3,724,505	14,944,505
2026		11,790,000	3,163,505	14,953,505
2027 – 2031		64,405,000	10,136,600	74,541,600
2032 – 2035		21,935,000	1,285,963	23,220,963
	$	139,850,000	32,584,838	172,434,838

Water Revenue Bonds Series 2018

On September 27, 2018, the District issued Water System Revenue Bonds, Series 2018 (the 2018 Water Bonds) for a par value of $37,390,000. The 2018 Water Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Florence Water Treatment Plant and other improvements to the District's Water System.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2018 Water Bonds will be used to finance a portion of the costs to improve the District's Florence Water Treatment Plant.

The District has pledged future water revenues to repay the 2018 Water Bonds. The 2018 Water Bonds are payable solely from water revenues and are payable through 2038. Principal and interest payments of $1,355,000 and $1,272,769, respectively, were paid on these bonds in 2021. Principal and interest payments of $1,315,000 and $1,312,219, respectively, were paid on these bonds in 2020. Total water revenues for the year ended December 31, 2021 and 2020 were $142,738,219 and $140,407,189, respectively.

The balance, annual installments, and interest rates at December 31, 2021 and 2020 consist of:

	Interest rate	Annual installment	Principal outstanding 2021	Principal outstanding 2020
Series 2018 bonds:				
Serial	2.500% - 5.000%	$ 1,255,000 - 2,540,000	33,465,000	34,820,000

The Water Revenue Bonds Series 2018 are subject to optional redemption prior to maturity on and after December 1, 2025. Principal and interest payments are as follows:

	Principal	Interest	Total
2022	$ 1,425,000	1,205,019	2,630,019
2023	1,495,000	1,133,769	2,628,769
2024	1,570,000	1,059,019	2,629,019
2025	1,645,000	980,519	2,625,519
2026	1,690,000	939,394	2,629,394
2027 – 2031	9,490,000	3,649,325	13,139,325
2032 – 2036	11,150,000	1,994,481	13,144,481
2037 – 2038	5,000,000	254,474	5,254,474
	$ 33,465,000	11,216,000	44,681,000

Series 2012, Series 2015 and Series 2018 Debt Service Requirements

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

	Principal	Interest	Total
2022	$ 13,060,000	7,363,068	20,423,068
2023	13,670,000	6,749,468	20,419,468
2024	14,345,000	6,086,167	20,431,167
2025	15,035,000	5,389,868	20,424,868
2026	15,725,000	4,700,942	20,425,942
2027 – 2031	86,640,000	15,481,200	102,121,200
2032 – 2036	35,950,000	3,369,975	39,319,975
2037 – 2038	5,000,000	254,475	5,254,475
	$ 199,425,000	49,395,163	248,820,163

Series 2012, Series 2015 and Series 2018 Debt Covenant Compliance

At December 31, 2021, the District was in compliance with the provisions of the Series 2012, 2015 and 2018 water revenue bond covenants. The District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then Outstanding; and (b) 100% of the amount required to pay any other unpaid long-term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Charges and assessments exceeded amounts required by covenants by approximately $32.1 million for 2021; funds available for debt service were equal to 3.4 times average debt service costs in 2021.

Series 2012, Series 2015 and Series 2018 Remedies for Default

The Series 2012, 2015 and 2018 water revenue bond agreements contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(b) Gas Revenue Bonds

Gas Revenue Bonds Series 2018

On June 28, 2018, the District issued Gas System Revenue Bonds, Series 2018 (the 2018 Gas Bonds) for a par value of $31,605,000. The 2018 Gas Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Gas System, including replacement of cast iron gas mains throughout the District's service area and infrastructure improvements to the Gas System.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position.

The District has pledged future gas revenues to repay the 2018 Gas Bonds. The 2018 Gas Bonds are payable solely from gas revenues and are payable through 2038. Principal and interest payments of $1,150,000 and $1,098,679, respectively, were paid on these bonds in 2021. Principal and interest payments of $1,095,000 and $1,153,429, respectively, were paid on these bonds in 2020. Total gas revenues for the year ended December 31, 2021 and 2020 was $247,958,650 and $190,671,685, respectively.

The balance, annual installments, and interest rates at December 31, 2021 and 2020 consist of:

	Interest rate		Annual installment	Principal outstanding 2021	2020
Series 2018 bonds:					
Serial	2.750% - 5.000%	$	1,040,000 - 2,175,000	18,915,000	20,065,000
Term	3.500% - 4.000%	$	1,650,000 - 2,095,000	9,405,000	9,405,000

The Gas Revenue Bonds Series 2018 are subject to optional redemption prior to maturity on and after December 1, 2024. Principal and interest payments are as follows:

		Principal	Interest	Total
2022	$	1,205,000	1,041,179	2,246,179
2023		1,265,000	980,929	2,245,929
2024		1,330,000	917,679	2,247,679
2025		1,395,000	851,179	2,246,179
2026		1,435,000	812,816	2,247,816
2027– 2031		8,005,000	3,233,506	11,238,506
2032 – 2036		9,415,000	1,824,939	11,239,939
2037 – 2038		4,270,000	225,174	4,495,174
	$	28,320,000	9,887,401	38,207,401

Series 2018 Debt Covenant Compliance

At December 31, 2021, the District was in compliance with the provisions of the Series 2018 gas revenue bond covenants. The District covenants that it will fix, establish, and maintain rates or charges for gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then Outstanding; and (b) 100% of the amount required to pay any other unpaid long-term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Charges and assessments exceeded amounts required by covenants by approximately $57.1 million for 2021; funds available for debt service were equal to 26.6 times average debt service costs in 2021.

Series 2018 Remedies for Default

The Series 2018 gas revenue bond agreement contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(c) Direct Borrowings and Direct Placements

NDEQ Note Payable

Included in long-term debt in the Water Department is a note payable, bearing a 2% interest rate, to the Nebraska Department of Environmental Quality (NDEQ). This note payable relates to construction of the Platte South contact basin project. The District's loan agreement was based on a budgeted project cost of $7,049,000; if actual project costs equal budget, the agreement results in a loan amount of $5,959,225 with the NDEQ, and principal forgiveness of $1,089,775, in the form of a grant. The Platte South contact basin project was completed in late 2012, with total direct project costs of $6,886,837, resulting in total committed loan funds of $5,797,062.

The District has pledged future water revenues to repay this note payable. The lien of NDEQ on the water revenues is subordinate to the lien on such revenues of the District's water revenue bonds.

This note payable contains a provision that in the event of default on the part of the District, all unpaid amounts outstanding are due and payable immediately. The District must also pay reasonable fees and expenses incurred by the NDEQ in the collection of the loan and enforcement of the agreement.

During 2021 and 2020, the District paid back $287,927 and $282,254, 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
2022	$ 293,715	59,347	29,674	382,736
2023	299,618	53,443	26,722	379,783
2024	305,641	47,421	23,711	376,772
2025	311,784	41,278	20,639	373,701
2026	318,051	35,011	17,505	370,567
2027-2031	1,511,606	76,559	38,279	1,626,444
	$ 3,040,415	313,059	156,529	3,510,003

CNG Promissory Note

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

(6) Line of Credit

The District has an unsecured line of credit for $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, 2021, the interest rate was 1.95% and no amount was outstanding. The District did not draw on the line of credit during 2021 or 2020.

(7) Defined-Benefit Pension Plan

General Information about the Pension Plan

(a) Plan Description

The District sponsors the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (the Plan) for all regular full-time employees of the Water and Gas Departments. The Plan is a single-employer defined benefit pension plan administered by the District. The Plan was established and may be amended only by the Board. The Plan is not subject to either minimum funding standards of the Employee Retirement Income Security Act of 1974 or the maximum funding limitations. The District does not issue a separate report that includes financial statements and required supplementary information for the Plan.

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

(b) Benefits Provided

The Plan provides retirement, disability (in the form of continued credited service), death, and termination benefits. An employee of the District is eligible for coverage at the time of employment. Vesting is achieved upon the completion of five years of service. Normal retirement age is 60 with 5 years of service. Retirement benefits are calculated using the average compensation for the highest paid 24 consecutive months out of the most recent 120 months, multiplied by the total years of service and the formula factor of 2.15% for the first 25 years of service, 1.00% for the next 10 years of service and 0.50% for each year of service above 35. The benefit amount is reduced under early retirement which is available at age 55 and 5 years of service.

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

(c) Employees Covered by Benefit Terms

As of January 1, 2021, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	661
Disabled members	26
Inactive members entitled to but not yet receiving benefits	49
Inactive non-vested members	2
Active members	808
Total	1,546

(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 2021, each member contributed 8.0% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 8.5% in 2022 and 9.0% in 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023. District contributions to the Plan totaled $11,600,000 for the fiscal year ending December 31, 2021 and $12,300,000 for the fiscal year ending December 31, 2020.

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, 2021 and 2020 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 1,599,643	1,610,995
Investments at fair value		
Mutual funds:		
Fixed income funds	178,067,965	136,841,702
Domestic equity funds	266,450,800	242,432,356
International equity funds	131,030,611	132,753,722
Total investments	575,549,376	512,027,780
Total assets	577,149,019	513,638,775
Net position restricted for pensions	$ 577,149,019	513,638,775

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2021 and 2020

	2021	2020
Additions:		
Employer contributions	$ 11,600,000	12,300,000
Employee contributions	5,374,956	5,021,423
Total contributions	16,974,956	17,321,423
Net investment income	69,875,660	66,226,054
Total additions	86,850,616	83,547,477
Deductions:		
Service benefits	23,236,403	21,897,160
Administrative expenses	103,969	92,241
Total deductions	23,340,372	21,989,401
Net increase	63,510,244	61,558,076
Net position restricted for pensions:		
Beginning of year	513,638,775	452,080,699
End of year	$ 577,149,019	513,638,775

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, 2021 and 2020 was as follows:

		2021	2020
Total pension liability	$	530,759,633	508,089,174
Fiduciary net position		577,149,019	513,638,775
Net pension asset		(46,389,386)	(5,549,601)
Fiduciary net position as a % of total pension liability		108.74%	101.09%
Covered payroll	$	67,274,914	66,588,665
Net pension asset as a % of covered payroll		-68.95%	-8.33%

(a) Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2021, rolled forward one year to December 31, 2021.

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 2120.

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, 2021 was 6.75%. The discount rate used to measure total pension liability at December 31, 2020 was 6.90%. 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: 8.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March 2018 and effective for April 1, 2018 through March 31, 2023. There are additional increases to the employee pension contributions effective January 1 of each year: 8.50% in 2022 and 9.00% in 2023. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2023.

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

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

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

(c) Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the District as of December 31, 2021, calculated using the discount rate of 6.75%, as well as the District's net pension asset 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%)
2021	$ 22,216,330	(46,389,386)	(103,746,395)

The following presents the net pension asset of the District as of December 31, 2020, calculated using the discount rate of 6.90%, as well as the District's net pension asset calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the discount rate used as of December 31, 2020:

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

(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, 2019	$	493,473,173	452,080,699	41,392,474
Changes for the year:				
Service cost		12,718,417	-	12,718,417
Interest on total pension liability		33,306,797	-	33,306,797
Differences between expected and actual experience		(9,512,053)	-	(9,512,053)
Assumption changes		-	-	-
Employer contributions		-	12,300,000	(12,300,000)
Employee contributions		-	5,021,423	(5,021,423)
Net investment income		-	66,226,054	(66,226,054)
Benefit payments, including member refunds		(21,897,160)	(21,897,160)	-
Administrative expenses		-	(92,241)	92,241
Net changes		14,616,001	61,558,076	(46,942,075)
Balances at December 31, 2020	$	508,089,174	513,638,775	(5,549,601)
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 loss		-	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)

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

The District recognized pension (income) expense of ($13,856,876) and ($3,822,470) for the years ended December 31, 2021 and 2020, respectively.

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

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	10,429,929
Changes of assumptions	7,329,257	-
Differences between projected and actual earnings on pension plan investments	-	45,374,982
Total	$ 7,329,257	55,804,911

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
2022	$	(15,134,276)
2023		(24,875,245)
2024		(14,549,380)
2025		(8,343,498)
2026		(829,664)
Thereafter		(126,500)
	$	(63,858,563)

(8) Postemployment Benefits

General Information about the OPEB Plan

(a) Plan Description

The District sponsors the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha (OPEB Plan). The Plan is a single employer defined benefit health care plan administered by the District. The OPEB Plan provides certain postemployment healthcare and life insurance benefits to eligible retirees and their spouses in accordance with provisions established by the Board. An employee is eligible to elect medical coverage upon retiring. Eligibility for retirement requires attaining age 55 with five years of service. For employees covered by the collective bargaining agreement, and hired on or after September 28, 2013, coverage ceases at age 65. For employees not covered by the collective bargaining agreement hired after January 1, 2014, coverage ceases at age 65. The OPEB Plan was established and may be amended only by the Board. The plan does not issue separate financial statements.

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

(b) Plan Membership

As of January 1, 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, 2021 and 2020, the following payments were made:

	2021	**2020**
Water retirees	$ 2,619,950	$ 2,302,269
Gas retirees	3,150,865	2,768,808
Total claims/fees paid	$ 5,770,815	$ 5,071,077
Prefunded benefits	9,692,203	11,646,933
Retiree contributions	(2,212,792)	(2,475,931)
Total	$ 13,250,226	$ 14,242,079

Retiree health premiums are calculated based on a three-year rolling average, with 2021 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2021. 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, 2021 are as follows: 1) ages 59 and older: $231.16 per month, 2) age 58: $346.74 per month and 3) ages 55 through 57: $693.49 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 $231.16 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, 2021 and 2020 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2021 and 2020

		2021	2020
Assets			
Investments at fair value			
Mutual funds:			
Fixed income funds	$	19,485,502	14,989,509
Domestic equity funds		39,277,034	28,963,118
International equity funds		20,922,883	16,356,931
Total investments		79,685,419	60,309,558
Total assets		79,685,419	60,309,558
Net position restricted for other postemployment benefits	$	79,685,419	60,309,558

Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2021 and 2020

		2021	2020
Additions:			
Employer contributions	$	13,250,226	14,242,079
Net investment income		9,692,659	7,319,380
Total additions		22,942,885	21,561,459
Deductions:			
Benefit payments		3,558,023	2,595,146
Administrative expenses		9,001	6,132
Total deductions		3,567,024	2,601,278
Net increase		19,375,861	18,960,181
Net position restricted for other postemployment benefits:			
Beginning of year		60,309,558	41,349,377
End of year	$	79,685,419	60,309,558

Net OPEB Liability

The net OPEB liability as of December 31, 2021 and 2020 was as follows:

	2021	2020
Total OPEB liability	$ 148,084,568	154,710,129
Fiduciary net position	79,685,419	60,309,558
Net OPEB liability	68,399,149	94,400,571
Fiduciary net position as a % of total OPEB liability	53.81%	38.98%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2021, 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, 2021.

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 following actuarial assumptions and methods used for measuring total OPEB liability were changed since the prior measurement date:

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

The target asset allocation and best estimate of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic (U.S.) equities	40.0 %	6.8 %
International (Non-U.S.) equities	27.0	8.9
U.S. aggregate bonds	11.0	2.5
International bonds	3.0	2.8
Intermediate term credit	9.0	4.0
Short term credit	2.0	3.8
REITS	8.0	5.9
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2021 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, 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

The following presents the net OPEB liability of the District as of December 31, 2020, calculated using the discount rate of 6.90%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

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

(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, 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

The following presents the net OPEB liability of the District as of December 31, 2020, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.60% for pre-Medicare and 5.00% decreasing to 4.60% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.60%) or 1 percentage point higher (8.00% decreasing to 5.60%) than the current rate:

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

(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, 2019	$ 143,675,315	41,349,377	102,325,938
Changes for the year:			
Service cost	3,804,402	-	3,804,402
Interest on total OPEB liability	9,825,558	-	9,825,558
Employer contributions	-	14,242,079	(14,242,079)
Net investment income	-	7,319,380	(7,319,380)
Benefit payments	(2,595,146)	(2,595,146)	-
Administrative expenses	-	(6,132)	6,132
Net changes	11,034,814	18,960,181	(7,925,367)
Balances at December 31, 2020	$ 154,710,129	60,309,558	94,400,571
Changes for the year:			
Service cost	3,937,556	-	3,937,556
Interest on total pension 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 loss	-	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

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

The District recognized OPEB (income) expense of ($6,277,798) and ($1,957,777) for the years ended December 31, 2021 and 2020, respectively.

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

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	343,093
Changes of assumptions	-	42,352,038
Differences between projected and actual earnings on OPEB plan investments	-	4,739,977
Total	$ -	47,435,108

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
2022	$ (16,288,791)
2023	(16,889,626)
2024	(13,705,663)
2025	(3,976,928)
2026	(2,902,378)
Thereafter	(145,120)
	$ (53,908,506)

(9) Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. For bargaining employees, following one year of service, the District matches 50% of the first $2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first $2,000 deferred by employees. For employees not covered by the collective bargaining agreement, following one year of service, the District matches 50% of the first $2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matches 100% of the first $2,000 deferred by employees. “Matching” contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled $726,843 and $653,993 for 2021 and 2020, respectively. Management has determined the criteria established in GASB Statement No. 84 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

(10) Self-Insured Risks

The District is exposed to various risk of loss related to torts, theft of and destruction of assets, errors and omissions, and natural disasters. In addition, the District is exposed to risks of loss due to injuries to, and illnesses of, its employees. The District provides its employees with two health insurance options, both of which are primarily self-insured: a Health Maintenance Organization (HMO) and a preferred provider Organization (PPO). The District utilizes an “Administrative Services Only” contract under which the District reimburses the HMO/PPO for actual claims paid, a monthly administrative fee, and stop-loss protection for individual claims. Individual stop-loss coverage is effective when annual individual claims exceed $425,000, and when aggregate claims exceed 125% of projected levels. A liability for claims is recorded in accounts payable, and was $1,710,773 and $1,886,001 at December 31, 2021 and 2020, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2021 and 2020 are as follows:

	Business-type Activities Total	
	2021	**2020**
Beginning balance	$ 1,886,001	1,840,248
Expenses	29,879,230	30,466,503
Payments	(30,054,458)	(30,420,750)
Ending balance	$ 1,710,773	1,886,001

The District carries commercial insurance coverage for auto and property with deductibles ranging from $500 to $250,000. The District is also self-insured for workers' compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2021. In 2021, 2020, and 2019, 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 2021 and 2020 are as follows:

	Gas Department		Water Department	
	2021	**2020**	**2021**	**2020**
Beginning balance	$ 2,421,341	1,331,955	2,657,320	2,837,126
Expenses	1,853,853	2,105,883	3,385,703	2,659,155
Payments	(712,928)	(1,016,497)	(2,508,256)	(2,838,961)
Ending balance	$ 3,562,266	2,421,341	3,534,767	2,657,320

(11) Allowance for Doubtful Accounts and Accounts Receivable Write-offs

The allowance for doubtful accounts provides for the potential write-off of uncollectible account balances. An estimate is made for the Allowance for Doubtful Accounts based on an analysis of the aging of Accounts Receivable and historical write-offs. The District's policy is to write off receivable balances that are over five years old. During 2021, the Water Department and Gas Department wrote off receivables totaling $646,205 and $513,323, respectively. During 2020, the Water Department and Gas Department wrote off receivables totaling $816,003 and $878,020, respectively. The allowance consists of the following at December 31:

	2021	**2020**
Water Department	$ 1,798,680	1,880,409
Gas Department	3,455,730	3,561,890

(12) Commitments

(a) Central Plains Energy Project (CPEP)

Central Plains Energy Project (CPEP) is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities, each of which has equal representation on the board of CPEP. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Members or customers are only obligated to pay for gas if, and when, delivered by CPEP. CPEP's debt is not an obligation of the District or any other members or customers of CPEP. CPEP has issued $4.2 billion of gas supply revenue bonds ($2.4 billion of outstanding bonds) to fund these natural gas prepayment transactions, which are secured by gas contracts entered into with each project's members or customers. MUD currently has four Gas Supply Agreements with CPEP as described below.

In 2007, MUD participated in the CPEP Project 1 Series transaction. Under this agreement, the District is taking approximately 90% of the gas acquired in this transaction under a 20-year gas purchase agreement. Terms of this 2007 gas supply agreement were renegotiated in 2009 and again in 2012; the gas flows under this agreement ended on October 31, 2020.

In 2009, MUD participated in the CPEP Project 2 Series transaction. This agreement was for a 30-year supply of gas that the District is taking approximately 88% of the gas acquired in this agreement or 16% of the District's annual gas requirements. This project was refinanced in 2014 subsequent to litigation. The 2014 bonds were refinanced into a 5-year mandatory put of the bonds. The gas in this agreement had 25-years remaining and gas flow was scheduled to end in 2039. In 2019, this project was refinanced as required in the 2014 documents. The gas volumes were extended back to 30-years and now scheduled to end in 2049 and is structured in a similar 5-year mandatory put of the bonds. In 2024 CPEP will have to negotiate a refinance of this transaction.

In 2012, the District participated in CPEP Project 3 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 86% of the gas acquired in this agreement or 15% of the District's annual gas requirements. This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017, CPEP did an early refinancing of this transaction that will increase the District's savings beginning in 2022.

In 2018, the District participated in CPEP Project 4 Series Transaction. This agreement is for a 30-year supply of gas that the district is taking approximately 76% of the gas acquired in this agreement or 17% of the District's annual gas requirements. This agreement if for an initial five-year term and subject to refinancing at end of this first term. After the initial five-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

At December 31, 2021, the District owed CPEP $11,316,395 for gas purchases under these agreements, which is recorded within "Accounts payable" in the statements of net position. During the year ended December 31, 2021, billings from CPEP to the District for services provided under these agreements were $50,928,499.

The District has contracted to purchase the following volumes of gas from CPEP, through 2050, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2022	14,635,600
2023	15,756,100
2024	16,154,500
2025	16,077,000
20206	16,077,000
2027-2050	336,112,300
	414,812,500

In 2021, the District purchased 14,241,600 DTH of gas under these agreements, representing 45% 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, 2022 and October 31, 2022 and are generally renewed on an annual basis. The District has other gas supply contracts that expire December 31, 2022 and March 31, 2027 that were purchased based off market conditions and are not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of $1.4 million vs. market prices over the initial five-year term of the deal. After the initial five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is $.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from TEAC, through 2048, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2022	1,063,400
2023	1,063,400
2024	1,068,600
2025	1,063,400
2026	1,401,600
2027 – 2048	33,513,100
	39,173,500

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
2022	1,452,550
2023	1,524,569
2024	1,562,009
2025	1,554,305
2026	1,554,305
2027 – 2048	38,981,806
	46,629,544

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
2022	1,004,200
2023	1,004,200
2024	1,009,200
2025	1,004,200
2026	1,319,795
2027 – 2048	37,160,980
	42,502,575

(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, 2021, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately $1.2 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2018.

(13) Contingencies

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

(14) Subsequent Events

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 a portion of the continued replacement of the cast iron gas mains throughout the District's gas system, expansion, and improvements to the District's liquified natural gas plant and related infrastructure improvements. The 2022 Gas Bonds are payable solely from gas revenues and are payable through 2042.

METROPOLITAN UTILITIES DISTRICT

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

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 3,937,556	3,804,402	4,185,594	7,514,662	7,150,328
Interest	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	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	(6,625,561)	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	154,710,129	143,675,315	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	$ 148,084,568	154,710,129	143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position					
Employer contributions	$ 13,250,226	14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	9,692,659	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(9,001)	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	19,375,861	18,960,181	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	60,309,558	41,349,377	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	$ 79,685,419	60,309,558	41,349,377	24,435,887	13,605,004
Net OPEB liability, ending (a) - (b)	$ 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	53.81%	38.98%	28.78%	17.01%	6.97%
Covered payroll	74,635,409	73,975,548	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	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, 2021):

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 five 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, 2012 Through December 31, 2021
($ in Thousands)

Fiscal Year Ending December 31	**Actuarial Determined Contribution**	**Actual Contribution**	**Contribution Deficiency (Excess)**	**Covered Payroll**	**Actual Contribution as a % of Covered Payroll**
2012	15,101	3,155	11,946	51,031	6.18%
2013	15,297	3,686	11,611	55,847	6.60%
2014	15,297	3,225	12,072	59,332	5.44%
2015	16,874	3,935	12,939	63,385	6.21%
2016	16,874	8,167	8,707	66,054	12.36%
2017	15,950	11,015	4,935	67,761	16.26%
2018	15,950	16,704	(754)	68,704	24.31%
2019	13,545	14,254	(709)	69,759	20.43%
2020	13,545	14,242	(697)	73,975	19.25%
2021	10,565	13,250	(2,685)	74,635	17.75%

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
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 six 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 Ratic
Fiscal Years ended December 31

		2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$	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		34,269,868	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211	26,596,785
Differences between expected and actual experience		(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		(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		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		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	$	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	$	11,600,000	12,300,000	12,300,000	11,606,179	11,193,821	10,300,000	10,301,268
Employee contributions		5,374,956	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899	2,820,596
Net investment income		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		(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)	(16,154,435)
Administrative expenses		(103,969)	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)	(92,250)
Net change in plan fiduciary net position		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		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	$	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	$	(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		108.74%	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll*	$	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		-68.95%	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

Notes to Schedule:

Changes to benefit terms and funding terms

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 12/31/21 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
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 seven 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, 2012 Through December 31, 2021
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered* Payroll	Actual Contribution as a % of Covered Payroll
2012	9,231	10,312	(1,081)	51,031	20.21%
2013	8,996	10,300	(1,304)	55,847	18.44%
2014	8,988	10,300	(1,312)	59,332	17.36%
2015	9,956	10,301	(345)	63,385	16.25%
2016	10,215	10,300	(85)	61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%

* 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, 2021 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 14 to 23 years (single equivalent amortization period is 25 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
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 seven years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2021

(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	6-15-2022
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2022
Contractors Equipment floater	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2022
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2022

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, 2021

(Unaudited)

Operating revenues, net	$	142,487,197
Thousands of gallons of water supplied to mains		34,171,510
Thousands of gallons of water sold		30,811,555
Maintenance	$	32,573,874
Gross additions to utility plant in service, exclusive of land	$	84,779,189
Land purchased	$	1,577,205
Depreciation charged to operations and other accounts	$	16,484,433
Cost per thousand gallons of water sold (schedule A)	$	3.12
Collected for sale and rent of meters, net	$	354,444
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	88,868,925
Average number of employees for the year		380
Compensation of employees for the year	$	34,195,460
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, 2021

(Unaudited)

Operating expenses:		
Operations	$	38,855,774
Maintenance		32,573,874
Depreciation		15,456,120
Provision for statutory payments to municipalities		1,983,157
Total operating expenses		88,868,925
Other deductions:		
Interest		7,110,778
Total operating expenses and other deductions	$	95,979,703
Thousands of gallons of water sold		30,811,555
Cost per thousand gallons of water sold	$	3.12

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department

Operating Expenses

Year ended December 31, 2021

(Unaudited)

Operating expenses:		
Operations:		
Primary pumping	$	9,555,191
Purification		11,556,130
Booster pumping		2,728,404
Distribution		9,546,569
Customer accounting		6,813,211
Marketing		719,649
Administrative		(2,063,380)
Total operating		38,855,774
Maintenance:		
Primary pumping		2,790,128
Purification		4,427,421
Booster pumping		1,742,421
Distribution		23,613,904
Total maintenance		32,573,874
Depreciation		15,456,120
Provision for statutory payments to municipalities		1,983,157
Total operating expenses	$	88,868,925

METROPOLITAN UTILITIES DISTRICT

Gas Department

Schedule of Insurance Coverage

December 31, 2021

(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	6-15-2022
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2022
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	Continental Casualty Co.	$40,000 deductible	6-15-2022
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-7-2022
Auto Fleet	Physical damage - specified parts	Amco Insurance, Inc. (Nationwide)	$500 deductible	6-15-2022
Cyber Liability	Privacy, data, and network exposures	AIG Specialty Insurance Company	$150,000 deductible	6-15-2022
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2022
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	6-15-2022

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, 2021

(Unaudited)

Operating revenues, net	$	247,580,792
Dekatherms of gas delivered to mains		31,693,132
Dekatherms of gas sold		31,693,132
Maintenance	$	16,229,650
Gross additions to utility plant in service	$	34,251,957
Depreciation charged to operations and other accounts	$	22,087,766
Cost per thousand cubic feet of gas sold (schedule A)	$	6.36
Collected for sale and rent of meters	$	—
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	199,943,411
Average number of employees for the year		447
Compensation of employees for the year	$	40,178,549
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, 2021

(Unaudited)

Operating expenses:		
Natural gas	$	140,342,276
Operations		21,336,108
Maintenance		16,229,650
Depreciation		18,240,248
Provision for statutory payments to municipalities		3,795,129
Total operating expenses	$	199,943,411
Other deductions:		
Interest		1,024,954
Total operating expenses and other deductions	$	200,968,365
Thousands of cubic feet of gas sold		31,606,257
Cost per thousand cubic feet of gas sold	$	6.36

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2021

(Unaudited)

Operating expenses:		
Natural gas	$	140,342,276
Operations:		
Production		5,617,941
Distribution		12,544,255
Customer accounting and collecting		9,577,243
Marketing		1,221,350
Administrative		(7,624,681)
Total operations		21,336,108
Maintenance:		
Production		2,758,427
Distribution		13,471,223
Total maintenance		16,229,650
Depreciation		18,240,248
Provision for statutory payments to municipalities		3,795,129
Total operating expenses	$	199,943,411

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2021, 2020, and 2019

(Unaudited)

Water Department		**2021**	**2020**	**2019**
Number of customers (December)		222,715	220,625	218,116
Sales (thousand gallons)		30,811,555	31,021,093	27,746,974
Operating revenues, net	$	142,487,197	139,949,533	121,260,962
Operating expenses		88,868,925	87,663,411	92,350,493
Operating income	$	53,618,272	52,286,122	28,910,469
Plant additions and replacements, net	$	53,156,411	70,435,790	49,545,081
Plant in service		1,285,258,123	1,202,896,350	1,159,933,052
Miles of mains		3,110	3,027	2,985
Average daily pumpage (thousand gallons)		93,421	93,124	82,482
Gas Department				
Number of customers (December)		237,834	235,485	232,769
Sales (DTH):				
Firm		26,773,756	28,139,754	30,853,007
Interruptible		4,919,376	4,208,187	5,366,081
Total		31,693,132	32,347,941	36,219,088
Operating revenues, net	$	247,580,792	189,949,801	223,266,292
Cost of gas sold		140,342,276	87,036,070	114,501,720
Other operating expenses		59,601,135	61,064,036	69,889,570
Operating income	$	47,637,381	41,849,695	38,875,002
Plant additions and replacements, net	$	48,996,092	46,219,693	44,073,867
Plant in service		694,206,264	667,921,516	631,065,357
Miles of mains		2,931	2,896	2,866
Average daily sendout (DTH)		91,107	91,011	102,140
Number of active employees – water and gas combined		823	815	817

RSM

RSM US LLP

1299 Farnam Street
Suite 530
Omaha, NE 68102-1127

O +1 402 344 6100
F +1 402 344 6101

www.rsmus.com

March 28, 2022

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, 2021, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

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

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, 2021. 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, 2021 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 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

Audit Adjustments and Uncorrected Misstatements

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

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

Internal Control Matters and Compliance Findings

We have separately communicated in a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements dated March 28, 2022 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.

Management Representations

Attached is a copy of the management representation letter.

Closing

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

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

RSM US LLP

RSM US LLP

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

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining funds of the Metropolitan Utilities District (District), as of and for the year ended December 31, 2021, 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 28, 2022.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Omaha, Nebraska
March 28, 2022

March 28, 2022

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, 2021 and 2020 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 28, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 13, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

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

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

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

5. Related-party transactions 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.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

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

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

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

b. Net position classifications.

c. Expenses and revenues have been appropriately classified.

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

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

10. We have complied with all aspects of 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.

11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. 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.

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

14. 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.

15. It is our responsibility to establish and maintain internal control over financial reporting. One of the components 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.

16. 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.

17. 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.

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

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

20. 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.

21. We are aware of no 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.

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

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

24. During the course of your audit, 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

25. 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.

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

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

    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 includes the assumptions used by the actuary for the Pension Plans and OPEB Plans.

Compliance Considerations

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

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

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

    c. Is not aware of any instances that have occurred and are likely to have occurred, of fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

    d. 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.

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

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

Metropolitan Utilities District

DocuSigned by:
Mark Doyle
C1E4EA06E330426...
Mark Doyle, President

DocuSigned by:
Joseph Schaffart
9BEE3820E1314AF...
Joseph Schaffart, Chief Financial Officer

Placed on File
April 6, 2022

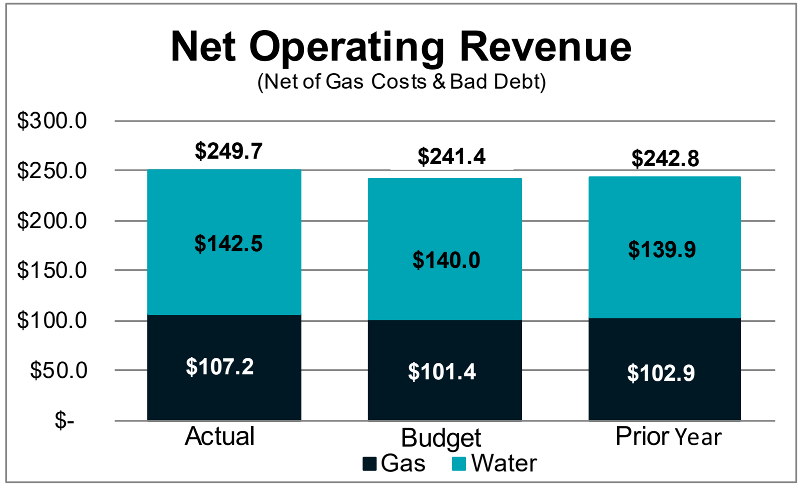
2021 FINANCIAL REVIEW

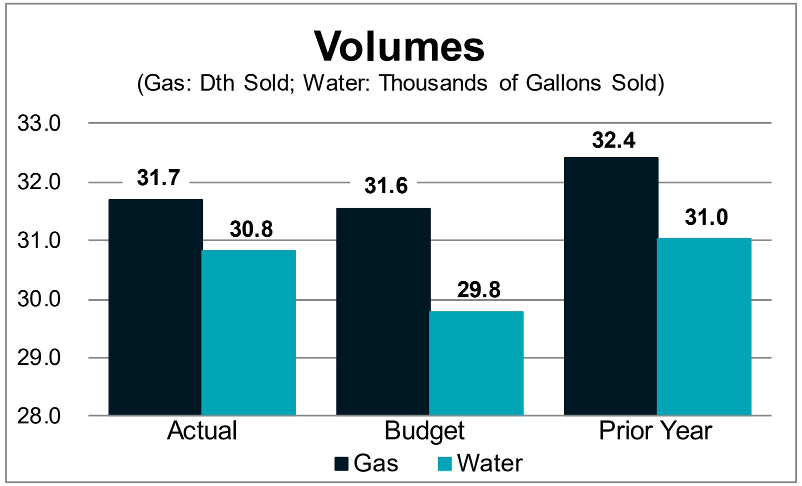
APRIL 6, 2022

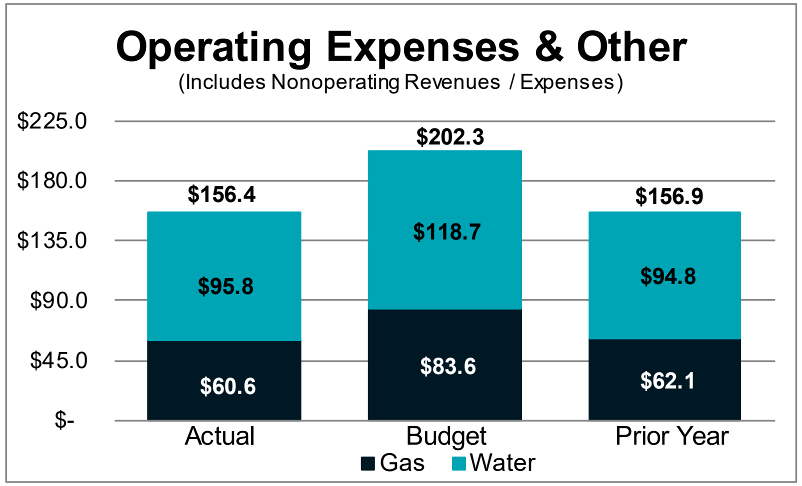
METROPOLITAN UTILITIES DISTRICT

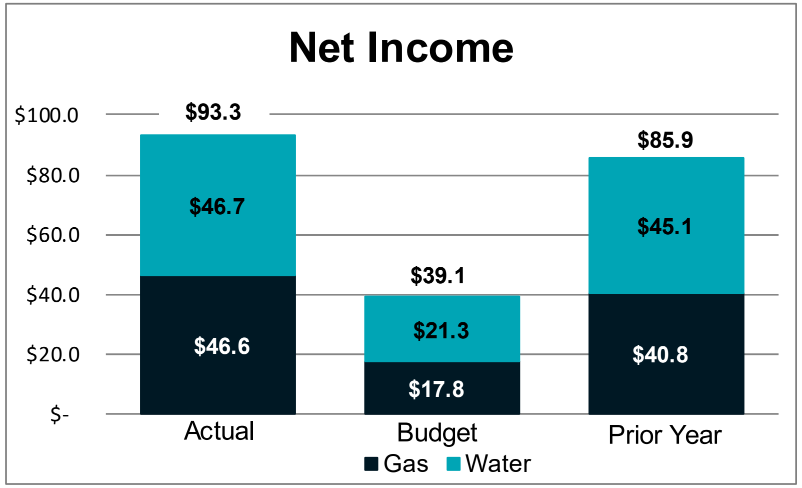
2021 FINANCIAL SUMMARY

GAS & WATER COMBINED (in millions)



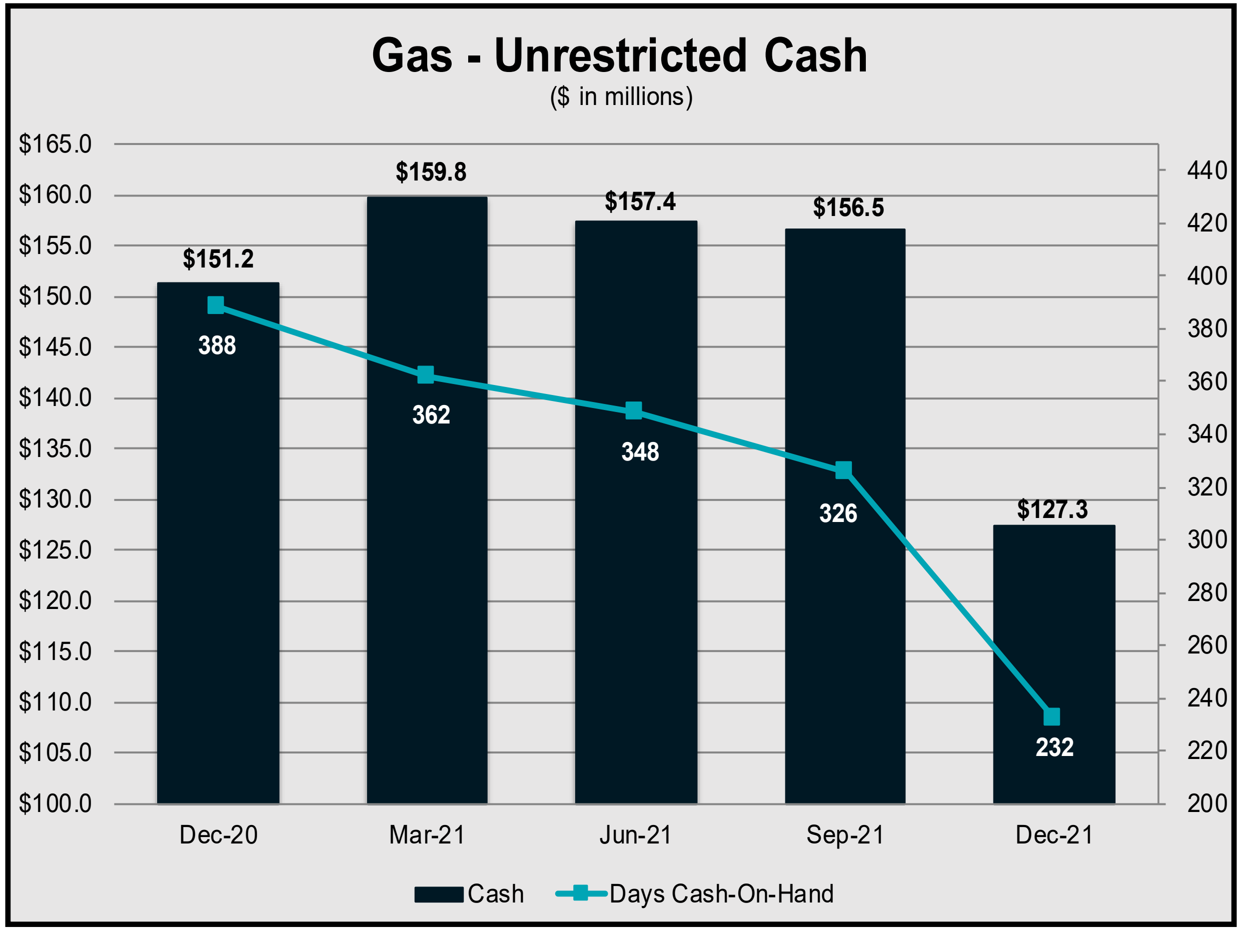


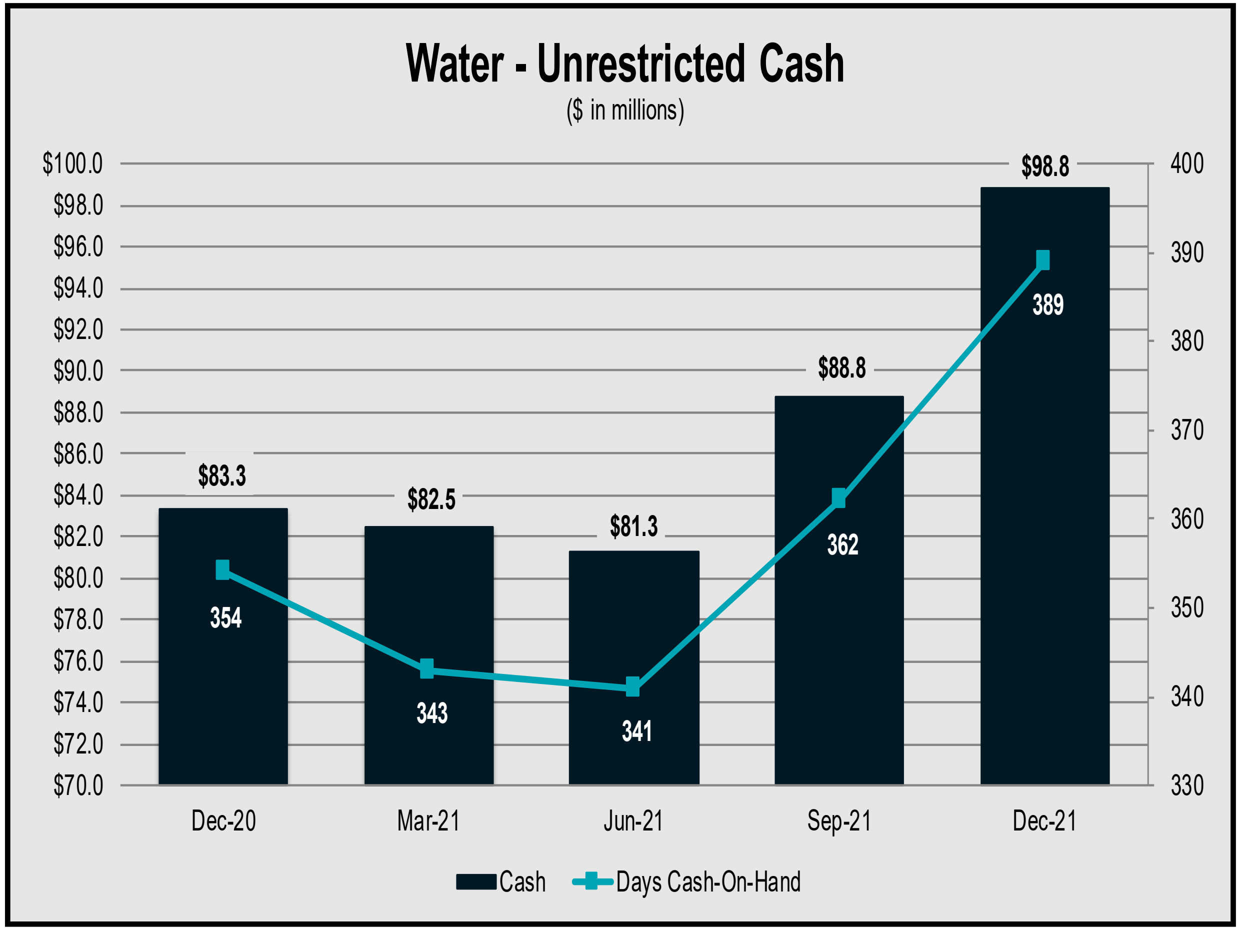




CASH POSITION – GAS & WATER DEPARTMENTS

DECEMBER 31, 2021





METROPOLITAN
UTILITIES DISTRICT

FINANCIAL STABILITY – KEY MEASURES

	2021	2020
Debt Service Coverage:		
Water Debt service coverage ratios	3.35x	3.57x
Gas Debt service coverage ratios	26.60x	21.18x
Debt service coverage requirements	1.20x	1.20x
Pension Funding:		
Funded Ratio (Actuarial Value of Assets / Actuarial Liability)	97%	94%
OPEB Funding ($ in millions):		
District contribution to OPEB trust fund	$9.7	$11.6
Retiree medical claims/fees paid	$3.6	$2.6
Total District contribution to OPEB Plan	$13.3	$14.2

Credit Ratings:

Gas Department		
Fitch Ratings - February 2022	AA+	2nd highest rating - No change
Moody's Investor Services - February 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 - August 2021	Aa2	3rd highest rating - No change
S&P Global Ratings - July 2021	AA	3rd highest rating - Upgrade

METROPOLITAN

UTILITIES DISTRICT