DAWSON PUBLIC POWER DISTRICT

LEXINGTON, NEBRASKA

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

DAWSON PUBLIC POWER DISTRICT
LEXINGTON, NEBRASKA
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DAWSON PUBLIC POWER DISTRICT
LEXINGTON, NEBRASKA
DECEMBER 31, 2021

DIRECTORS

Name	Address	Principal Business
Brad Brodine	Elm Creek, Nebraska	Farming
Dave Dwiggins	Gibbon, Nebraska	Farming
A. C. Hecox, II	Gothenburg, Nebraska	Farming
Bill Henry	North Platte, Nebraska	Farming
Joe Jeffrey	Lexington, Nebraska	Farming
Bob Kennicutt	Eddyville, Nebraska	Farming
Dan Muhlbach	Pleasanton, Nebraska	Farming
Page Peterson	Gothenburg, Nebraska	Farming
Rodger White	Hershey, Nebraska	Farming
Craig Wietjes	Riverdale, Nebraska	Ag Sales
Vacant		

OFFICERS, GENERAL MANAGER, AND ATTORNEY

A. C. Hecox, II	President
Dan Muhlbach	Vice President
Craig Wietjes	Treasurer
Gwen Kautz	General Manager
Bronson Malcom	Secretary and Attorney

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dawson Public Power District
Lexington, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dawson Public Power 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 financial statements referred to above present fairly, in all material respects, the respective financial position of Dawson Public Power District as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dawson Public Power District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Dawson Public Power District's ability to continue as a going concern for twelve months beyond the financial statements date including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but in not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dawson Public Power 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 Dawson Public Power 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 on pages 5 - 15, the schedule of changes in total OPEB liability on page 47, and the schedule of employer's required contributions on pages 48 - 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dawson Public Power District's financial statements as a whole. The schedule of maturities of long-term debt on page 51 and the schedules of debt service coverage on pages 52 - 53 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The schedule of insurance coverage on page 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 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 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 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 Dawson Public Power District's internal control over financial reporting and compliance.

Dana F. Cole + Company, LLP

Minden, Nebraska
April 25, 2022

OVERVIEW OF BUSINESS

Public power is an American tradition that works for local communities and consumers across the country. The purpose of public power is to provide excellent, efficient service to its customer-owners. Unlike private power companies, public power utilities do not have to serve stockholders as well as customers. Dawson Public Power District's (the District) hometown advantages - low rates, commitment to local communities, public accountability, local decision making, and strong customer service have made the District a community success. The District has always been dedicated to providing reliable, dependable, and affordable energy to its customers. By controlling costs and with effective financial planning, the District will continue to provide superior customer satisfaction for many years to come.

The following unaudited management's discussion and analysis should be read in conjunction with the financial statements and notes to the financial statements beginning on page 16 and contains forward-looking statements based largely on the District's current plans.

FINANCIAL POSITION

The following table summarizes the District's financial position at December 31, 2021, 2020, and 2019:

Condensed Statements of Net Position

	2021	2020	2019
Capital assets, net	191,958,130	190,750,072	189,891,510
Noncurrent assets	1,050,308	1,056,138	1,624,496
Deferred outflows of resources	2,204,259	2,619,182	5,889,366
Current assets	29,638,806	24,153,974	19,707,640
Total assets	224,851,503	218,579,366	217,113,012
Net position	149,421,089	141,392,704	131,078,430
Deferred inflows of resources	4,444,139	308,312	324,405
Long-term debt	50,535,267	54,959,267	64,425,000
Other noncurrent liabilities	9,483,361	9,242,906	11,952,596
Current liabilities	10,967,647	12,676,177	9,332,581
Total liabilities and net position	224,851,503	218,579,366	217,113,012

FINANCIAL POSITION (Continued)

Operating Results

	2021	2020	2019
Operating revenues	62,440,440	64,939,435	56,898,935
Operating expenses			
Cost of power purchased	(32,142,706)	(32,395,229)	(32,183,124)
Other operating expenses	(20,859,918)	(20,592,522)	(20,489,910)
Operating income	9,437,816	11,951,684	4,225,901
Investment and other income	141,471	225,775	324,949
Debt and other expenses	(1,550,902)	(1,863,185)	(1,924,506)
Increase in net position	8,028,385	10,314,274	2,626,344

The District maintains a strong financial position. Plant additions continue to be made, both in distribution services and backbone subtransmission upgrades.

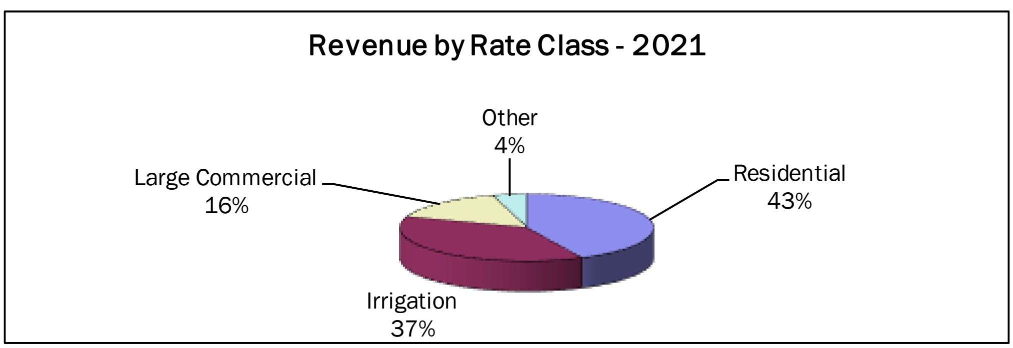
OPERATING REVENUES

2021 Compared to 2020

Total operating revenues were $62,440,440 for the year ended December 31, 2021, a decrease of $2,498,995, or 3.85%, from 2020 operating revenues of $64,939,435. The decrease is due to the creation of a rate stabilization provision.

2020 Compared to 2019

Total operating revenues were $64,939,435 for the year ended December 31, 2020, an increase of $8,040,500, or 14.13%, from 2019 operating revenues of $56,898,935. The increase in operating revenue was primarily due to a 61% increase in irrigation sales.



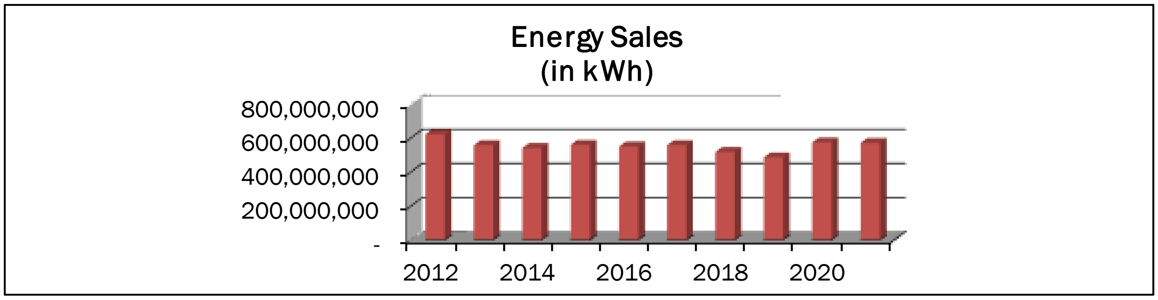
ENERGY SALES

2021 Compared to 2020

Total energy sales were 570,764,263 kilowatt-hours (kWh) for the year ended December 31, 2021, a decrease of 3,078,351 kWh, or 0.54%, from 2020 energy sales of 573,842,614 kWh.

2020 Compared to 2019

Total energy sales were 573,842,614 kilowatt-hours (kWh) for the year ended December 31, 2020, an increase of 88,876,678 kWh, or 18%, from 2019 energy sales of 484,965,936 kWh. An increase of 215% in irrigation energy sales due to the weather was the primary reason for the increase.



The following table shows energy sales by customer class (in kWh).

	2021	2020	2019
Energy Sales			
Residential	246,856,862	249,445,690	259,400,003
Irrigation	164,948,930	166,993,229	53,059,518
Small commercial	23,868,027	23,235,458	24,524,173
Large commercial	134,314,726	133,365,309	147,112,703
Public street and highway lighting	775,718	802,928	869,539
Total energy sales	570,764,263	573,842,614	484,965,936

OPERATING EXPENSES

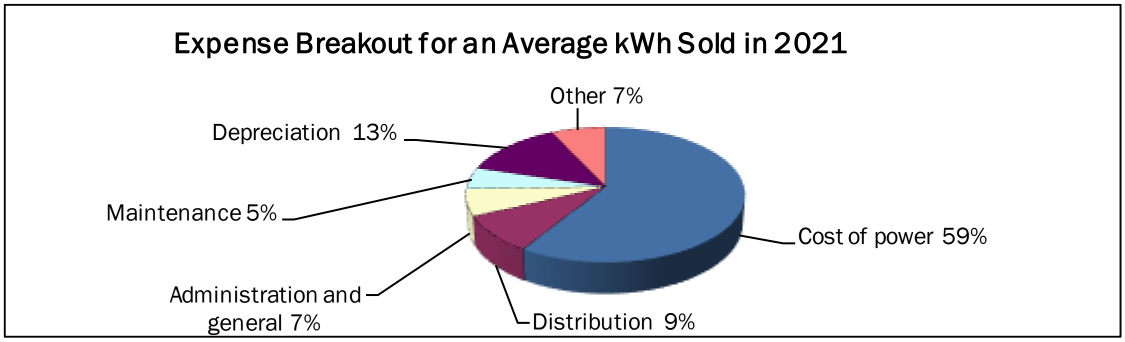
2021 Compared to 2020

Total operating expenses were $53,002,624 for the year ended December 31, 2021, an increase of $14,873, or 0.03%, from 2020 operating expenses of $52,987,751.

OPERATING EXPENSES (Continued)

2020 Compared to 2019

Total operating expenses were $52,987,751 for the year ended December 31, 2020, an increase of $314,717, or 0.60%, from 2019 operating expenses of $52,673,034.



INTEREST EXPENSE

Total interest expense was $1,412,215 for the year ended December 31, 2021, a decrease of 13%, or $213,992, from 2020 interest expense of $1,626,207

Total interest expense was $1,626,207 for the year ended December 31, 2020, a decrease of 5%, or $84,089, from 2019 interest expense of $1,710,296.

NUMBER OF CONSUMERS

The District served an average of 23,178 customers for the year ended December 31, 2021, an increase of 25 over the average number of customers for 2020 of 23,153.

The District served an average of 23,153 customers for the year ended December 31, 2020, a decrease of 13 under the average number of customers for 2019 of 23,166.

The following table shows the average number of customers by class.

	2021	2020	2019
Number of Customers			
Residential	15,865	15,820	15,796
Irrigation	5,783	5,786	5,792
Small commercial	1,332	1,343	1,359
Large commercial	190	195	209
Public street and highway lighting	8	9	10
Total	23,178	23,153	23,166

CASH AND LIQUIDITY

The District maintains a strong cash position. Adequate liquidity in an emergency fund for future catastrophes is essential, as the District has experienced substantial losses from ice storms in the past. The District also has a strong position in the bond market, which allows it to finance the plant at very favorable rates.

FINANCING

In 2013, the District issued $4,625,000 in Electric System Revenue Bonds, 2013A Series, for the purpose of improving the electric system. Principal is due annually on December 1 in varying amounts beginning December 1, 2013, and ending December 1, 2032. The bonds bear interest at rates from 0.35% - 3.00%. Interest is payable on June 1 and December 1 each year beginning June 1, 2013. These bonds were paid off in 2020 with the proceeds of a CoBank loan.

In 2015, the District issued $6,770,000 in Electric System Revenue Bonds, 2015A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on August 15 in varying amounts beginning August 15, 2016, and ending August 15, 2035. The 2015A Series bonds bear interest at rates from 0.50% - 3.55%. Interest is payable on February 15 and August 15 each year beginning February 15, 2016. These bonds were paid off with proceeds from Electric System Revenue Refunding Bonds, 2020 Series.

In 2015, the District issued $7,690,000 in Electric System Revenue Bonds, 2015B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2010A Series and 2010B Series. Principal is due annually on September 15 in varying amounts beginning September 15, 2016, and ending September 15, 2030. The 2015B Series bonds bear interest at rates from 0.50% - 3.10%. Interest is payable on March 15 and September 15 each year beginning March 15, 2016. These bonds were paid off with proceeds from a CoBank loan in 2020.

In 2016, the District issued $5,940,000 in Electric System Revenue Bonds, 2016A Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2011A Series and 2011B Series. Principal is due annually on June 15 in varying amounts beginning June 15, 2017, and ending June 15, 2031. The 2016A Series bonds bear interest at rates from 0.85% - 2.60%. Interest is payable on June 15 and December 15 each year beginning December 15, 2016.

In 2016, the District issued $6,770,000 in Electric System Revenue Bonds, 2016B Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 15 in varying amounts beginning June 15, 2017, and ending June 15, 2036. The 2016B Series bonds bear interest at rates from 0.75% - 3.05%. Interest is payable on June 15 and December 15 each year beginning December 15, 2016.

FINANCING (Continued)

In 2017, the District issued $9,790,000 in Electric System Revenue Bonds, 2017A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 1 in varying amounts beginning June 1, 2018, and ending June 1, 2037. The 2017A Series bonds bear interest at rates from 1.15% - 3.40%. Interest is payable on June 1 and December 1 each year beginning December 1, 2017.

In 2017, the District issued $6,515,000 in Electric System Revenue Bonds, 2017B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2012 Series. Principal is due annually on December 1 in varying amounts beginning December 1, 2018, and ending December 1, 2032. The 2017B Series bonds bear interest at rates from 1.00% - 3.10%. Interest is payable on June 1 and December 1 each year beginning June 1, 2018.

In 2018, the District issued $9,390,000 Electric System Revenue Bonds, 2018A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 1 in varying amounts beginning June 1, 2019, and ending June 1, 2038. The 2018A Series bonds bear interest at rates from 1.70% - 3.50%. Interest is payable on June 1 and December 1 each year beginning December 1, 2018.

In 2018, the District issued $5,795,000 Electric System Revenue Refunding Bonds, 2018B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2013C Series. Principal is due annually on June 1 in varying amounts beginning June 1, 2019, and ending June 1, 2028. The 2018B Series bonds bear interest at rates from 1.70% - 3.00%. Interest is payable on June 1 and December 1 each year beginning December 1, 2018.

In 2019, the District issued $9,160,000 Electric System Revenue and Refunding Bonds, 2019 Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2014A Series and fund new construction. Principal is due annually on June 1 in varying amounts beginning June 1, 2020, and ending June 1, 2039. The 2019 Series bonds bear interest at rates from 2.00% - 3.00%. Interest is payable on June 1 and December 1 each year beginning December 1, 2019.

In 2020, the District issued $5,225,000 Electric System Revenue Refunding Bonds, Series 2020. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2015A Series. Principal is due annually on August 15 in varying amounts beginning August 15, 2021, and ending August 15, 2034. The 2020 Series bonds bear interest at a rate of 2.00%. Interest is payable on February 15 and August 15 each year beginning February 15, 2021.

In 2020, the District took out a tax-exempt loan from CoBank, T01. The proceeds of the loan were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2013A Series. Principal and interest are due monthly in varying amounts beginning October 20, 2020, and ending June 20, 2029. The loan has an interest rate of 1.47%.

FINANCING (Continued)

In 2020, the District took out a tax-exempt loan from CoBank, T02. The proceeds of the loan were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2015A Series. Principal and interest are due monthly in varying amounts beginning October 20, 2020, and ending May 20, 2028. The loan has an interest rate of 1.29%.

CASH FLOWS

The District incurred cash and cash equivalents net increase of $5,372,950 for the year ended December 31, 2021 and a net increase and decrease in cash and cash equivalents of $5,610,128 and $1,508,671 for the years ended December 31, 2020 and 2019, respectively. The following table illustrates the cash flows by activity.

	2021	2020	2019
Cash Flows			
Cash flows provided by operating activities	19,180,667	18,950,410	11,979,636
Cash flows used in capital and financing activities	(14,096,457)	(14,944,985)	(14,553,209)
Cash flows provided by investing activities	288,740	1,604,703	1,064,902
Increase (decrease) in cash and cash equivalents	5,372,950	5,610,128	(1,508,671)

Cash flows from operating activities consist of transactions involving changes in current assets, current liabilities, and other transactions that affect operating income.

Cash flows from capital and related financing activities consist of transactions involving long-term debt and the acquisition and construction of capital assets.

Cash flows from investing activities consist of transactions involving the purchase and maturities of investment securities and interest income.

DEBT RATIO

The District has a high equity level. For 2021, the debt-to-equity ratio is 1 to 2.03 or $75,430,414 to $149,421,089. This reflects the District's efforts to self-finance the distribution plant and some transmission. The District is in a solid financial position with the ability to acquire new or pay back outstanding debt.

DEBT SERVICE COVERAGE

The District is required by its bond and loan covenants to maintain debt service coverage of 1.25 times for bonds and 1.35 for CFC loans. The following table reflects the calculation of debt service coverage, indicating the District's solid ability to make required debt service payments.

DEBT SERVICE COVERAGE (Continued)

	2021	2020	2019
Debt service coverage			
Net available for debt service			
Increase in net position	8,028,385	10,314,274	2,626,344
Depreciation/amortization	7,271,294	7,093,113	6,720,808
Interest expense	1,412,215	1,626,207	1,710,296
Net available for debt service	16,711,894	19,033,594	11,057,448
Sum of average annual debt service requirement	5,771,703	5,643,999	6,314,000
Debt service coverage	2.90	3.37	1.75
Required debt service coverage	1.25	1.25	1.25

RETIREMENT PLAN

The District participates in the National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multi-employer plan under the accounting standards.

The plan sponsor's employer identification number is 53-0116145 and the plan number is 333.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Retirement Security Plan (RS Plan), sponsored and administered by the National Rural Electric Cooperative Association (NRECA), is a cost sharing pension plan that has the characteristics described in paragraph 2 of GASB Statement 78. The RS Plan must file annual reports with the U.S. Department of Labor (Form 5500) that include a copy of the RS Plan annual financial statements. An electronic copy of Form 5500 and the plan's annual financial statements can be obtained by going to www.efast.dol.gov and using the search tool (EIN 530116145; PN 333). Copies of the RS Plan's annual financial statements are also available to member-system representatives by calling NRECA's Member Contact Center at 866.673.2299.

The District has 73 employees covered by the RS Plan. The RS Plan provides retirement, death, and termination benefits. The District may amend certain terms of the plan, including benefit levels provided

RETIREMENT PLAN (Continued)

for each year of service, normal retirement age, cost-of-living adjustments (COLA) to retiree annuity payments, eligibility for participation, and required employee contributions to the plan. Other plan terms, such as vesting periods, forms of payment, and factors used to reduce benefits for early retirement and conversion of benefits to optional forms of payment, are governed at the plan level and cannot be adjusted by individual employers (such provisions require approval by the NRECA Board of Directors). Each employer elects to participate in the plan.

The total annual contribution is determined actuarially to be sufficient in funding the benefits of the RS Plan as a level percentage of covered payroll over the average expected remaining working lifetime of its participants. The amount is determined annually. This total annual contribution is allocated based on each employer's RS Plan provisions and participant demographics (in particular, the average age of participants and each participant's pay level). The District must contribute annually in accordance with the terms of the RS Plan. The District may amend certain benefit provisions, changing the corresponding contribution level after the effective date of the amendment. The required contribution rates for the District were 21.43% and 20.81% for 2021 and 2020, respectively. The required contribution rate for the District's employees was 0% for years 2021 and 2020. Contributions to the RS Plan were $1,378,227 and $1,333,779 in 2021 and 2020, respectively. These contributions represented less than 5% of the total contributions made to the plan by all participating employers. The RS Plan must meet minimum funding requirements under ERISA, as determined by Internal Revenue Service Regulations. The District can choose to withdraw from the RS Plan, subject to plan provisions that require the District to fully fund its share of RS Plan liabilities before withdrawing. The District had no payables related to the RS Plan at December 31, 2021 and 2020.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employers. In total, the RS Plan was over 80% funded on January 1, 2021, and over 80% funded at January 1, 2020, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The District participates in the NRECA savings plan, which covers substantially all full-time employees. The District contributes an amount equal to 1% of each participant's salary to the plan and provides a dollar-for-dollar matching contribution on employee voluntary contributions up to 4%. Employee voluntary contributions up to annual limits set forth by the Internal Revenue Service may also be made. The District's contributions to the plan were approximately $316,560 and $324,612 for 2021 and 2020, respectively.

The District also has a deferred compensation plan available to management employees at their election and with approval by the Board of Directors. Expenses related to the plan were $- 0 - in 2021 and $- 0 - in 2020. The assets to fund the obligation and the related liability in the same amounts were approximately $8,015 and $8,014 at December 31, 2021 and 2020, respectively.

CAPITAL PROGRAM

The District continually evaluates electric system requirements and makes long-range recommendations for capital expenditures necessary to serve the growing load requirements with a reliable and economical power supply. As a result, an aggressive upgrade of the electrical distribution system continues as additional capacity is being built into the system to accommodate future growth. An integral part of the capital program is the aging conductor replacement program implemented by the District in 2011. Since its inception, an average of $1,200,000 has been budgeted annually to replace aging conductor across the District's service territory. Replacing the old conductor improves system reliability.

The following table shows the District's actual capital program expenditures for the years ended December 31, 2021 and 2020, and projected expenditures for 2022 and 2023. Its capital program is financed with revenues from operations, investment income, financing proceeds, and cash on hand.

	Projected		Actual	
	2023	2022	2021	2020
Transmission plant	2,000,000	3,000,000	200,280	2,246,399
Distribution plant	8,000,000	8,800,000	6,971,895	9,985,652
General plant	1,500,000	1,500,000	978,287	1,451,322
Total capital program	11,500,000	13,300,000	8,150,462	13,683,373

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

These judgments, in and of themselves, could materially impact the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment also may have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

The following is a list of accounting policies that are significant to the District's financial condition and results of operation and require management's most difficult, subjective, or complex judgments. Each of these has a higher likelihood of resulting in materially different reported amounts under different conditions or using different assumptions.

CRITICAL ACCOUNTING POLICIES (Continued)

Accounting Policies	Judgments/Uncertainties Affecting Application
Regulated operations (GASB 62 Paragraphs 476 - 500)	- External regulatory requirements - Anticipated future regulatory decisions and their impact
Environment issues	- Approved methods of cleanup - Governmental regulations and standards
Unbilled revenue	- Estimate of customer energy use
Uncollectible receivables	- Economics conditions affecting customers, suppliers, and market prices
Other postemployment benefits	- Estimated future costs of health coverage and life expectancies

CURRENT KNOWN FACTS, DECISIONS, OR CONDITIONS OF FUTURE SIGNIFICANCE

In 2022, the District intends to utilize existing cash and investments as well as issue no more than three million dollars in new debt to fund various plant projects, including a transmission project.

The District is currently exploring consolidation or partnership opportunities with Central Nebraska Public Power and Irrigation District. A feasibility study is currently in process.

SUMMARY OF FINANCIAL STATEMENTS

The financial statements, related notes, and management's discussion and analysis provide information about the District's financial position and activities. The statements of net position present the District's assets, liabilities, and net position as of December 31, 2021 and 2020, with current and long-term portions of assets and liabilities separately identified. The statements of revenues, expenses, and changes in net position present the District's operating results and changes in net position for the two years ended December 31, 2021 and 2020. The statements of cash flows provide information about the flow of cash within the District by activities for the two years ended December 31, 2021 and 2020. The notes to the financial statements provide additional detailed information.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If there are questions about this report or additional information is needed, contact Dawson Public Power District, 75191 Road 433, P.O. Box 777, Lexington, Nebraska, 68850, 308.324.2386.

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2021	2020
CAPITAL ASSETS, at cost		
Capital assets	239,899,872	234,252,027
Less accumulated depreciation	(47,941,742)	(43,501,955)
Net capital assets	191,958,130	190,750,072
NONCURRENT ASSETS		
Investments	250,000	250,000
Investments in associated organizations	790,275	781,580
Notes receivable, net of current portion	10,033	24,558
Total noncurrent assets	1,050,308	1,056,138
CURRENT ASSETS		
Cash and cash equivalents	12,171,254	10,885,862
Cash and cash equivalents - designated postemployment benefits	932,256	927,618
Cash and cash equivalents - designated construction projects	509,652	508,380
Cash and cash equivalents - designated rate stabilization	4,000,000	
Cash and cash equivalents - restricted Debt Service Fund	1,199,842	1,118,194
Certificates of deposit	345,437	531,803
Accounts receivable (less provision for doubtful accounts of $143,168 in 2020 and $91,897 in 2019)	5,102,682	4,957,355
Interest receivable	3,397	4,119
Notes receivable, current portion	63,751	103,939
Materials and supplies inventories	5,043,649	4,803,827
Prepaid expenses	266,886	312,877
Total current assets	29,638,806	24,153,974
TOTAL ASSETS	222,647,244	215,960,184
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized accelerated funding payment	410,056	761,482
Unamortized bond issue costs	267,346	292,218
OPEB - Economic/demographic and assumption changes	674,857	609,754
Unamortized loss on refunding	852,000	955,728
Total deferred outflows of resources	2,204,259	2,619,182
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	224,851,503	218,579,366

See accompanying notes to financial statements.

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2021	2020
NET POSITION		
Invested in capital assets, net of related debt	136,998,863	131,462,722
Restricted	1,199,842	1,118,194
Unrestricted	11,222,384	8,811,788
Total net position	149,421,089	141,392,704
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization	4,000,000	
Deferred credits	444,139	308,312
Total deferred inflows of resources	4,444,139	308,312
LONG-TERM DEBT		
Bonds and loans payable	54,959,267	59,287,350
Less current maturities	(4,424,000)	(4,328,083)
Total long-term debt	50,535,267	54,959,267
OTHER NONCURRENT LIABILITIES		
Postemployment benefit obligation	9,483,361	9,242,906
CURRENT LIABILITIES		
Accounts payable	2,842,868	4,733,964
Accrued expenses	3,421,159	3,310,180
Consumer deposits	279,620	303,950
Current maturities of long-term debt	4,424,000	4,328,083
Total current liabilities	10,967,647	12,676,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	224,851,503	218,579,366

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Electric energy sales		
Rural residential	24,904,922	24,588,587
Irrigation	24,836,937	23,953,734
Town and village residential	3,073,017	3,007,928
Small commercial	2,679,800	2,589,817
Large commercial and industrial	10,274,665	10,192,280
Public street and highway lighting	169,478	160,367
Other	501,621	446,722
Provision for rate stabilization	(4,000,000)	
Total operating revenues	62,440,440	64,939,435
OPERATING EXPENSES		
Cost of power	32,142,706	32,395,229
Transmission	137,414	94,939
Distribution	4,921,992	4,962,515
Consumer accounts	1,237,136	1,285,797
Consumer service, information, and sales	787,195	780,591
Administration and general	3,546,245	3,312,432
Maintenance	2,815,581	2,876,874
Depreciation and amortization	7,271,294	7,093,113
Taxes	143,061	186,261
Total operating expenses	53,002,624	52,987,751
OPERATING INCOME	9,437,816	11,951,684
INVESTMENT AND OTHER INCOME		
Interest revenue	50,748	66,537
Grant and public assistance revenue		14,076
Other revenue	90,723	145,162
Total investment and other income	141,471	225,775
INCREASE IN NET POSITION BEFORE DEBT AND OTHER EXPENSES	9,579,287	12,177,459
DEBT AND OTHER EXPENSES		
Interest expense	1,412,215	1,626,207
Amortization expense	133,566	150,610
Other expenses	5,121	86,368
Total debt and other expenses	1,550,902	1,863,185

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
INCREASE IN NET POSITION	8,028,385	10,314,274
NET POSITION, beginning of year	141,392,704	131,078,430
NET POSITION, end of year	149,421,089	141,392,704

See accompanying notes to financial statements.

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	66,213,183	65,236,001
Cash paid for power	(34,300,219)	(32,979,645)
Cash paid for employees	(6,173,192)	(5,835,804)
Other cash expenses	(6,559,105)	(7,470,142)
Net cash provided by operating activities	19,180,667	18,950,410
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Plant construction and acquisition, net	(8,350,399)	(8,064,410)
Proceeds from issuance of long-term debt		13,480,000
Payments of debt issue costs		(46,638)
Principal payments on long-term debt	(4,328,083)	(18,617,650)
Payments of interest on long-term debt	(1,417,975)	(1,696,287)
Net cash used in capital and related financing activities	(14,096,457)	(14,944,985)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales/maturities of certificates of deposit	833,797	1,435,743
Payments for certificates of deposit	(593,797)	
Cash received on principal of notes receivable	54,713	54,145
Cash received from investments in cooperatives	70,476	54,175
Proceeds from other income	10,768	74,112
Payments for other expenses	(138,687)	(86,368)
Interest received	51,470	72,896
Net cash provided by investing activities	288,740	1,604,703
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,372,950	5,610,128
CASH AND CASH EQUIVALENTS, beginning of year	13,440,054	7,829,926
CASH AND CASH EQUIVALENTS, end of year	18,813,004	13,440,054

DAWSON PUBLIC POWER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	12,171,254	10,885,862
Designated cash - postemployment benefits	932,256	927,618
Designated cash - construction projects	509,652	508,380
Designated cash - rate stabilization	4,000,000	
Restricted cash - Debt Service Fund	1,199,842	1,118,194
Total cash and cash equivalents	18,813,004	13,440,054
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	9,437,816	11,951,684
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	7,271,294	7,093,113
(Increase) decrease in accounts receivable	(145,327)	386,116
Decrease in prepaid expenses	45,991	39,733
Decrease in accelerated funding payment	351,426	351,450
(Increase) decrease in OPEB economic/demographic assumption change	(65,103)	2,666,813
Decrease in accounts payable	(2,048,233)	(681,145)
Increase (decrease) in accrued expenses	116,678	(115,714)
Decrease in customer deposits and advance payments	(24,330)	(31,950)
Increase in rate stabilization	4,000,000	
Increase (decrease) in postretirement benefit obligation	240,455	(2,709,690)
Total adjustments	9,742,851	6,998,726
Net cash provided by operating activities	19,180,667	18,950,410
OTHER DISCLOSURES		
Total payments to employees	(7,747,972)	(7,983,025)
Payments to employees included in construction and costs of removal	1,574,780	2,147,221
Payments to employees for operating activities	(6,173,192)	(5,835,804)
Purchases of materials and supplies	(8,431,982)	(6,999,987)
Payments to employees in construction and removal of plant	(1,574,780)	(2,147,221)
Cash received for aid to construction	1,623,918	1,174,560
Salvage from retirements	888,340	867,548
Cost of removal	(855,895)	(959,310)
Cash payments for plant construction and acquisition, net	(8,350,399)	(8,064,410)

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Dawson Public Power District (the District), is a public corporation and a political subdivision of the state of Nebraska providing electric power. The District operates an integrated electric utility system, which includes facilities for transmission and distribution of electric power and energy. The control of the District and its operations is vested in a Board of Directors consisting of 11 members popularly elected from county subdivisions of the District's chartered territory. The Board of Directors is authorized to establish rates.

The District, as a political subdivision of the state of Nebraska, is exempt from federal and state income taxes. Payments in lieu of taxes are made to local governments.

Basis of Accounting

The financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The financial statements are prepared in accordance with the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred.

The District follows the provisions of GASB 62, paragraphs 476 - 500, *Regulated Operations*. In general, this permits an entity with cost-based rates to defer certain costs or 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 rates charged to its customers.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue

Revenues are recorded in the month retail customers are billed. An estimate of revenues applicable to service rendered to customers from the period covered by the last billing in a year to the end of the year (unbilled revenue) is recorded in the year services were rendered.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

The District is required under the Revenue Bond Resolution (the Resolution) to charge rates for electric power and energy so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the revenue bonds, amounts to be paid into the Debt Reserve Fund, and all other charges or liens payable out of revenues.

Revenue and Expense Recognition

The District presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating activities are those activities that are necessary and essential to the mission of the District. Operating revenues include all charges to customers. Revenues from nonexchange transactions, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital or noncapital financing activities as defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*.

Electric Plant and Depreciation

Electric plant assets are stated at cost. The District records depreciation over the estimated useful life of the property primarily on a straight-line basis at rates ranging from 2.75% - 33.00%. The District's capitalization amount is $2,000. The District charges maintenance and repairs, including the cost of renewals and replacements of minor items of property, to maintenance expense accounts. Renewals and replacements of property are charged to utility plant accounts. Upon retirement of property subject to depreciation, the cost of property is removed from the electric plant accounts and charged to the reserve for depreciation, along with the removal costs, net salvage.

Bond Issue Costs

Bond issuance costs are being amortized on the interest method over the lives of the respective bond issues, consistent with the District's rate recovery method.

Capital in Other Organizations

Capital in other organizations consists of member equity and patronage capital credits in associated organizations allocated to the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The District follows GASB 31 (as amended by GASB 40), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* GASB 31 requires the District's investments be recorded at market value with the changes in the market value of investments reported as investment income in the statement of revenues, expenses, and changes in net position. Investments are recorded at the market value as determined by quoted market prices.

Cash deposits, primarily interest-bearing, are covered by federal depository insurance or pledged collateral of unregistered U.S. government securities held by various depositories. Investments at December 31, 2021 and 2020, were in unregistered U.S. government securities, federal agency obligations, and certificates of deposit held in the District's name by the custodial banks.

For the purposes of the statements of cash flows, the District considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents in the Debt Reserve Fund are reported as investments.

Debt Service Requirements

The indentures under which the revenue bonds were issued provide for the creation and maintenance of Debt Service and Reserve Funds. The Debt Service and Reserve Funds are invested in United States government securities, federal agency obligations, and certificates of deposit.

Accounts Receivable

The District, as a public electric utility, grants credit to users including residential, commercial, and irrigation customers located in central Nebraska.

The District estimates utility revenue from the period of the last meter reading to year end and records the amount as unbilled revenue each year.

The District provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The District's estimate is based on historical collection experience and a review of the current trade accounts receivable.

Concentrations of Credit Risk

Financial instruments which potentially subject the District to concentrations of credit risk consist primarily of trade receivables with a variety of customers. The District generally requires collateral deposits from new customers. Deposits are returned to customers upon establishing good credit history with the District. Management considers such credit risk to be limited due to the District's broad customer base and its customers' financial resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials and Supplies Inventories

Materials and supplies inventories are stated at the lower of cost or replacement cost. Cost is generally determined on a weighted average basis.

Electric Energy Sales and Unbilled Revenue

Billings for electric energy sales, excluding irrigation and other seasonal sales, are rendered monthly. Irrigation horsepower sales are billed in advance in March and due in April, and the balance is billed in October and due in November. The District's unbilled revenues, consisting primarily of consumption between each cycle billing date and the end of the year, are accrued in the period of consumption.

Net Position

The net position of the District is broken down into three categories: (1) invested in capital assets, net of related debt, (2) restricted component of net position, and (3) unrestricted component of net position.

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - Consists of assets that do not meet the definition of restricted net position or net position invested in capital assets, net of related debt.

It is the District's policy to first use restricted components of net position prior to the use of unrestricted components of net position when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Restricted Net Position/Debt Reserve

A reserve fund consists of funds that have been imposed by debt covenants to be held in a separate account for debt service and debt reserve. It is to be maintained by the District apart from its other funds and to be available by mutual agreement only for the purposes of holding funds for debt service and debt reserve. The funds have been invested in interest-bearing accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section on the statement of net position. The District is amortizing its retirement prepayment option over a period of 10 years relating to this cash outflow. The District has unamortized bond issue costs included here. The difference between the reacquisition price and the net carrying amount of old debt when a current or advance refunding of debt occurs is also reported as unamortized loss on refunding. The unamortized loss amount is amortized as a component of interest expense in a systematic and rational manner over the life of the old debt or the new debt, whichever is shorter.

The unamortized portion of OPEB - economic/demographic and assumption changes as a result of changes in the postemployment benefit obligations are held here. It is netted with deferred inflows of resources for the same purpose.

Deferred Inflows of Resources

Deferred customer credits consist of customer prepayments for energy that will be applied to the customers' future kWh consumption, and customer advances for construction that will be applied once construction begins.

A rate stabilization reserve is also included in deferred inflows of resources. The District will utilize this to minimize future rate fluctuations.

Operating Versus Nonoperating

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

Compensated Absences

Employees of the District are entitled to vacation depending on job classification, length of service, and other factors. Employees may earn up to a maximum of 96 - 176 hours per year, depending on length of service. Vacation leave may be accumulated up to 20 working days. Upon termination, an employee would be compensated for any accrued but unused vacation. Unused vacation leave included in accrued expenses was $455,910 and $425,160 in 2021 and 2020, respectively.

Employees of the District earn 96 hours of sick leave per year, which may accumulate up to a maximum cumulative total of 960 hours. An employee with 10 or more years of service is compensated for any accrued but unused sick leave up to the maximum upon termination of employment. Accumulated unused sick leave included in accrued expenses for employees with 10 or more years of service to the District was $1,521,977 and $1,462,421 in 2021 and 2020 respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan

All retirement plan costs are funded as accrued.

Comparative Total Data

Comparative total data for the prior year has been presented in some of the accompanying financial statements in order to provide an understanding of changes in the District's financial cash position and operations. Certain reclassifications have been made to prior year totals to conform to the current year presentation.

NOTE 2. ELECTRIC PLANT

Electric plant activity for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Disposals	Balance December 31, 2021
Nondepreciable				
Land	1,346,949	4,410		1,351,359
Organizational costs	2,689			2,689
Other intangible costs	169,503			169,503
Construction in progress	91,215	8,606,974	(7,433,037)	1,265,152
	1,610,356	8,611,384	(7,433,037)	2,788,703
Depreciable				
Transmission	26,625,786	195,870	(493,049)	26,328,607
Distribution	171,149,464	6,892,239	(2,671,366)	175,370,337
Leased facilities	5,151,119	79,656	(10,650)	5,220,125
General	29,715,302	978,287	(501,489)	30,192,100
Total depreciable	232,641,671	8,146,052	(3,676,554)	237,111,169
Accumulated depreciation	(43,501,955)	(8,081,685)	3,641,898	(47,941,742)
Electric plant activity, net	190,750,072	8,675,751	(7,467,693)	191,958,130

Electric plant activity for the year ended December 31, 2020, was as follows:

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Nondepreciable				
Land	1,338,487	8,462		1,346,949
Organizational costs	2,689			2,689
Other intangible costs	169,503			169,503
Construction in progress	2,163,527	5,856,396	(7,928,708)	91,215
Total nondepreciable	3,674,206	5,864,858	(7,928,708)	1,610,356

NOTE 2. ELECTRIC PLANT (Continued)

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Depreciable				
Transmission	25,644,357	1,132,943	(151,514)	26,625,786
Distribution	167,130,808	6,848,090	(2,829,434)	171,149,464
Leased facilities	3,675,855	1,475,264		5,151,119
General	30,339,696	1,354,360	(1,978,754)	29,715,302
Total depreciable	226,790,716	10,810,657	(4,959,702)	232,641,671
Accumulated depreciation	(40,573,412)	(7,924,698)	4,996,155	(43,501,955)
Electric plant activity, net	189,891,510	8,750,817	(7,892,255)	190,750,072

Annual Rates of Depreciation

Annual rates of depreciation used are 2.75% for transmission plant, 2.90% for distribution plant, and 2.75% to 33.00% for general plant.

Depreciation and amortization provisions were as follows:

	2021	2020
Charged to depreciation expense	7,271,294	7,093,113
Charged to clearing accounts	810,391	786,668
	8,081,685	7,879,781

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following classifications for the years ended December 31, 2021 and 2020:

	2021	2020
Customers	3,136,696	3,094,488
Unbilled revenue	1,974,883	1,828,871
Other	183,562	177,164
Total accounts receivable	5,295,141	5,100,523
Allowance for doubtful accounts	(192,459)	(143,168)
Accounts receivable, net	5,102,682	4,957,355

NOTE 4. DEFERRED OUTFLOWS OF RESOURCES

In March 2013, the District accepted an accelerated funding payment option offered by NRECA to reduce future contribution rates to the defined benefit, retirement, and security program. The District deposited $3,514,519 into the program in exchange for a 25% reduction in future contribution rates, which is being amortized over 10 years.

Bond issue costs incurred are being amortized over the term of the bonds as a regulatory asset. As of December 31, 2021, and 2020, accumulated unamortized bond issue costs were $267,346 and $292,218, respectively.

Unamortized loss on refunding represents any remaining balance of bond issue costs related to bond issuances that have been refinanced. As of December 31, 2021, and 2020, the balance of unamortized loss on refunding was $852,000 and $955,728, respectively.

Amortization expense for bond issue costs on outstanding bonds and loss on refunding for 2021 and 2020 is $133,566 and $150,610, respectively.

During 2018, the District implemented GASB 75 which created a deferred outflow of resources account for Other Post Employment Benefit (OPEB) economic/demographic and assumption changes in the amount of $3,894,787. This will be amortized over the weighted average expected remaining service lives of 12.6. Amortization for 2019, was $309,110. During 2020, the District underwent a new valuation for the postemployment benefit obligation. This valuation created a deferred inflow of resources for economic/demographic and assumption changes in the amount of $2,731,941. This will be amortized over the weighted average expected remaining service lives of 7.3. Amortization for 2021 and 2020 was $(65,128).

NOTE 5. RESTRICTED INVESTMENTS - DEBT RESERVE FUND

The indentures under which the revenue bonds were issued provide for the creation and maintenance of certain funds.

Pledged revenues sufficient to make payments of principal and interest are transferred monthly to the Debt Service Fund held by the District.

The Debt Reserve Fund may be used for any deficiencies which may occur in the Debt Service Fund and applied as payment to the outstanding bonds at final maturity. The Debt Reserve Fund can be invested in United States government securities and certificates of deposit shown at estimated fair value. The District is in compliance with covenants of the bond issues. The debt issuances that had a Debt Reserve Fund associated with them were refinanced in 2020. The new bond and loans did not have a Debt Reserve Fund requirement.

NOTE 6. CASH AND INVESTMENTS

A summary of the cash and investments at December 31, 2021 and 2020, is as follows:

	2021	2020
Statement of net position classification:		
Cash and cash equivalents	12,171,254	10,885,862
Cash and cash equivalents - designated	5,441,908	1,435,998
Cash and cash equivalents - restricted	1,199,842	1,118,194
Certificates of deposit	345,437	531,803
Investments - CFC Securities	250,000	250,000
	19,408,441	14,221,857

	2021	2020
Comprised of:		
Checking, savings, money market accounts	18,813,004	13,440,054
Certificates of deposit	345,437	531,803
Other investments	250,000	250,000
	19,408,441	14,221,857

The indentures under which the revenue bonds were issued provide for the creation and maintenance of certain funds. Funds in the Debt Reserve Fund are restricted for any deficiencies that occur in the Debt Service Fund and are to be applied as payment to the outstanding bonds at final maturity.

The District is authorized by Nebraska state statute to invest in direct obligations of the U.S. government, obligations of agencies that are guaranteed by the U.S. government, and certificates of deposit of banks insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the pledging bank's agent in the District's name.

The Nebraska Public Agency Investment Trust (NPAIT) was established in June 1996 through the Interlocal Cooperation Act and commenced operations July 25, 1996. NPAIT was established to assist public bodies throughout the state of Nebraska with the investment of their available cash reserves. Participation in the investment trust is voluntary for its members. The objective of NPAIT is to provide its owner-members with a conservative and effective investment alternative tailored to the needs of its members. NPAIT portfolio management generally follows established investment criteria developed by the Securities and Exchange Commission (SEC) for money market funds designed to offer acceptable yield while maintaining liquidity. NPAIT is not registered with the Securities and Exchange Commission as an investment company. The District has $57,377 and $57,369 with NPAIT as of December 31, 2021 and 2020.

NOTE 6. CASH AND INVESTMENTS (Continued)

NPAIT's short-term investment portfolio consists of cash and short-term investments valued at amortized cost, which is determined to approximate fair value due to the short-term nature of the instruments. NPAIT maintains a net asset value of $1.00 per unit.

The District shall exercise direct supervision and control over all investments utilizing sound fiscal controls and prudent fiduciary practices consistent with appropriate state statute and requirements of the adopted bond resolutions.

The District's investments are subject to interest rate risk, custodial credit risk, and concentrations of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's bond covenants and state statutes provide limitations in the various types of investments as a means of managing its exposure to fair value losses.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. All of the District's fixed income securities as of December 31, 2021 and 2020, are obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

Custodial Credit Risk (Investments)

The District's investment securities are exposed to custodial credit risk if the securities are uninsured, not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. The investment risk is that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the sale of the investment or collateral securities that are in the possession of the outside party. As of December 31, 2021, and 2020, the District's investments are uninsured, held by the counterparty's agent in the District's name.

Custodial Credit Risk (Deposits)

All funds of the District are deposited in Board-designated official depositories and are required to be collateralized in accordance with Nebraska statutes. Official depositories may be established with any bank whose principal office is located in Nebraska. Also, the District may establish time deposit accounts, money market accounts, and certificates of deposit. The amount shown on the statement of net position as cash and cash equivalents includes cash on hand totaling $18,813,004, and bank balances of $18,817,166. Nebraska statutes require all depositories to collateralize public deposits in excess of federal depository insurance coverage.

NOTE 6. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Deposits) (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, all the District's deposits with financial institutions were fully insured or collateralized by securities held in the District's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the District's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

NOTE 7. NOTES RECEIVABLE

The following loans are managed by Nebraska Enterprise Fund (NEF). In exchange for the loan management and administration services, NEF retains the interest portion of each monthly payment. Principal payments collected by NEF are to be remitted to the District quarterly.

During 2016, the District loaned $18,750 to Shear Elegance for an economic development project in Gothenburg, Nebraska. The loan bears interest of 3.50% and is scheduled for repayment in 60 monthly installments of $341 beginning November 2016 and ending October 2021. This loan is in arrears. Payments continue to be made.

During 2016, the District loaned $75,000 to Bella Italia for an economic development project in Cozad, Nebraska. The loan bears interest of 3.50% and is scheduled for repayment in 72 monthly installments of $1,156 beginning December 2016 and ending November 2022. This loan is in arrears. Payments continue to be made.

During 2017, the District loaned $20,263 to Cozad Floral for an economic development project in Cozad, Nebraska. The loan bears interest of 3.50% and is scheduled for repayment in 120 monthly installments of $200 beginning March 2017 and ending January 2027.

During 2017, the District loaned $104,000 to Innovative Ag for an economic development project in Lexington, Nebraska. The loan bears interest of 4.25% and is scheduled for repayment in 60 monthly installments of $1,927 beginning November 2017 and ending October 2022. Final payment was received on this loan from NEF in January 2021.

NOTE 7. NOTES RECEIVABLE (Continued)

A summary of the activity of the notes receivable is as follows:

	2021	2020
Beginning balance	128,497	182,642
Repayments	(54,713)	(54,145)
Ending balance	73,784	128,497
Less current maturity	63,751	103,939
Thereafter	10,033	24,558

Annual maturities of the notes receivable at December 31, 2021, are as follows:

	Principal Shear Elegance	Principal Bella Italia	Principal Cozad Floral	Total
2022	4,277	57,371	2,103	63,751
2023			2,149	2,149
2024			2,279	2,279
2025			2,420	2,420
2026			2,569	2,569
2027			616	616
	4,277	57,371	12,136	73,784

NOTE 8. LONG-TERM DEBT

In 2013, the District issued $4,625,000 in Electric System Revenue Bonds, 2013A Series, for the purpose of improving the electric system. Principal is due annually on December 1 in varying amounts beginning December 1, 2013, and ending December 1, 2032. The bonds bear interest at rates from 0.35% - 3.00%. Interest is payable on June 1 and December 1 each year beginning June 1, 2013. These bonds were paid off in 2020 with proceeds of a CoBank loan.

In 2013, the District issued $8,115,000 in Electric System Revenue Bonds, 2013C Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2008 Series. Principal is due annually on December 1 in varying amounts beginning December 1, 2014, and ending December 1, 2028. The bonds bear interest at rates from 0.40% - 4.00%. Interest is payable on June 1 and December 1 each year beginning June 1, 2014. These bonds were paid off in 2018 with Electric System Revenue Refunding Bonds, Series 2018B.

NOTE 8. LONG-TERM DEBT (Continued)

In 2014, the District issued $8,425,000 in Electric System Revenue Bonds, 2014A Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2009 Series, and for the construction of additions and improvements to the electric system of the District. Principal is due annually on August 15 in varying amounts beginning August 15, 2015, and ending August 15, 2034. The 2014A Series bonds bear interest at rates from 1.45% - 3.65%. Interest is payable on February 15 and August 15 each year beginning February 15, 2015. These bonds were partially paid off in 2019 with a portion of the Electric System Revenue and Refunding Bonds, 2019 Series.

In 2015, the District issued $6,770,000 in Electric System Revenue Bonds, 2015A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on August 15 in varying amounts beginning August 15, 2016, and ending August 15, 2035. The 2015A Series bonds bear interest at rates from 0.50% - 3.55%. Interest is payable on February 15 and August 15 each year beginning February 15, 2016. These bonds were paid off with Electric System Revenue Refunding Bonds, Series 2020.

In 2015, the District issued $7,690,000 in Electric System Revenue Bonds, 2015B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2010A Series and 2010B Series. Principal is due annually on September 15 in varying amounts beginning September 15, 2016, and ending September 15, 2030. The 2015B Series bonds bear interest at rates from 0.50% - 3.10%. Interest is payable on March 15 and September 15 each year beginning March 15, 2016. These bonds were paid off with proceeds from a CoBank loan.

In 2016, the District issued $5,940,000 in Electric System Revenue Bonds, 2016A Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2011A Series and 2011B Series. Principal is due annually on June 15 in varying amounts beginning June 15, 2017, and ending June 15, 2031. The 2016A Series bonds bear interest at rates from 0.85% - 2.60%. Interest is payable on June 15 and December 15 each year beginning December 15, 2016.

In 2016, the District issued $6,770,000 in Electric System Revenue Bonds, 2016B Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 15 in varying amounts beginning June 15, 2017, and ending June 15, 2036. The 2016B Series bonds bear interest at rates from 0.75% - 3.05%. Interest is payable on June 15 and December 15 each year beginning December 15, 2016.

NOTE 8. LONG-TERM DEBT (Continued)

In 2017, the District issued $9,790,000 in Electric System Revenue Bonds, 2017A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 1 in varying amounts beginning June 1, 2018, and ending June 1, 2037. The 2017A Series bonds bear interest at rates from 1.15% - 3.40%. Interest is payable on June 1 and December 1 each year beginning December 1, 2017.

In 2017, the District issued $6,515,000 in Electric System Revenue Bonds, 2017B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2012 Series. Principal is due annually on December 1 in varying amounts beginning December 1, 2018, and ending December 1, 2032. The 2017B Series bonds bear interest at rates from 1.00% - 3.10%. Interest is payable on June 1 and December 1 each year beginning June 1, 2018.

In 2018, the District issued $9,390,000 Electric System Revenue Bonds, 2018A Series. The proceeds from the bonds were used for the construction of additions and improvements to the electric system of the District. Principal is due annually on June 1 in varying amounts beginning June 1, 2019, and ending June 1, 2038. The 2018A Series bonds bear interest at rates from 1.70% - 3.50%. Interest is payable on June 1 and December 1 each year beginning December 1, 2018.

In 2018, the District issued $5,795,000 Electric System Revenue Refunding Bonds, 2018B Series. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2013C Series. Principal is due annually on June 1 in varying amounts beginning June 1, 2019, and ending June 1, 2028. The 2018B Series bonds bear interest at rates from 1.70% - 3.00%. Interest is payable on June 1 and December 1 each year beginning December 1, 2018.

In 2019, the District issued $9,160,000 Electric System Revenue and Refunding Bonds, 2019 Series. The proceeds from the bonds were used to refund a portion of the remaining bonds outstanding from the Electric System Revenue Bonds, 2014A Series and fund new construction. Principal is due annually on June 1 in varying amounts beginning June 1, 2020, and ending June 1, 2039. The 2019 Series bonds bear interest at rates from 2.00% - 3.00%. Interest is payable on June 1 and December 1 each year beginning December 1, 2019.

In 2020, the District issued $5,225,000 Electric System Revenue Refunding Bonds, Series 2020. The proceeds from the bonds were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2015A Series. Principal is due annually on August 15 in varying amounts beginning August 15, 2021, and ending August 15, 2034. The 2020 Series bonds bear interest at a rate of 2.00%. Interest is payable on February 15 and August 15 each year beginning February 15, 2021.

NOTE 8. LONG-TERM DEBT (Continued)

Direct Borrowings

In 2020, the District took out a tax-exempt loan from CoBank, T01. The proceeds of the loan were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2013A Series. Principal and interest are due monthly in varying amounts beginning October 20, 2020, and ending June 20, 2029. The loan has an interest rate of 1.47%.

In 2020, the District took out a tax-exempt loan from CoBank, T02. The proceeds of the loan were used to refund the remaining bonds outstanding from the Electric System Revenue Bonds, 2015A Series. Principal and interest are due monthly in varying amounts beginning October 20, 2020, and ending May 20, 2028. The loan has an interest rate of 1.29%.

A summary of long-term debt is shown below:

	2021	2020
Electric System Revenue Bonds - 2014A		330,000
Electric System Revenue Bonds - 2016A	3,675,000	4,150,000
Electric System Revenue Bonds - 2016B	5,280,000	5,580,000
Electric System Revenue Bonds - 2017A	8,205,000	8,625,000
Electric System Revenue Bonds - 2017B	4,575,000	5,080,000
Electric System Revenue Bonds - 2018A	8,300,000	8,670,000
Electric System Revenue Bonds - 2018B	4,195,000	4,735,000
Electric System Revenue Bonds - 2019	8,855,000	9,010,000
Electric System Revenue Bonds - 2020	4,875,000	5,225,000
CoBank Loan T01 - Direct Borrowing	2,717,917	2,965,000
CoBank Loan T02 - Direct Borrowing	4,281,350	4,917,350
Total outstanding	54,959,267	59,287,350
Less current maturities	(4,424,000)	(4,328,083)
Long-term debt, excluding current installments	50,535,267	54,959,267

	2021	2020
Balances, beginning of year	59,287,350	64,425,000
Principal issued		13,480,000
Principal paid	(4,328,083)	(18,617,650)
Balances, end of year	54,959,267	59,287,350

NOTE 8. LONG-TERM DEBT (Continued)

Annual maturities of long-term debt at December 31, 2021, are as follows:

Years Ended December 31,	Revenue Bonds	Loans	Interest	Total
2022	3,530,000	894,000	1,335,192	5,759,192
2023	3,605,000	910,080	1,249,633	5,764,713
2024	3,690,000	920,700	1,157,499	5,768,199
2025	3,775,000	934,200	1,058,511	5,767,711
2026	3,865,000	948,480	954,129	5,767,609
2027 - 2031	15,630,000	2,391,807	3,290,301	21,312,108
2032 - 2036	11,250,000		1,270,595	12,520,595
2037 - 2040	2,615,000		88,245	2,703,245
	47,960,000	6,999,267	10,404,105	65,363,372

The District is in compliance with covenant provisions of the bond and loan resolutions.

NOTE 9. ACCRUED EXPENSES

Accrued expenses consist of amounts due employees, bondholders, and other agencies and are composed of the following:

	2021	2020
Property taxes	522,361	521,476
Payroll taxes	22,982	64,494
Sales tax	146,496	149,510
Interest on long-term debt	133,224	138,984
Payroll and vacation	2,473,456	2,313,701
Other	122,640	122,015
Total	3,421,159	3,310,180

NOTE 10. RETIREMENT AND DEFERRED COMPENSATION PLANS

The District participates in the National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan), a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multi-employer plan under the accounting standards.

NOTE 10. RETIREMENT AND DEFERRED COMPENSATION PLANS (Continued)

The plan sponsor's employer identification number is 53-0116145 and the plan number is 333.

A unique characteristic of a multi-employer plan compared to a single-employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Retirement Security Plan (RS Plan), sponsored and administered by the National Rural Electric Cooperative Association (NRECA), is a cost sharing pension plan that has the characteristics described in paragraph 2 of GASB Statement 78. The RS Plan must file annual reports with the U.S. Department of Labor (Form 5500) that include a copy of the RS Plan annual financial statements. An electronic copy of Form 5500 and the plan's annual financial statements can be obtained by going to www.efast.dol.gov and using the search tool (EIN 530116145; PN 333). Copies of the RS Plan's annual financial statements are also available to member-system representatives by calling NRECA's Member Contact Center at 866.673.2299.

The District has 73 employees covered by the RS Plan. The RS Plan provides retirement, death, and termination benefits. The District may amend certain terms of the plan, including benefit levels provided for each year of service, normal retirement age, cost-of-living (COLA) adjustments to retiree annuity payments, eligibility for participation, and required employee contributions to the plan. Other plan terms, such as vesting periods, forms of payment, and factors used to reduce benefits for early retirement and conversion of benefits to optional forms of payment, are governed at the plan level and cannot be adjusted by individual employers (such provisions require approval by the NRECA Board of Directors). Each employer elects to participate in the plan.

The total annual contribution is determined actuarially to be sufficient in funding the benefits of the RS Plan as a level percentage of covered payroll over the average expected remaining working lifetime of its participants. The amount is determined annually. This total annual contribution is allocated based on each employer's RS Plan provisions and participant demographics (in particular, the average age of participants and each participant's pay level). The District must contribute annually in accordance with the terms of the RS Plan. The District may amend certain benefit provisions, changing the corresponding contribution level after the effective date of the amendment. The required contribution rates for the District were 21.43% and 20.81% for 2021 and 2020, respectively. The required contribution rate for the District's employees was 0.00% for years 2021 and 2020. Contributions to the RS Plan were $1,378,227 and $1,333,779, in 2021 and 2020, respectively. These contributions represented less than 5% of the total contributions made to the plan by all participating employers. The RS Plan must

NOTE 10. RETIREMENT AND DEFERRED COMPENSATION PLANS (Continued)

meet minimum funding requirements under ERISA, as determined by Internal Revenue Service Regulations. The District can choose to withdraw from the RS Plan, subject to plan provisions that require the District to fully fund its share of RS Plan liabilities before withdrawing. The District had no payables related to the RS Plan at December 31, 2021 and 2020.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employers. In total, the RS Plan was over 80% funded on January 1, 2021, and over 80% funded at January 1, 2020, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The District participates in the NRECA savings plan, which covers substantially all full-time employees. The District contributes an amount equal to 1% of each participant's salary to the plan and provides a dollar-for-dollar matching contribution on employee voluntary contributions up to 4%. Employee voluntary contributions up to annual limits set forth by the Internal Revenue Service may also be made. The District's contributions to the plan were approximately $316,560 and $324,612 for 2021 and 2020, respectively.

The District also has a deferred compensation plan available to management employees at their election and with approval by the Board of Directors. Expenses related to the plan were $- 0 - in 2021 and $- 0 - in 2020. The assets to fund the obligation and the related liability in the same amounts were approximately $8,015 and $8,014 at December 31, 2021 and 2020, respectively.

NOTE 11. RS PLAN PREPAYMENT OPTION

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating member-systems in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a member-system's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a member-system's annual RS Plan required contribution as of January 1, 2013.

After making the prepayment, for most member-systems the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years, up from the originally estimated 10 years. However, NOTE 11. RS PLAN PREPAYMENT OPTION (Continued)

changes in interest rates, asset returns, and other plan experience different from expected, plan assumption changes, and other factors may have an impact on the differential in billing rates and the 15-year period.

The District is amortizing the prepayment over 10 years, the original estimated benefit period. The District amortized $351,426 during 2021. The future amortization of the prepayment is as follows:

Year Ended December 31,	
2022	351,451
2023	58,605
	410,056

NOTE 12. POWER SUPPLY CONTRACT

The District purchases power under a long-term wholesale power supply agreement with the Nebraska Electric Generation and Transmission Cooperative, Inc. (NEG&T), which contains an option allowing the District to self-supply up to 10% of the District's requirements with renewable resources. The agreement is subject to periodic rate reviews and a related performance standard whereby the District may elect to reduce purchases from NEG&T should wholesale power production rates become greater than a specified level as outlined in the wholesale power agreement.

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN

In an effort to enhance the understandability and usefulness of the OPEB information that is included in the financial reports of OPEB plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (effective for fiscal years beginning after June 15, 2017) which replaces the requirements of Statement 45.

GASB Statement 75 establishes financial reporting standards for state and local governmental employers whose employees are provided with OPEB. The statement requires financial statements and accompanying notes disclosing information relative to the funded status of the plan, OPEB accounting expense, historical contribution patterns, and certain other information.

An actuarial study is done every biannually to value to the OPEB liability. The most recent study is as of January 1, 2020.

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN (Continued)

Plan Administration

The District administers an OPEB plan providing medical and prescription drugs to retired employees and their dependents under certain conditions. The District does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

Benefits Provided

Individuals who are employees of Dawson Public Power District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement if they are age 55. Retirees covered by the plan make contributions toward the plan premiums in certain situations. Retirees hired before June 1, 2007, receive District contributions toward the premium costs.

Plan Membership

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

Inactive members currently receiving benefits	31
Inactive members entitled to but not yet receiving benefits	
Active members	40
	71

Investment Policy

The District's obligation is unfunded at January 1, 2021. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

	As of January 1, 2021
Actuarial Present Value of Future Benefits	
Retired - Employees	2,216,333
Retired - Spouses/Dependents	455,888
Actives - Employees	7,276,059
Actives - Spouses/Dependents	1,976,213
Total	11,924,493
Total OPEB Liability	
Retired - Employees	2,216,333
Retired - Spouses/Dependents	455,888
Actives - Employees	5,097,310
Actives - Spouses/Dependents	1,292,751
Total	9,062,282

The total OPEB liability of the District at December 31, 2021, is projected to be $9,483,361.

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN (Continued)

Investment Policy (Continued)

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate: There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, so the net fiduciary position is $- 0 - and the net OPEB liability would be equal to the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$7,878,056	$9,483,361	$11,590,427

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

The following presents the total OPEB liability, calculated using the current discount rate of 2.74%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower (1.74%) or 1-percentage point higher (3.74%) than the current rate:

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
Total OPEB Liability	$11,126,130	$9,483,361	$8,152,855

Schedule of Changes in Total OPEB Liability

	Fiscal Year Ending December 31, 2021*
Total OPEB Liability - Beginning of Year	9,242,906
Service Cost	207,451
Interest	255,886
Difference between Expected and Actual Experience*	36,432
Benefit Payments*	(259,314)
Net Change in Total OPEB Liability	240,455
Total OPEB Liability - End of Year	9,483,361
Covered-Employee Payroll	3,540,186

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN (Continued)

Schedule of Changes in Total OPEB Liability (Continued)

Total OPEB Liability as a Percentage of the Covered-Employee Payroll	267.88%

*These are to be redetermined using actual employer contributions for the period January 1, 2020 to December 31, 2021. For self-insured plans, this is the difference between actual retiree claims/expenses and the actual retiree contributions for the retirees covered during this period. For fully insured plans this is the difference between the actual age-adjusted total retiree premiums and actual collected retiree contributions.

OPEB Expense

	Fiscal Year Ending December 31, 2021
Service Cost	207,451
Interest	255,886
Recognition of Deferred Outflows of Resources	
Economic/Demographic (Gains) Losses*	(99,489)
Assumption Changes	34,361
Total OPEB Expense	398,209

*Economic/demographic (gains) and losses for the period ending December 31, 2021, should be adjusted by an amortization of the difference between actual and expected employer contributions.

Expected Remaining Service Lives

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN (Continued)

Expected Remaining Service Lives (Continued)

The amortization period for the January 1, 2020 to December 31, 2021, measurement period was determined as follows:

	Number of Members	Expected Remaining Service Lives
As of January 1, 2021		
Active Members	40	13.016
Inactive Members	31	0.000
Weighted Average Rounded To Nearest Tenth	7.3	

Deferred Inflows and Outflows of Resources

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience*	(585,599)	94,611
Changes of assumptions	(1,397,866)	2,563,736
Total	(1,983,465)	2,658,347

*Economic/demographic (gains) and losses for the period ending December 31, 2021, should be adjusted by the unamortized balance of the difference between actual and employer contributions.

NOTE 13. POSTEMPLOYMENT MEDICAL INSURANCE PLAN (Continued)

Deferred Inflows and Outflows of Resources (Continued)

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year Ended December 31,	Annual Recognition
2022	(65,128)
2023	(65,128)
2024	(65,128)
2025	(65,128)
2026	(65,128)
Thereafter	1,000,497
	674,857

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period*	Amount Recognized in Expense Dec 31, 2021	Balance of Deferred Inflows Dec 31, 2021	Balance of Deferred Outflows Dec 31, 2021
Economic/Demographic						
(Gains)/Losses	(806,579)	12/31/2020	7.3	(110,490)	(585,599)	
	138,615	12/31/2018*	12.6	11,001		94,611
				(99,489)	(585,599)	94,611
Assumption Changes						
(Gains)/Losses	1,925,362	12/31/2020	7.3	(263,748)	(1,397,866)	
	3,756,172	12/31/2018	12.6	298,109		2,563,736
				34,361	(1,397,866)	2,563,736
Investment						
(Gains)/Losses	-	12/31/2020	5.0	-	-	-
	-	12/31/2018	5.0	-	-	-

*Economic/demographic (gains) and losses along with assumption changes are recognized over a closed period equal to the weighted average of expected remaining service lives for all active and inactive members.

NOTE 14. LINES OF CREDIT

The District has established an $8,000,000 line of credit with National Rural Utilities Co-operative Finance Corporation, and a $1,000,000 line of credit with CoBank, ACB, for the purpose of short-term financing. Both lines of credit contain annual automatic renewal options. The District has no outstanding balances on either line of credit.

NOTE 15. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

NOTE 16. SUBSEQUENT EVENTS

The District is exploring the possibility of a consolidation with Central Nebraska Public Power District. The District has hired a consultant to help with a feasibility study. A two-thirds majority vote from both boards is needed before moving forward with any potential consolidation.

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 25, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DAWSON PUBLIC POWER DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2021

	Fiscal Year Ending December 31 2019	Fiscal Year Ending December 31 2020	Fiscal Year Ending December 31 2021
Total OPEB Liability - Beginning of Year	11,463,335	11,952,596	9,242,906
Service cost	291,566	201,409	207,451
Interest	399,974	250,114	255,886
Change of Benefit Terms		(209,892)	
Difference between Expected and Actual Experience		(806,579)	36,432
Changes of Assumptions		(1,925,362)	
Benefit Payments	(202,279)	(219,380)	(259,314)
Net change in Total OPEB Liability	489,261	(2,709,690)	240,455
Total OPEB Liability - End of Year	11,952,596	9,242,906	9,483,361
Covered-Employee Payroll	4,127,720	3,822,798	3,540,186
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	289.57%	241.78%	267.88%

Notes to Schedule of Changes in Total OPEB Liability

The schedule should show 10 years of data, which is not available. As the information becomes available, it will be added. The valuation for 2018 and 2019 was determined as of January 1, 2018, based on census data collected as of January 1, 2018. The valuation for 2020 was determined as of January 1, 2020, based on census data collected as of January 1, 2020.

Changes in Assumptions

The actuarial valuation reflects the following changes in assumptions from the prior actuarial valuation. The discount rate was changed from 3.44% to 2.74%. The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection for future mortality improvement. Medical inflation for the 2021 plan year was adjusted to 0% based on known premium increases for 2021. HRA increases were adjusted to assume no increase for 4 years, followed by 5% increases thereafter. After 2019, HRA contributions do not increase at a defined rate within the plan. Other assumptions were changed based on the best estimate of future experience.

Changes in Benefit Terms

This actuarial valuation also reflects the following changes to the plan provisions from the prior actuarial valuation. Employees hired after June 1, 2007, are no longer eligible for retiree coverage, even at their own cost.

DAWSON PUBLIC POWER DISTRICT
SCHEDULE OF EMPLOYER'S REQUIRED CONTRIBUTIONS
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

Year	Annual Contribution
2012	1,231,481
2013	1,033,311
2013	3,514,519
2014	1,107,651
2015	1,089,558
2016	1,128,475
2017	1,200,487
2018	1,313,225
2019	1,279,937
2020	1,333,779
2021	1,378,227

DAWSON PUBLIC POWER DISTRICT
NOTES TO SCHEDULE OF EMPLOYER'S REQUIRED CONTRIBUTIONS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of employer's required contributions is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States (GAAP).

NOTE 2. SIZE OF POPULATION

The employee population of Dawson Public Power District's RS Plan was 73 and 75 plan participants for December 31, 2021 and 2020, respectively.

NOTE 3. CHANGES IN FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN AMOUNTS REPORTED

The below schedule summarizes the changes in required plan billing rates charged to the District for the RS Plan.

Significant Changes in RS Plan Billing Rates in the Past 10 Years

	Proportional Change Compared With the Prior Year	Primary Reason for the Significant Change
2012	2%	Average age of the District's employees participating in the plan increased, resulting in an increased required contribution.
2013	-17%	The District elected to participate in the prepayment option offered to participating employers to reduce contributions by 25% for the next 10 years.
2014	-2%	Average age of the District's employees participating in the plan decreased, resulting in a decreased required contribution.
2015	0%	Average age of the District's employees participating in in the plan remained the same, resulting in no change in the required contribution.
2016	1%	Actual investment return was lower than the assumed 7.75% annual return.
2017	3%	Actual investment return was lower than the assumed 7.75% annual return.
2018	4%	Actual investment return was lower than the assumed 7.75% annual return.

DAWSON PUBLIC POWER DISTRICT
NOTES TO SCHEDULE OF EMPLOYER'S REQUIRED CONTRIBUTIONS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2021

NOTE 3. CHANGES IN FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN AMOUNTS REPORTED (Continued)

Significant Changes in RS Plan Billing Rates in the Past 10 Years

	Proportional Change Compared With the Prior Year	Primary Reason for the Significant Change
2019	1%	Actual investment return was lower than the assumed 7.75% annual return.
2020	0%	Very minor change.
2021	3%	The Plan was below the 90% funded goal.

SUPPLEMENTARY INFORMATION

DAWSON PUBLIC POWER DISTRICT
SCHEDULE OF MATURITIES OF LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021

	2016A Revenue Bonds	2016B Revenue Bonds	2017A Revenue Bonds	2017B Revenue Bonds	2018A Revenue Bonds	2018B Revenue Bonds	2019 Revenue Bonds	2020 Revenue Bonds	Direct Borrowing 2020 CoBank Loan 01	Direct Borrowing 2020 CoBank Loan 02	Total Long Term Debt Principal	Total Long Term Debt Interest	Total Long Term Debt Payments
2022	490,000	300,000	425,000	525,000	380,000	555,000	500,000	355,000	252,000	642,000	4,424,000	1,335,192	5,759,192
2023	500,000	305,000	435,000	530,000	390,000	565,000	515,000	365,000	256,080	654,000	4,515,080	1,249,633	5,764,713
2024	515,000	310,000	445,000	540,000	400,000	580,000	530,000	370,000	260,700	660,000	4,610,700	1,157,499	5,768,199
2025	530,000	315,000	450,000	550,000	410,000	595,000	545,000	380,000	264,000	670,200	4,709,200	1,058,511	5,767,711
2026	540,000	320,000	460,000	565,000	425,000	615,000	555,000	385,000	268,080	680,400	4,813,480	954,129	5,767,609
2027 - 2031	1,100,000	1,730,000	2,475,000	1,665,000	2,335,000	1,285,000	3,000,000	2,040,000	1,417,057	974,750	18,021,807	3,290,301	21,312,108
2032 - 2036		2,000,000	2,880,000	200,000	2,730,000		2,460,000	980,000			11,250,000	1,270,595	12,520,595
2037 - 2039			635,000		1,230,000		750,000				2,615,000	88,245	2,703,245
	3,675,000	5,280,000	8,205,000	4,575,000	8,300,000	4,195,000	8,855,000	4,875,000	2,717,917	4,281,350	54,959,267	10,404,105	65,363,372

DAWSON PUBLIC POWER DISTRICT
SCHEDULES OF DEBT SERVICE COVERAGE
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET AVAILABLE FOR DEBT SERVICE		
Increase in net position	8,028,385	10,314,274
Depreciation/amortization	7,271,294	7,093,113
Interest expense	1,412,215	1,626,207
Net available for debt service	16,711,894	19,033,594
2014A BOND ISSUE		
Total principal and interest		336,765
Years remaining		1
Average annual debt service requirement		336,765
2016A BOND ISSUE		
Total principal and interest	3,989,618	4,536,050
Years remaining	10	11
Average annual debt service requirement	398,962	412,368
2016B BOND ISSUE		
Total principal and interest	6,490,261	6,928,294
Years remaining	15	16
Average annual debt service requirement	432,684	433,018
2017A BOND ISSUE		
Total principal and interest	10,387,045	11,038,505
Years remaining	16	17
Average annual debt service requirement	649,190	649,324
2017B BOND ISSUE		
Total principal and interest	5,149,353	5,774,088
Years remaining	11	12
Average annual debt service requirement	468,123	481,174
2018A BOND ISSUE		
Total principal and interest	10,851,789	11,489,809
Years remaining	17	18
Average annual debt service requirement	638,341	638,323
2018B BOND ISSUE		
Total principal and interest	4,699,295	5,366,995
Years remaining	7	8
Average annual debt service requirement	671,328	670,874

DAWSON PUBLIC POWER DISTRICT
SCHEDULES OF DEBT SERVICE COVERAGE
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
2019 BOND ISSUE		
Total principal and interest	10,882,771	11,288,769
Years remaining	18	19
Average annual debt service requirement	604,598	594,146
2020 BOND ISSUE		
Total principal and interest	5,544,300	5,994,446
Years remaining	13	14
Average annual debt service requirement	426,485	428,175
2020-01 LOAN ISSUE		
Total principal and interest	2,905,681	3,194,684
Years remaining	8	9
Average annual debt service requirement	363,210	354,965
2020-02 LOAN ISSUE		
Total principal and interest	4,463,261	5,158,934
Years remaining	7	8
Average annual debt service requirement	637,609	644,867
SUM OF AVERAGE ANNUAL DEBT SERVICE REQUIREMENT FOR ALL OUTSTANDING ISSUES	5,771,703	5,643,999
DEBT SERVICE COVERAGE RATIO	2.90	3.37
REQUIRED DEBT SERVICE COVERAGE RATIO - BONDS	1.25	1.25
EXCESS - BONDS	1.65	2.12
REQUIRED DEBT SERVICE COVERAGE RATIO - LOAN	1.35	1.35
EXCESS - LOAN	1.55	2.02

OTHER INFORMATION

DAWSON PUBLIC POWER DISTRICT
SCHEDULE OF INSURANCE COVERAGE
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2021

INSURER

Federated Rural Electric Insurance Exchange
P.O. Box 15147
Lenexa, Kansas 66285-5147

Type of Insurance	Policy Number	Policy Effective Date	Limits ($)	
General	26 ARB 030-20	1/1/20 to 1/1/22	Each occurrence	2,000,000
			Damage to rented premises	2,000,000
			Medical expenses (per person)	1,000
			Personal and adv. injury	2,000,000
Automobile liability	26 ARB 030-20	1/1/20 to 1/1/22	Combined single limit	2,000,000
Workers' compensation and employers' liability	26 WC 030-22	7/1/21 to 7/1/22	WC limits	Statutory
			E.L. each accident	500,000
			E.L. each employee	500,000
			E.L. disease each employee	500,000
All risk property including physical damage to vehicles and cyber liability	26 ARB 030-20	1/1/20 to 1/1/22	Deductibles	Property limit
			Property - $500	
			Comp - $100	59,913,047
			Collision - $500	
Boiler and machinery	1-OE78259-TIL-20	1/1/20 to 1/1/22	Deductible	Property limit
			Property - $2500	
			Generators - $5000	5,864,799
Commercial umbrella	26 UMB 030-20	1/1/20 to 1/1/22	Occurrence	4,000,000
Directors, officers, and managers liability and corporate indemnification	26 DOM 030-20	1/1/20 to 1/1/22	DOM limit	10,000,000
			Fiduciary limit	1,000,000
			Deductible	2,500

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
CERTAIN PROVISIONS OF THE BOND RESOLUTIONS

To the Board of Directors
Dawson Public Power District
Lexington, Nebraska

We have audited, in accordance with generally accepted auditing standards, the statements of net position of Dawson Public Power District as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and have issued our report thereon dated April 25, 2022.

In connection with the audit, nothing came to our attention that caused us to believe that the District failed to comply with the covenants, agreements, or conditions of the Dawson Public Power District Electric System Revenue Bond Resolutions providing for issuance of revenue bonds insofar as they relate to financial and accounting matters as follows:

Series 2016A, adopted July 20, 2016
Series 2016B, adopted August 24, 2016
Series 2017A, adopted August 23, 2017
Series 2017B, adopted October 4, 2017
Series 2018A, adopted July 18, 2018
Series 2018B, adopted September 18, 2018
Series 2019, adopted August 22, 2019
Series 2020, adopted August 31, 2020

However, our audit was not directed primarily toward obtaining knowledge of noncompliance with the Bond Resolutions. The financial statements of Dawson Public Power District contain bond covenant ratios on the schedule of debt service coverage.

This report is intended solely for the information and use of the Board of Directors and management of Dawson Public Power District; Pinnacle Bank, Lexington, Nebraska; CoBank, ACB, Denver, Colorado; First National Capital Markets, Omaha, Nebraska; and Ameritas Investment Corp., Omaha, Nebraska, and should not be used for any other purpose.

Dana F Cole + Company, LLP

Grand Island, Nebraska
April 25, 2022

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

To the Board of Directors
Dawson Public Power District
Lexington, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Dawson Public Power District, as of and for the year ended December 31, 2021, which collectively comprise Dawson Public Power District's basic financial statements, and have issued our report thereon dated April 25, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Dawson Public Power District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F. Cole + Company, LLP

Grand Island, Nebraska
April 25, 2022

DAWSON PUBLIC POWER DISTRICT
LEXINGTON, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021

There were no findings for the current year audit.

DAWSON PUBLIC POWER DISTRICT
LEXINGTON, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

There were no findings for the prior year audit.