

**METROPOLITAN UTILITIES DISTRICT**  
**DRAFT Committee Meetings Agenda**

UPDATED 3/28/2025 2:30 PM

12:00 p.m.

April 2, 2025

1. Safety Briefing
2. Roll Call
3. Open Meetings Act Notice
4. Closed Session – Litigation, Personnel and Real Estate

**Construction & Operations – Friend, Sidzyik, Cavanaugh**

1. Capital Expenditures [Kendall Minor – SVP & Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates  
[Trevor Tonniges – Director, Plant Engineering] – **Tab 6**
3. Bids on Materials and Contracts [Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 7**

**Services & Extensions – Friend, Begley, Howard**

1. Main Extensions [Masa Niiya – VP, Engineering] – **Tab 9**

**Personnel – Begley, Sidzyik, Friend**

1. Wage and/or Salary Increases and Ratification  
[Bonnie Savine – VP, Human Resources] – **Tab 10**
2. Hybrid Work Update [Bonnie Savine – VP, Human Resources]

**Judicial & Legislation – Cavanaugh, Cook, Howard**

1. Third Legislative Report for 2025 [Rick Kubat – Governmental Relations Attorney] – **Tab 11**

**Insurance & Pensions – Howard, McGowan, Cook**

1. Actuarial Valuation Report on the Retirement Plan  
[Mark Myers – SVP & Chief Financial Officer] – **Tab 12**

**Audit – McGowan, Howard, Begley**

1. 2024 Audited Financial Statements [Steve Dicks – VP, Accounting] – **Tab 13**

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

1. 2024 Financial Review [Steve Dickas – VP, Accounting] – **Tab A (INFORMATION ONLY)**

**Committee of the Whole**

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

***(Turn over for regular Board Meeting agenda)***

# METROPOLITAN UTILITIES DISTRICT

## Regular Monthly Board Meeting Agenda

1:30 p.m.

April 2, 2025

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Committee Meetings and Regular Board Meeting for March 5, 2025
- CONSTRUCTION & OPERATIONS** 5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Bids on Materials and Contracts
8. Notice of Purchases Between \$25,000 & \$50,000
- SERVICES & EXTENSIONS** 9. Main Extensions
- PERSONNEL** 10. Wage and/or Salary Increases and Ratifications
- JUDICIAL & LEGISLATIVE** 11. Third Legislative Report for 2025
- INSURANCE & PENSION** 12. Actuarial Valuation Report on the Retirement Plan
- AUDIT** 13. 2024 Audited Financial Statements
- BOARD** 14. President's Performance and Salary Review
15. Other Matters of District Business for Discussion
16. Public Comment
17. CLOSED SESSION – Litigation, Personnel and Real Estate

**Adjourn Regular Monthly Board Meeting**

*(Turn over for Committee Meetings agenda)*

**METROPOLITAN UTILITIES DISTRICT**  
**DRAFT Minutes of the Committee Meeting**

**March 5, 2025**

Chairman Tim Cavanaugh called to order the Committee meetings of the Metropolitan Utilities District Board of Directors at 1:00 p.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 23, 2025, with a revised notice published on Tuesday, March 4, 2025. Notice was also provided on the MUD website at [www.mudomaha.com](http://www.mudomaha.com) and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on February 28, 2025.

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

**Safety Briefing**

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

**Roll Call**

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

**Open Meetings Act Notice**

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

**Construction and Operations – Friend, Sidzyk, Cavanaugh**

Senior Vice-President and Chief Operations Officer Kendall Minor presented the proposed capital expenditures as outlined in his letter to the Committee dated February 28, 2025. Discussion took place regarding the vendor selection for proposed District projects.

Director of Plant Engineering Trevor Tonniges presented the acceptance of contracts and payment of final estimates as outlined in his letter to the Committee dated March 3, 2025.

Mr. Tonniges continued presenting the water infrastructure contract partnership recommendation for 2025 as outlined in his letter to the Committee dated February 26, 2025.

Vice-President of Procurement & Enterprise Services Jon Zellars presented the bids on materials and contracts as outlined in the letter to the Committee from Director of Procurement Sherri Lightfoot dated February 19, 2025. Discussion took place regarding the current and anticipated impact from Federal tariffs. Additional discussion took place regarding vendor selection of the cross-bore program, customer surveys, and the process to ensure equitable and competent vendor selection for each specific request.

#### **Services and Extensions – Friend, Begley, Howard**

Vice-President of Engineering Masa Niiya presented the proposed main extensions as outlined in his letter to the Committee dated February 25, 2025.

#### **Personnel – Begley, Sidzyik, Friend**

Vice-President of Human Resources Bonnie Savine reviewed the wage and/or salary increases and ratifications as outlined in her letter to the Committee dated February 25, 2025.

#### **Justice & Legislative – Cavanaugh, Cook, Howard**

Senior Vice President and General Counsel Mark Mendenhall presented the purchase agreement for the Blair High Road pump station as outlined in his letter to the Committee dated February 27, 2025.

Government Relations Attorney Rick Kubat reviewed the second legislative report of the 2025 session as outlined in his letter to the Committee dated February 26, 2025. Mr. Kubat indicated no change in positions and requested the memo be placed on file.

#### **Public Comment**

Chairman Cavanaugh asked if there were any further comments from the Board or if any member of the public would like to address the Board.

Chairman Cavanaugh extended condolences to the family of Tom Riley upon his passing on behalf of the Board.

Chairman Cavanaugh requested further information on how customer deposit holds are managed. President Doyle and Senior Vice President and Chief Information Officer Sue Lobsiger gave a brief explanation of the current deposit hold process and will provide a more in-depth response to the Board upon further review of the process.

Mr. Mendenhall provided a brief Heat the Streets closing update.

Director McGowan requested an overview at the April Board Meeting of the remote work policy and current employee population covered under that policy.

At 2:03 p.m., Chairman Cavanaugh announced the Committee Meetings had concluded, and the Board would reconvene in ten minutes for the regular monthly Board Meeting.

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Mark Doyle  
President & Secretary to the Board

MD/sec

**METROPOLITAN UTILITIES DISTRICT**  
**DRAFT Minutes of the Regular Monthly Board Meeting**  
**March 5, 2025**

Chairman Tim Cavanaugh called to order the Committee meetings of the Metropolitan Utilities District Board of Directors at 2:15 p.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 23, 2025, with a revised notice published on Tuesday, March 4, 2025. Notice was also provided on the MUD website at [www.mudomaha.com](http://www.mudomaha.com) and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on February 28, 2025.

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

**AGENDA NO. 1**

**ROLL CALL**

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

**AGENDA NO. 2**

**OPEN MEETINGS ACT NOTICE**

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

**AGENDA NO. 3**

**PLEDGE OF ALLEGIANCE**

Chairman Cavanaugh invited all who wished to participate to recite the Pledge of Allegiance.

**AGENDA NO. 4**

**APPROVAL OF MINUTES FOR THE COMMITTEE MEETINGS, REGULAR MONTHLY BOARD MEETING AND PUBLIC HEARING FOR FEBRUARY 5, 2025.**

Director Cook moved to approve the minutes for the Committee Meetings and Regular Monthly Board Meeting for February 5, 2025, which was seconded by Director Begley and carried on a roll call vote.

Voting Yes: McGowan, Howard, Cavanaugh, Begley, Cook, Friend, Sidzyik

Voting No: None

**AGENDA NO. 5**  
**CAPITAL EXPENDITURES**

Director Friend moved to approve the proposed capital expenditures as presented in the Committee Meetings by Senior Vice-President and Chief Operations Officer, Kendall Minor as outlined in his letter to the Committee dated February 28, 2025. The motion was seconded by Director Howard and carried on a roll call vote.

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

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

Director Friend moved to approve the acceptance of contracts and payment of final estimates as presented in the Committee Meetings by Director Plant Engineering Trevor Tonniges and as outlined in his letter to the Committee dated March 3, 2025. The motion was seconded by Director Begley and carried on a roll call vote.

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

**AGENDA NO. 7**  
**WATER INFRASTRUCTURE CONTRACT PARTNERSHIP RECOMMENDATION FOR 2025**

Director Friend moved to approve the acceptance of water infrastructure contract partnership recommendation for 2025 as presented in the Committee Meetings by Director Plant Engineering Trevor Tonniges and as outlined in his letter to the Committee dated February 26, 2025. The motion was seconded by Director Cook and carried on a roll call vote.

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

**AGENDA NO. 8**  
**BIDS ON MATERIALS AND CONTRACTS**

Director Friend moved to approve the bids on materials and contracts as presented in the Committee Meetings by Vice-President of Procurement and Enterprise Services Jon Zellars and as outlined in the letter to the Committee dated February 19, 2025, from Director of Procurement Sherri Lightfoot. The motion was seconded by Director Howard and carried on a roll call vote.

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

**AGENDA NO. 9**

**NOTICE OF PURCHASES BETWEEN \$25,000 AND \$50,000**

Director Friend requested that the Notice of Purchases letter dated February 26, 2025, from Director of Procurement Sherri Lightfoot be placed on file.

**AGENDA NO. 10**

**MAIN EXTENSIONS**

Director Friend moved to approve the proposed main extensions as presented in the Committee Meetings by Vice-President of Engineering Masa Niiya and as outlined in his letter to the Committee dated February 25, 2025, which was seconded by Director Howard and carried on a roll call vote.

Voting Yes: McGowan, Howard, Cavanaugh, Begley, Cook, Friend, Sidzyik

Voting No: None

**AGENDA NO. 11**

**WAGE AND/OR SALARY INCREASES AND RATIFICATIONS**

Director Begley moved to approve the Wage and/or Salary Increases and Ratifications as presented in the Committee Meetings by Vice-President of Human Resources Bonnie Savine and as outlined in her letter dated February 25, 2025. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: McGowan, Howard, Cavanaugh, Begley, Cook, Friend, Sidzyik

Voting No: None

**AGENDA NO. 12**

**BLAIR HIGH ROAD PUMP STATION PROPERTY PURCHASE**

Director Cavanaugh moved to approve the Blair High Road pump station property purchase as presented in the Committee Meetings by Senior Vice-President and General Counsel Mark Mendenhall and as outlined in her letter dated February 27, 2025. The motion was seconded by Director Cook and carried on a roll call vote.

Voting Yes: McGowan, Howard, Cavanaugh, Begley, Cook, Friend, Sidzyik

Voting No: None

**AGENDA NO. 13**

**SECOND LEGISLATIVE REPORT FOR 2025**

Director Cavanaugh requested that the second legislative report for 2025 memo from Government Relation Attorney Rick Kubat dated February 26, 2025, be placed on file.

**AGENDA NO. 14**

**OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION**

Chairman Cavanaugh asked whether any Board Members had any comments they wished to share. There was none.



**AGENDA NO. 15**  
**PUBLIC COMMENT**

Chairman Cavanaugh asked if there were any further comments from the Board or if any member of the public would like to address the Board. There was none.

**AGENDA NO. 16**  
**CLOSED SESSION – LITIGATION, PERSONNEL AND REAL ESTATE**

A Closed Session was not necessary.

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

Voting Yes: McGowan, Howard, Cavanaugh, Begley, Cook, Friend, Sidzyk

Voting No: None

The regular Board Meeting was adjourned at 2:23 p.m.

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Mark Doyle  
President & Secretary to the Board

MD/sec

# METROPOLITAN UTILITIES DISTRICT

*Inter-Department Communication*

**March 25, 2025**

**Subject: CAPITAL EXPENDITURES**

**To:** Construction and Operations Committee  
cc: all Board Members; President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Myers, and all Vice Presidents

**From:** Kendall Minor, SVP & Chief Operations Officer

The following items will be on the April 2<sup>nd</sup>, 2025, Committee Agenda for consideration and the Board Agenda for approval:

## **BUILDINGS, PLANTS & EQUIPMENT**

**1. JOB #:** (100086000778 - \$250,000)

**PROJECT COST:** \$250,000

**LOCATION:** Florence Water Treatment Plant, Ops, Platte West

**PURPOSE:** SCADA hardware and software lifecycle refresh

**DESCRIPTION:** As part of the District's SCADA Hardware Lifecycle Refresh Plan, Information Technology Services is requesting the replacement of SCADA hardware at the Florence Water Treatment Plant, System Control Facilities for Operations, and Platte West to enhance the reliability of the SCADA system. This project includes replacing SCADA network equipment and eight servers, all of which are over five years old, at these three locations, as well as upgrading the SCADA software

**2. JOB #:** (100031000035 - \$138,000)

**TOTAL COST:** \$138,000

**LOCATION:** Florence Water Treatment Plant

**PURPOSE:** Procure engine building suction valves

**DESCRIPTION:** Inside the engine building are five suction valves that leak and do not isolate properly. These valves are used when the gas engine pumps are being maintained and can make it difficult to isolate the pumps.

This C&A is for the procurement package only to accommodate the long lead times. Engineering received 4 separate bids for the valves and will appear on the board agenda for approval.

There is \$310,000 in the budget for this project. A separate C&A will be routed later this year for the construction services.

**3. JOB #:** (100090001515 - \$55,758)

**TOTAL COST:** \$55,758

**LOCATION:** Construction Center 1

**PURPOSE:** Fitness center equipment

**DESCRIPTION:** This request is for the purchase of fitness equipment to furnish the new Construction Center 1 (CC1) fitness center space. This is the same equipment that we have in the fitness center at Headquarters. This allows for familiarity for employees when using either on site fitness center locations. The onsite fitness centers allow employees to utilize the dedicated fitness center space before/after work hours and during their lunch breaks. These equipped facilities are an extension of the District's ongoing wellness initiatives.

**4. JOB #:** (100020000013 & 100020000014 - \$36,360), (100020000015 - \$23,840) & (100020000016 - \$4,050)

**PROJECT COST:** \$64,250

**LOCATION:** LNG Plant

**PURPOSE:** Roof coating and repairs

**DESCRIPTION:** Several roofs at the LNG Plant and 120th and Fort Propane Air Plant require repairs to extend their useful life. Work will be performed for the following roofs: Administration Building, Control Room, and Compressor Building at the LNG Plant; and Vaporizer No. 3 at the 120th and Fort Propane Air Plant. The scope of work includes caulking repairs, applying a new roof coating, and performing gutter and downspout repair work where required. The repairs are estimated to extend the roof life for the LNG Plant roofs an additional twelve to fifteen years and the vaporizer roof an additional five years.

**5. JOB #:** WP2209 (100085000696 - \$200,000)

**PROJECT COST:** \$200,000

**LOCATION:** Mormon Road Pump Station

**PURPOSE:** Replace actuated discharge valves

**DESCRIPTION:** This request is to purchase and install two replacement actuated discharge valves at the Mormon Road pump station. The actuated discharge valves are used to prevent Zone 2 water from feeding back into Zone 1 when the associated pump is not in operation. The valves were originally installed in 1962 and are being replaced due to normal wear and limited parts availability.

Due to an eleven-month lead time, the installation phase of this project will occur in early 2026. All work will be performed by District crews.

**6. JOB #:** GP2890 (100020000008 - \$78,210)

**PROJECT COST:** \$78,210

**LOCATION:** LNG Plant

**PURPOSE:** Drainage remediation for LNG electrical substation and approach drive.

**DESCRIPTION:** The electric substation enclosure and approach drive located on LNG property are experiencing drainage issues, particularly after rainfall, resulting in significant areas of standing water. Engineering has identified the need for a drainage solution to address this issue and prevent water accumulation at the facility.

This C&A provides for drainage improvements for the substation. These include adding drainage capture points at the downspouts and constructing a driveway drain to eliminate standing water at the entrance. The modifications will redirect excess water to the main storm drain at the facility's front entrance.

The drainage improvements are scheduled for completion in 2025, and the project is included in the 2025 budget.

**7. JOB #:** (100031000036 - \$131,000) **RATIFICATION**

**PROJECT COST:** \$131,000

**LOCATION:** Florence Water Production Facility

**PURPOSE:** Replace chemical building UPS

**DESCRIPTION:** This capital expenditure is for the purchase and installation of a replacement uninterruptible power source (UPS) serving the Chemical Building at the Florence Water Production Facility. The existing UPS failed on March 16 and is currently being bypassed, leaving the affected circuits without power interruption protection. Due to the nine week lead time, this expenditure authorization is a ratification to allow for immediate purchase of the UPS unit itself. A bid recommendation for installation services will be presented to the Board of Directors in May 2025.

**SYSTEM IMPROVEMENTS**

**1. JOB #:** GP2912 (100062000700 - \$35,000), (100062000701 - \$25,000), (100052001879 - \$54,500) & (100066002497 - \$10,700)

**PROJECT COST:** \$125,200

**LOCATION:** West Center Road between 119<sup>th</sup> Street and 120<sup>th</sup> Street

**PURPOSE:** Abandon below ground regulator station and replace with above ground regulator station

**DESCRIPTION:** The existing below ground regulator station requires rehabilitation due to its deteriorating condition. The above ground regulator station will be installed to the east of the existing location to minimize traffic disruptions along West Center Road. This is one of Gas Distribution's prioritized regulator station replacements budgeted for 2025.

**2. JOB #:** GP2913 (100062000702 - \$35,000) & (100062000703 - \$25,000), (100052001880 - \$69,000) & (100066002498 - \$31,000)

**PROJECT COST:** \$160,000

**LOCATION:** North 168<sup>th</sup> Circle and Burke Street

**PURPOSE:** Abandon below ground regulator station and replace with above ground regulator station

**DESCRIPTION:** The existing below ground regulator station requires rehabilitation due to its deteriorating condition. The proposed above ground regulator station will be installed to the southeast of the existing below ground regulator station. This is one of Gas Distribution's prioritized regulator station replacements budgeted for 2025.

**3. JOB #:** R2337 (100053001600 - \$37,000), (100067001572 - \$3,000), (100054001189 - \$60,300) & (100068001175 - \$4,000)

**PROJECT COST:** \$104,300

**LOCATION:** North 49<sup>th</sup> Street and Charles Street, North 48<sup>th</sup> Street and Hamilton Street, North Saddle Creek Road from Hamilton Street to Seward Street.

**PURPOSE:** Relocate hydrants and gas mains

**DESCRIPTION:** This work is required to eliminate conflicts with proposed grading, paving, and storm sewers being done for the Saddle Creek Road Streetscape on City of Omaha's Project OPW 54540. This project is anticipated to begin in April 2025 and will be constructed by District crews.

This work is not reimbursable as the mains are in public right-of-way.

**4. JOB #:** R2226 (100053001610 - \$200,000), (100067001582 - \$14,600), (100054001116 - \$83,100) & (100068001099 - \$14,300) **REVISION**

**PROJECT COST:** \$312,000

**LOCATION:** North 168<sup>th</sup> Street and Ida Street

**PURPOSE:** Relocate gas and water mains.

**DESCRIPTION:** This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for the Douglas County's Project C-28(512). This project is anticipated to begin Spring 2025 and will be constructed by a District crew. The water main relocations associated with this project are reimbursable as the mains were installed in a permanent easement. The total estimate for the reimbursable work is \$214,600. The gas main relocations are not reimbursable as the mains are in public right-of-way.

This C&A was previously approved at the March 2025 Board meeting for \$565,900 and has been revised to reflect relocation needed for Douglas County's design changes.

Kendall Minor  
SVP, Chief Operations Officer

Approved:

Mark E. Doyle  
President

**METROPOLITAN UTILITIES DISTRICT**

*Inter-Department Communication*

March 19, 2025

**Subject:** ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

**To:** Committee on Construction and Operations  
 cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, Myers, and all Vice Presidents

**From:** Trevor Tonniges, Director, Plant Engineering

The following items will be on the April 2, 2025, Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

| Contract   | Contract Approval Date | Amounts         |              |
|--|------------------------|-----------------|--------------|
|  |                        | *Unit Price Bid | Actual       |
| a. WATER MAIN RELOCATION<br>(OPW51810) N 108 <sup>TH</sup> ST.,<br>FROM DECATUR ST. TO BURT<br>ST.;<br>TAB CONSTRUCTION;<br>R2077 (100093001370,<br>100041000157, 100097000000,<br>100095000000) | 1/5/2022               | \$997,588.40    | \$994,308.14 |

**Comments:** There was a net decrease of \$3,280.26 (-0.3%) for this project, due to a reduction in quantities for water main, bends and solid sleeves and additions for ADA Ramp and pavement restoration items. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

| Contract  | Contract Approval Date | Amounts         |              |
|---|------------------------|-----------------|--------------|
|   |                        | *Unit Price Bid | Actual       |
| <b>b.</b> INSTALL WATER MAINS IN CALAROSA WEST SUBDIVISION LOTS 524-680, NE OF 216 <sup>TH</sup> ST. & FORT ST.;<br>CEDAR CONSTRUCTION COMPANY INC.;<br>WP1904 (100055001398) | 7/6/2022               | \$941,731.00    | \$923,132.30 |

**Comments:** There was a net decrease of \$18,598.70 (-2.0%) for this project, due to a reduction of quantities for water mains, bends, plugs, sample taps and augering, that were originally estimated. There were also costs for an additional temporary hydrant and mobilization, and a previously approved change order for an additional chlorine tube, all at the request of the developer. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

| Contract   | Contract Approval Date | Amounts         |                |
|--|------------------------|-----------------|----------------|
|  |                        | *Unit Price Bid | Actual         |
| <b>c.</b> CAST IRON MAIN REPLACEMENT IN; WALNUT ST., HICKORY ST. & PINE ST. BEWEEN S. 48 <sup>TH</sup> ST. & S. 60 <sup>TH</sup> ST.;<br>L.G. ROLOFF CONSTRUCTION CO. INC.;<br>WP1982 (100093001402, 100041000191, 100095001221, 100097000000, 100097000001) | 1/4/2023               | \$3,525,778.00  | \$3,399,350.69 |

**Comments:** There was a net decrease of \$126,427.31 (-3.6%) for this project, largely due to three previously approved change orders that reduced the overall cost by switching a section of replacement to pipe bursting. The other two change orders were additions related to lead service line replacements that were found. Additionally, there was a reduction of estimated quantities for pipe and service connections and restoration that were required to complete the work. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

| Contract  | Contract Approval Date | Amounts         |                |
|---|------------------------|-----------------|----------------|
|   |                        | *Unit Price Bid | Actual         |
| <b>d. CAST IRON MAIN REPLACEMENT; WEIR ST., "N" ST. &amp; HOLMES ST. BETWEEN S. 56<sup>TH</sup> ST. &amp; S. 62<sup>ND</sup> ST.;</b><br>HEIMES CORP.;<br>WP1983 (100093001403, 100041000192, 100051001080, 100097000001, 100095001221) | 11/2/2022              | \$1,884,324.53  | \$1,829,636.67 |

**Comments:** There was a net decrease of \$54,687.86 (-2.9%) for this project, due to a reduction in boring, pipe inserts and hard surface restoration items. There was also a need to use a bid item for flowable fill to meet City of Omaha requirements for core hole replacement after potholing for utilities. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

| Contract  | Contract Approval Date | Amounts         |              |
|---|------------------------|-----------------|--------------|
|   |                        | *Unit Price Bid | Actual       |
| <b>e. INSTALL WATER MAINS IN BENNINGTON PRESSURE ZONE IMPROVEMENTS, N OF 158<sup>TH</sup> ST. &amp; BENNINGTON RD.;</b><br>HEIMES CORP.;<br>WP2005 (100051001065) | 11/1/2023              | \$299,330.00    | \$280,212.50 |

**Comments:** There was a net decrease of \$19,117.50 (-6.4%) for this project, due to a reduction of water main, pipe inserts and bends required to complete the work. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.



| Contract   | Contract Approval Date | Amounts         |             |
|--|------------------------|-----------------|-------------|
|  |                        | *Unit Price Bid | Actual      |
| f. INSTALL WATER MAINS IN CARDINAL COMMONS 12" PIONEER MAIN, NE OF S. 13 <sup>TH</sup> ST. & KASPER ST.;<br>MCANINCH CORPORATION;<br>WP2094 (100057000547) | 2/7/2024               | \$71,500.00     | \$97,026.63 |

**Comments:** There was a net increase of \$25,526.63 (+35.7%) for this project, largely due to an increase in the 12" pipe augering item. This was at the request of the developer so that they could maintain an additional construction entrance for the interior of the project site. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

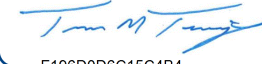
| Contract  | Contract Approval Date | Amounts         |              |
|---|------------------------|-----------------|--------------|
|   |                        | *Unit Price Bid | Actual       |
| g. INSTALL WATER MAINS IN WICKS SOUTHPOINTE LOTS 10-16, NE OF S. 168 <sup>TH</sup> ST. & SCHRAM RD.;<br>PAT THOMAS CONSTRUCTION, INC.;<br>WP2108 (100055001476) | 7/3/2024               | \$549,990.00    | \$544,240.00 |

**Comments:** There was a net decrease of \$5,750.00 (-1.1%) for this project, due to a decrease in the pipe unit item required to complete the work. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

| Contract  | Contract Approval Date | Amounts         |              |
|---|------------------------|-----------------|--------------|
|   |                        | *Unit Price Bid | Actual       |
| <b>h. INSTALL WATER MAINS IN HILLS OF ASPEN CREEK PHASE 2B LOTS 308-331, 354-363, 377-473, NW OF S. 180<sup>TH</sup> ST. &amp; PALISADES DR.;</b><br>CEDAR CONSTRUCTION COMPANY INC.;;<br>WP2117 (100055001477) | 8/2/2023               | \$670,620.00    | \$678,971.00 |

**Comments:** There was a net increase of \$8,351.00 (+1.3%) for this project, largely due to the need to use pricing for frost conditions in the soil and also a small reduction in the water main bid item. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

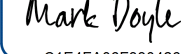
*\*Based upon Engineering's estimated unit quantities.*

Signed by:  
  
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**Trevor Tonniges**  
 Director, Plant Engineering

Approved:

DocuSigned by:  
  
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**Masa Niya**  
 Vice President  
 Engineering

DocuSigned by:  
  
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**Kendall Minor**  
 Senior Vice President  
 Chief Operations Officer

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**Mark Doyle**  
 President

METROPOLITAN UTILITIES DISTRICT  
*Inter-Department Communication*

March 19, 2025

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

**To:** Construction & Operations Committee  
 cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, Myers and all Vice Presidents

**From:** Sherri A Lightfoot, Director, Procurement

The following items will be on the April 2, 2025 Committee Agenda for consideration and the April 2, 2025 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

**WATER/GAS MAIN CONTRACTS**

| <u>Item</u>  | <u>Bids Sent / Rec'd</u> | <u>Bidders</u>   | <u>Bid Amount</u>   |
|--|--------------------------|--|---|
| Install Water Mains in Gretna Wholesale 16" Pioneer Main W. of S. 180 <sup>th</sup> St. & Hwy 370 100057000550 WP2134 Engineering Estimate: \$774,625.00 | 35/7                     | <b>Cedar Constr.</b><br>Kersten Constr.<br>Roloff Constr.<br><i>Pat Thomas Constr.</i><br><i>Valley Corp.</i><br><i>Neuvirth Constr.</i><br><i>Judds Bros. Constr.</i> | <b>\$612,138.00</b><br>617,826.08<br>626,939.35<br>639,032.35<br>663,651.04<br>668,575.39<br>697,323.00 |

(A C&A in the amount of \$784,002.00 will be presented to the Board on April 2, 2025 for approval.)

**RATIFICATION**

| <u>Item</u>   | <u>Bids Sent / Rec'd</u> | <u>Bidders</u>     | <u>Bid Amount</u>    |
|---|--------------------------|--------------------|----------------------|
| Three (3) Medium Duty ¾ Ton 4x4 Regular Cab Pickups 100088000856<br>*State of Nebraska Bid, Contract #16078OC<br>(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.) | 1/1                      | <b>Gene Steffy</b> | <b>\$129,846.00*</b> |

**INFORMATION TECHNOLOGY**

| <b><u>Item</u></b>  | <b><u>Bids Sent</u><br/><u>/ Rec'd</u></b> | <b><u>Bidders</u></b>  | <b><u>Bid Amount</u></b> |
|---|--|------------------------|--------------------------|
| SCADA Hardware and Software   | 3/3  | <b><i>Sterling</i></b> | <b>\$91,745.86</b>       |
| Lifecycle Refresh   |  | <i>AuditSolv</i>       | 110,884.48               |
| 100086000778  |  | <i>Dell EMC</i>        | 111,011.04               |
| (A C&A in the amount of \$250,000.00 will be presented to the Board on April 2, 2025 for approval.) |  |                        |                          |

**OTHER**

| <b><u>Item</u></b>   | <b><u>Bids Sent</u><br/><u>/ Rec'd</u></b> | <b><u>Bidders</u></b>                                    | <b><u>Bid Amount</u></b>            |
|--|--|--|-------------------------------------|
| Three (3) Rubber Tire 4x4<br>Combination Plow Trencher with<br>Backhoe<br>100087000701   | 3/1  | <b>Vermeer High Plains</b>                               | <b>\$412,764.00</b>                 |
| (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.) |  |  |                                     |
| One (1) Rubber Tire 4x4<br>Combination Trencher Backhoe<br>100087000702  | 4/1  | <b>Vermeer High Plains</b>                               | <b>\$173,874.00</b>                 |
| (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.) |  |  |                                     |
| Three (3) Small Directional Boring<br>Machines, Mixing Systems, Tandem<br>Axle Trailers and Locating Systems<br>100087000703         | 5/1  | <b>Vermeer High Plains</b>                               | <b>\$728,700.00</b>                 |
| (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.) |  |  |                                     |
| Two (2) 800 Gallon High Flow<br>Vacuum Excavators<br>100087000706  | 7/2  | <b>Midwest Underground</b><br><i>Vermeer High Plains</i> | <b>\$237,900.00</b><br>\$265,760.00 |
| (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.) |  |  |                                     |

|  |      |                                 |                     |
|--|------|---------------------------------|---------------------|
| Four (4) 30,000 LB Dual Wheel Tandem Axle Trailers<br>100087000704 | 12/7 | <b>True North</b>               | <b>\$193,273.20</b> |
|  |      | Murphy Tractor                  | 194,780.00          |
|  |      | Vermeer High Plains             | 199,780.00          |
|  |      | <i>Technology Intl.</i>         | 82,200.00*          |
| *Bid Rejected, Non-Responsive                                      |      | <i>Certified Stainless Svc.</i> | 162,749.68**        |
| **Bid Rejected, Does Not Meet Specifications                       |      | <i>Northern Truck Equip.</i>    | 178,964.00***       |
| ***Bid Rejected, Issues with Existing Trailers                     |      | Midwest Underground             | 179,960.00***       |

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|  |     |                            |                     |
|--|-----|----------------------------|---------------------|
| One (1) Large Rubber Tire 4x4 Drive Trencher<br>100087000660 | 2/1 | <b>Vermeer High Plains</b> | <b>\$204,144.00</b> |
|--|-----|----------------------------|---------------------|

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|  |     |                        |                    |
|--|-----|------------------------|--------------------|
| One (1) Fiberglass Service Truck Body with Crane<br>100088000842 | 5/1 | <b>Aspen Equipment</b> | <b>\$99,850.00</b> |
|--|-----|------------------------|--------------------|

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|   |     |                     |                     |
|---|-----|---------------------|---------------------|
| One (1) Tandem Axle Day Cab and Chassis Tractor<br>100088000855 | 4/1 | <b>Truck Center</b> | <b>\$171,416.00</b> |
|---|-----|---------------------|---------------------|

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|  |     |                     |                      |
|--|-----|---------------------|----------------------|
| One (1) Large Forklift<br>100090001522 | 1/1 | <b>MH Equipment</b> | <b>\$235,578.50*</b> |
|--|-----|---------------------|----------------------|

\*Extension #1  
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|  |      |                     |                       |
|--|------|---------------------|-----------------------|
| Five (5) CNG Regular Cab Single Axle Chassis and Dump Body for Dump Trucks<br>100088000854 | 10/1 | <b>Truck Center</b> | <b>\$1,194,865.00</b> |
|--|------|---------------------|-----------------------|

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

|   |     |                    |                    |
|---|-----|--------------------|--------------------|
| Construction Center (CC1) Fitness Equipment and Maintenance Agreement<br>100090001515 | 3/2 | <b>Body Basics</b> | <b>\$50,470.48</b> |
|   |     | Push Pedal Pull    | 54,428.00          |

(A C&A in the amount of \$55,758.21 will be presented to the Board on April 2, 2025 for approval.)

LNG Substation Drainage Improvements  
 100020000008 GP2890  
 (A C&A in the amount of \$78,210.00 will be presented to the Board on April 2, 2025 for approval.)

15/2

**MC Wells Contracting** **\$57,810.00**  
*Thompson Const.* 58,150.00

Large Valve Abandonment and Replacement S. 27<sup>th</sup> St. and N St. Cedar Island Rd. and Old 36<sup>th</sup> St. Cornhusker Rd. and Cedar Island Rd.  
 100081002058 100081002076  
 100081002081 WP2189  
 Engineering Estimate: \$130,250.00  
 (C&A for An Annual Hydrant and Valve Replacement approved January 8, 2025 in the amount of \$1,400,000.00.)

35/2

**Neuvirth Constr.** **\$106,125.80**  
*Judd Bros. Constr.* 122,390.00

Florence Water Treatment Facility Engine Building Suction Valves  
 100031000035 WP2210  
 Engineering Estimate: \$200,000.00  
 (A C&A in the amount of \$138,000.00 will be presented to the Board on April 2, 2025 for approval.)

4/4

**FreeState Flow Sol.** **\$120,393.00**  
*Bert Gurney & Assoc.* 132,907.16  
*ESI Water* 206,846.67  
*Mellen & Assoc.* 291,940.00

LNG Plant and 120<sup>th</sup> and Fort St. Propane Air Plant Roof Coating and Repair Projects  
 100020000013 100020000014  
 100020000015 100020000016  
 Engineering Estimate: \$53,460.00  
 (A C&A in the amount of \$64,250.00 will be presented to the Board on April 2, 2025 for approval.)

9/3

**Anderson Roofing** **\$54,293.05**  
*Royalty Roofing* 61,238.92  
*TMI Coatings* 226,000.00

**ANNUALS**

| <u>Item</u>  | <u>Bids Sent / Rec'd</u> | <u>Bidders</u> | <u>Bid Amount</u> |
|--|--------------------------|----------------|-------------------|
| High Density Polyethylene (HDPE) Water Pipe<br>(April 1, 2025 – March 31, 2026)<br>*Extension #1 | 1/1                      | Core and Main  | \$365,818.40*     |

|   |     |                            |                      |
|---|-----|----------------------------|----------------------|
| Liquid Nitrogen<br>(April 1, 2025 – March 31,2026)<br>*Extension #1   | 1/1 | <b>Matheson</b>            | <b>\$125,700.00*</b> |
| Concrete and Asphalt Pavement<br>Repairs at Various District<br>Construction Sites – Year One (1) of<br>Three (3) Year Contract<br>(June 1, 2025 to May 31, 2026) | 1/1 | <b>Burrell Enterprises</b> | <b>\$751,725.00</b>  |

DocuSigned by:

*Sherri A. Lightfoot*

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

Approved:

DocuSigned by:

*Jon Zellars*

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**Jon Zellars**  
Vice President, Procurement and Enterprise Services

Signed by:

*Steven E. Ausdemore*

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

DocuSigned by:

*Mark E. Doyle*

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**Mark E. Doyle**  
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 24, 2025

**Subject:** NOTICE OF PURCHASES BETWEEN \$25,000 - \$50,000

**To:** Construction & Operations Committee  
cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, Myers and all Vice Presidents

**From:** Sherri A. Lightfoot, Director, Procurement

During the month of March, the following item was purchased or contracted for and is being submitted to the Board to be placed on file. The purchase or contract was initiated with the low bidder which is bolded and listed first.

| <u>Item</u>                                    | <u>Bids Sent / Rec'd</u> | <u>Bidder</u>  | <u>Amount Bid</u>                            |
|--|--------------------------|--|--|
| Two (2) Electric Scissor Lifts<br>100089000974 | 13/3                     | <b>Evergreen Specialty</b><br>Titan Machinery<br>NMC Rental Services | <b>\$37,700.00</b><br>43,600.00<br>44,132.00 |

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 8, 2025 in the amount of \$19,508,393.00.)

DocuSigned by:

*Sherri A. Lightfoot*

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

Approved:

DocuSigned by:

*Jon Zellars*

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Jon Zellars  
Vice President, Procurement and Enterprise Services

Signed by:

*Steve Ausdemore*

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

DocuSigned by:

*Mark Doyle*

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Mark E. Doyle  
President



**METROPOLITAN UTILITIES DISTRICT**

*Inter-Department Communication*

**March 24, 2025**

**Subject:** MAIN EXTENSIONS

**To:** Services and Extensions Committee  
cc: All Board Members: President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, Myers, and all Vice Presidents

**From:** Masa Niiya, Vice President, Engineering

The following main extension will be on the April 2, 2025, Committee Agenda for consideration and the Board Agenda for approval:

**1. JOB #:** WP1818 (100055001366 - \$478,420) - REVISION

**PROJECT COST:** \$478,420

**DISTRICT COST:** \$0

**LOCATION:** Northeast of South 192<sup>nd</sup> Street and Leavenworth Street

**DISTRICT SUBDIVISION:** Begley

**PURPOSE:** Install water mains for Grove Ridge Subdivision and Grove Ridge Replat One

**DESCRIPTION:** Work to be done will provide domestic water service and fire protection to 4 multi-family lots in Grove Ridge Subdivision and Grove Ridge Replat One. This project was originally approved by the Board on July 6, 2022 and a main extension agreement was never executed. Since then, the property has acquired a new owner and the developer updated the sanitary sewers, storm sewers, and paving which caused design changes along with increased costs.

**2. JOB #:** WP2134 (100057000550 - \$784,002)

**PROJECT COST:** \$784,002

**DISTRICT COST:** \$0

**LOCATION:** Highway 370 from South 180<sup>th</sup> Street to South 183<sup>rd</sup> Street

**DISTRICT SUBDIVISION:** Cavanaugh

**PURPOSE:** Install water mains to connect to a wholesale location for the City of Gretna Water.

**DESCRIPTION:** Work to be done will provide wholesale water to the City of Gretna.

DocuSigned by:

*Masa Niiya*

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Masa Niiya

Vice President, Engineering

Approved:

DocuSigned by:

*Kendall Minor*

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Kendall Minor

Sr. Vice President, Chief Operations Officer

DocuSigned by:

*Mark Doyle*

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Mark E. Doyle

President

**METROPOLITAN UTILITIES DISTRICT**  
*Inter-Department Communication*

March 20, 2025

**Subject: Wage and/or Salary Increases and Ratifications, April 2025 Board Meeting**

**To:** Personnel Committee

**cc:** All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, Myers and all Vice Presidents

**From:** Bonnie Savine, Vice President, Human Resources

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

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

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

**Employee:** **Richard Arenas**  
**Current position (department):** Material Handler I (Stores)  
**New position (department):** Material Handler II (Stores)  
**Current rate; step/grade:** \$42.60; Step 4  
**Proposed rate; step/grade:** \$43.51; Step 4  
**Percent of increase:** 2.14%  
**District hire date:** June 25, 2018

**Employee:** **Ryan Freeburg**  
**Current position (department):** Machine Operator I (Construction)  
**New position (department):** Utility Locator (Safety and Security)  
**Current rate; step/grade:** \$41.62; Step 4  
**Proposed rate; step/grade:** \$44.06; Step 4  
**Percent of increase:** 5.86%  
**District hire date:** March 30, 2020

**Employee:** **Noah Hogberg**  
**Current position (department):** Pipe Layer (Construction)  
**New position (department):** Pipe Layer Welder (Construction)  
**Current rate; step/grade:** \$35.26; Step 2  
**Proposed rate; step/grade:** \$37.46; Step 2  
**Percent of increase:** 6.24%  
**District hire date:** May 31, 2022

Wage and/or Salary Increases and Ratifications

April 2025

Page 2

**Employee:** **Corine Plater**  
**Current position (department):** Building and Grounds Maintenance Worker (Facilities Management)  
**New position (department):** Administrative Clerk III (Facilities Management)  
**Current rate; step/grade:** \$30.93; Step 4  
**Proposed rate; step/grade:** \$33.10; Step 4  
**Percent of increase:** 7.02%  
**District hire date:** June 4, 2012

**Employee:** **Wesley Schmit**  
**Current position (department):** Pipe Layer (Construction)  
**New position (department):** Pipe Layer Welder (Construction)  
**Current rate; step/grade:** \$35.26; Step 2  
**Proposed rate; step/grade:** \$37.46; Step 2  
**Percent of increase:** 6.24%  
**District hire date:** December 12, 2022

**Employee:** **Marques Vaughn**  
**Current position (department):** Customer Service Clerk II (Customer Services)  
**New position (department):** Customer Service Clerk III (Customer Services)  
**Current rate; step/grade:** \$35.09; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 4  
**Percent of increase:** 4.76%  
**District hire date:** September 8, 2014

**Employee:** **Kevin Volkmann**  
**Current position (department):** Pipe Layer Trainee (Construction)  
**New position (department):** Pipe Layer Welder (Construction)  
**Current rate; step/grade:** \$29.53; Step 2  
**Proposed rate; step/grade:** \$33.30; EN  
**Percent of increase:** 12.77%  
**District hire date:** December 11, 2023

**Employee:** **Rashelle Walker**  
**Current position (department):** Customer Service Clerk II (Customer Services)  
**New position (department):** Customer Service Clerk III (Customer Services)  
**Current rate; step/grade:** \$33.34; Step 3  
**Proposed rate; step/grade:** \$36.76; Step 4  
**Percent of increase:** 10.26%  
**District hire date:** May 31, 2022

Wage and/or Salary Increases and Ratifications

April 2025

Page 3

**Employee:** **Ronald Kates**  
**Current position (department):** Material Handler I (Stores)  
**New position (department):** Material Handler II (Stores)  
**Current rate; step/grade:** \$42.60; Step 4  
**Proposed rate; step/grade:** \$43.51; Step 4  
**Percent of increase:** 2.14%  
**District hire date:** May 21, 2018

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

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

**There are no recommendations for approval this month**

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

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

**There are no recommendations for approval this month**

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

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

**Employee:** **David Aldrich**  
**Current position (department):** Communications Clerk II (Field Service Administration)  
**New position (department):** Training and Quality Assurance Specialist (Field Service Administration)  
**Current rate; step/grade:** \$41.73; Step 4  
**Proposed rate; step/grade:** \$91,138; SPA – 03  
**Percent of increase:** 5.00%  
**District hire date:** March 29, 2021

Wage and/or Salary Increases and Ratifications

April 2025

Page 4

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

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

|                                       |   |
|---------------------------------------|---|
| <b>Employee:</b>                      | <b>Melissa Lahm</b>                                   |
| <b>Current position (department):</b> | Customer Engagement Specialist (Business Development) |
| <b>Current rate; step/grade:</b>      | \$82,000; SPA – 02                                    |
| <b>District hire date:</b>            | March 10, 2025  |

DocuSigned by:

*Bonnie Savine*

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Bonnie Savine

Vice President, Human Resources

**APPROVED:**

DocuSigned by:

*Mark Mendenhall*

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Mark A. Mendenhall

Senior Vice President, General Counsel

DocuSigned by:

*Mark Doyle*

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Mark E. Doyle

President

**METROPOLITAN UTILITIES DISTRICT**

*Inter-Department Communication*

March 26, 2025

**Subject:** THIRD LEGISLATIVE REPORT – 2025 SESSION  
**To:** Judicial and Legislative Committee  
**cc:** All Board Members; President Doyle; Senior Vice Presidents  
Ausdemore, Lobsiger, Mendenhall, Minor, Myers; all Vice Presidents  
**From:** Rick Kubat, Government Relations Attorney

The Legislature will conclude bill hearings in March. Senator and speaker priority designations have been assigned, and the legislature will soon move to full day floor debate. In addition to the list of bills provided below, there are numerous other legislative proposals that will continue to be monitored on behalf of the District.

**INTRODUCED LEGISLATION IN THE 2025 SESSION**

**LB 36** (Brandt) – Creates the Wellhead Protection Act. The bill provides that any county, city, or village with zoning, land-use, planning, or permit-granting authority over any wellhead protection area shall notify the controlling entity of such wellhead protection area of any proposed land-use or zoning regulation or building permit within such wellhead protection area. Additionally, counties, cities, or villages shall take into consideration the ability of a controlling entity to provide the public with an adequate supply of potable water when making any determinations regarding the authorization of a proposed land-use or zoning regulation or building permit within a wellhead protection area. The Nebraska League of Municipalities has been engaged with opponents of LB 36 attempting to address underlying concerns with the breadth and scope of the bill. LB 36 has received a committee priority designation however, the bill does not currently contain the wellhead protection language.

Board Pos: Support  
Status: Natural Resources priority bill

**LB 117** (Holdcroft) – Creates a sales tax exemption for the sale and use of *residential* electricity, natural gas, propane, and sewer. Senator Holdcroft has indicated his intention is for LB 117 to specifically eliminate state sales taxes for residential utilities, but to allow cities to maintain their local option sales taxes.

Board Pos: Support  
Status: Remains in the Revenue Committee

**LB 147** (Hansen) – Public and private water entities which provide water for human consumption may add fluoride. Entities that choose to fluoridate must do so in an amount and manner as determined by the Nebraska Department of Health and Human Services.

Board Pos: Neutral  
Status: Remains in the Health and Human Services Committee

**LB 264** (Arch on behalf of Governor) – Fiscal adjustments to Nebraska’s biennium budget. The District’s opposition to LB 264 is specific to section 58, where any remaining balance to the Lead Service Line Cash Fund is transferred to the General Fund on or after July 1, 2025.

Board Pos: Oppose  
Status: Remains in the Appropriation Committee

**LB 317** (Brandt) – A 446-page bill that merges the Department of Environment and Energy (NDEE) and the Nebraska Department of Natural Resources (DNR) to become the Department of Water, Energy, and Environment (DWEE), effective July 1, 2025. The merged Department shall exercise the powers and perform such duties that were assigned to both NDEE and DNR prior to the merger. The NDEE Director will be renamed the Director of Water, Energy, and Environment and shall be appointed by the Governor. The DNR Director would be renamed the Chief Water Officer and would retain the authorities previously prescribed for the administration of the duties of DNR. The Chief Water Officer shall have at least five years’ experience in a position of responsibility in irrigation work, shall be appointed by the Governor, and shall report directly to the Director of Water, Energy, and Environment. The bill would remove the requirement for the Chief Water Officer to be a licensed Professional Engineer. Senator Brandt has indicated his intention of adding back the Professional Engineer requirement for either the DNR Department Director or Chief Water Officer.

Board Pos: Neutral  
Status: Natural Resources priority bill

**LB 344** (Brandt) – Changes provisions relating to ground water allocations. The bill proposes to update language that is set to expire on January 1, 2026, regarding allocations and limits placed on commercial or industrial municipal water use in fully and over appropriated areas. The Pappio-Missouri water basin, in which the District operates, is neither fully nor over appropriated. Under the bill, after January 1, 2026, in fully or over appropriated areas, any new or expanded commercial or industrial user served by a municipal water source that commences water use at a rate in excess of 25 million gallons annually, expands water use to a rate in excess of 25 million gallons annually, or at any time exceeds water use of 25 million gallons annually shall be subject to the controls of an integrated management plan, rule, or order and provide a mitigation report to the natural resources district within which such user is located. The mitigation report shall include (i) annual water use, (ii) annual volume of water returned to the municipal system or discharged to another location, (iii) source of water used to mitigate the new or expanded consumptive use, and (iv) any other information deemed necessary by the applicable natural resources district or the Department of Natural Resources. The

mitigation report shall be approved by the applicable natural resources district and the Department of Natural Resources prior to January 1, 2026, or prior to commencement of the new or expanded use. Each integrated management plan, rule, or order within an area determined by the Department of Natural Resources to be fully appropriated or over appropriated pursuant may require annual water use and water consumption reporting from municipalities. There was not any opposition testimony offered for LB 344.

Board Pos: Neutral  
Status: Placed on General File

**LB 542** (Dover) – Under current law, the District is required to move facilities at District expense for any changes, alterations, or relocations of roads. LB 542 would require the state or local government to pay for relocation of utilities when federal funds or state funds for local governments are part of the financing for said road project. LB 542 received opposition testimony from the Nebraska Department of Transportation and representatives of cities with the primary concern being the additional costs associated with roads projects should the state or cities be required to pay for utility relocations.

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

**LB 546** (Rountree) – Provides political subdivisions that supply electricity, natural gas, water, or sewer service with permissive authority to request an emergency proclamation from the Governor when the political subdivision operates in multiple counties. LB 546 was introduced to address the requirement of requesting multiple counties to sign-off on an emergency declaration when utilities are operating in more than one county. The utilities listed will have the authority under the bill to make a direct request to the Governor for such a declaration.

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

**LB 548** (Lippincott) – Introduced to address a specific situation, where a municipal natural gas utility desires to serve an industrial customer outside of the utilities' territorial jurisdiction. LB 548 as currently drafted, would allow any publicly owned natural gas utility to serve an industrial customer that uses three million British thermal units of gas per day. The legislation would only apply to industrial customers who are both outside the jurisdiction of the municipal gas utility and not serviced within the territory of any other existing gas utility.

Board Pos: Neutral  
Status: Placed on General File




**LB 580** (Cavanaugh M.) – Provides that any remaining funds in the Lead Service Line Cash Fund for purposes of lead service line removal or labor training be re-appropriated into the subsequent biennium budget. All remaining Lead Service Line Cash funds are to be made available to the District for purposes of lead service line removals via a grant from the Nebraska Department of Environment and Energy. Support for LB 580 was offered by the Omaha Chamber of Commerce, the Nebraska Water Resources Association, and the Nebraska American Academy of Pediatrics.

Board Pos: Support  
Status: Remains in the Appropriations Committee

Signed by:  
  
71101AE3C054433  
Richard A. Kubat  
Government Relations Attorney

Approved:

DocuSigned by:  
  
51BB48766D35440  
Mark A. Mendenhall  
Senior Vice President/General Counsel

DocuSigned by:  
  
C1E4FA06F330426  
Mark E. Doyle  
President

**METROPOLITAN UTILITIES DISTRICT**

*Inter-Departmental Communication*

March 27, 2025

**Subject:** ACTUARIAL AND ACCOUNTING REPORTS FOR THE RETIREMENT PLAN

**To:** Insurance and Pensions Committee

cc: All Board Members; President Doyle, Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, and all Vice Presidents

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

Attached for your review, please find three documents related to the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (the Plan), as follows:

- 1) Actuarial Valuation Report as of January 1, 2025
- 2) GASB Statements No. 67 & 68 Report – Measurement Date: December 31, 2024
- 3) January 1, 2025 Actuarial Valuation Results (CavMac presentation)

The first document, the Actuarial Valuation Report, is used to determine the annual Actuarially Determined Contribution amount to fund the Plan as well as provide an actuarial funded ratio. Annual funding of the Plan is comprised of both Employer and Employee contributions. Beginning in 2023, employees contribute 9.0% of “covered payroll” to the Plan.

An Executive Summary can be found on pages 1-12 of this report, which provides an excellent synopsis of the information contained therein. Though the report contains considerable detail, the key statistical highlights are as follows:

|  | 2025          | 2024          |
|--|---------------|---------------|
| Funded Ratio at January 1 (Actuarial Value)  | 93.7%         | 92.9%         |
| Actuarially Determined District Contribution | \$ 12,021,557 | \$ 11,437,095 |

As a point of reference, the District’s actual pension contribution in 2024 was \$12.9 million, while the 2025 budget reflects a contribution of \$13.8 million. Given the uncertainty and volatility of investment performance, we err on the side of conservatism when estimating the required District contribution to include in the budget. Also, the calculation is based on budgeted payroll, which assumes full staffing levels, including approved staff additions. This is different from the actuarial calculation which uses expected payroll based on active members of the Plan on the valuation date of January 1, 2025. These factors contributed to an estimated District contribution for budgeting purposes that is significantly higher than the Actuarially Determined Contribution of \$12.0 million.

Therefore, management is recommending that the District contribute \$12.9 million towards the pension in 2025, the same amount contributed in 2024. While this is less than the budgeted amount, it still exceeds the actuarially determined contribution level by approximately \$900,000, or 7.3%. The District has historically contributed more than the Actuarially Determined Contribution, and we believe it is prudent to continue this practice. This serves to reduce the unfunded actuarial liability and offset any unfavorable experience that may occur in 2025, including a higher number of employees than assumed in the actuarial calculation.

The second document, the GASB Statements No. 67 & 68 Report, provides the District with information necessary to meet the requirements of the Governmental Accounting Standards Board related to financial reporting, which includes the determination of annual pension expense. This guidance separates the funding of the pension plan, which is addressed in the Actuarial Valuation Report, from pension expense recognition, which is prescribed by GASB 68. Following are key statistics contained in the GASB Statements No. 67 & 68 Report:


|  | 2024          | 2023         |
|--|---------------|--------------|
| Plan Fiduciary Net Position as % of Total Pension Liability (At December 31) | 95.4%         | 92.0%        |
| Pension Expense  | \$ 11,997,914 | \$ 7,409,761 |

As you compare the difference in funded percentage as well as pension expense vs. actuarial required funding levels, it should be noted that the GASB 67/68 guidance is much more sensitive to market return volatility, as compared with the information derived from the actuarial valuation. Though market return impacts the actuarial required contribution as well as actuarial funding levels, the actuarial valuation uses an actuarial (smoothed) value of assets, not the pure market value.

The final document, January 1, 2025 Actuarial Valuation Results, is a summary of information contained in the Actuarial Valuation Report as prepared by Pat Beckham, Principal and Consulting Actuary with CavMac Actuarial Consulting Services. Pat will be presenting this information at the April Board meeting.

The Retirement Plan of the District remains in a very strong financial position. The Board's dedication to the financial health of the Plan is consistent with the District's core principle of fiscal responsibility, which includes a commitment to properly funding promises to our employees. The documents attached and referred to above will be on the April 2, 2025 Committee and Board Agendas to be placed on file.

Approved:

DocuSigned by:  
  
 24EAE9F62AB4471...  
 Mark F. Myers  
 Senior Vice President, Chief Financial Officer  
 (402) 504-7174

DocuSigned by:  
  
 C1E4FA06F330426  
 Mark E. Doyle  
 President

Attachments

**THE RETIREMENT PLAN FOR  
EMPLOYEES OF THE  
METROPOLITAN UTILITIES  
DISTRICT OF OMAHA**



**ACTUARIAL VALUATION  
REPORT AS OF  
JANUARY 1, 2025**

---

**SUBMITTED: MARCH 24, 2025**



March 24, 2025

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

Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha as of January 1, 2025 for the plan year ending December 31, 2025. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation.

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

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



Board of Directors  
March 24, 2025  
Page 2

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

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

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

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

Sincerely,

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

Aaron C. Chochon, ASA, EA, FCA, MAAA  
Senior Actuary

Megan E. Skiles, ASA, FCA, MAAA  
Actuary



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## EXECUTIVE SUMMARY

This report presents the results of the January 1, 2025 actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The primary purposes of performing the valuation are:

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

### Summary Results

The key results of the January 1, 2025 valuation are compared to the 2024 valuation in the following table:

|                                   | January 1, 2025    | January 1, 2024    |
|-----------------------------------|--------------------|--------------------|
| Actuarial Liability               | \$618,486,937      | \$589,608,342      |
| Actuarial Assets                  | <u>579,581,100</u> | <u>547,986,291</u> |
| Unfunded Actuarial Liability      | \$38,905,837       | \$41,622,051       |
| Funded Ratio                      | 93.71%             | 92.94%             |
| District Contribution Rate        | 13.72%             | 14.03%             |
| Projected Payroll For Upcoming FY | \$87,620,677       | \$81,518,849       |
| District Actuarial Contribution   | \$12,021,557       | \$11,437,095       |

The actuarial valuation results provide a “snapshot” view of the Plan’s financial condition on January 1, 2025, which reflects net favorable experience for the past plan year. The rate of return on the actuarial value of assets was higher than the expected return (7.2% actual versus 6.75% expected), which resulted in an actuarial gain on assets of \$2.7 million. There was unfavorable experience on the plan liabilities for the past plan year, mainly due to higher salary increases than expected based on the actuarial assumptions. The net liability experience from all demographic assumptions was an actuarial loss of \$2.3 million, so the net experience for the 2024 plan year, on both actuarial assets and actuarial liabilities, was a gain of \$0.3 million. This favorable experience decreased the unfunded actuarial liability.

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







## EXECUTIVE SUMMARY

### Assets

As of January 1, 2025, the Plan had total funds of \$587.6 million, when measured on a market value basis. This was an increase of \$50.2 million from the prior year and represents a 10.8% rate of return for the 2024 plan year.

The market value of assets is not used directly in the actuarial calculation of the Plan’s funded status and the District’s recommended contribution. The valuation uses an asset smoothing method to mitigate the impact of the volatility of investment experience on the funding results, the resulting value is called the actuarial value of assets. For the MUD valuation, the actuarial value of assets is equal to the expected asset value (based on last year’s actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 6.75%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2025. The rate of return on the actuarial value of assets was 7.2% (higher than the 6.75% assumption), which generated an actuarial gain of \$2.7 million.

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

|   | Market Value (\$M) | Actuarial Value (\$M) |
|---|--------------------|-----------------------|
| <b>Net Assets, January 1, 2024</b>                      | \$ 537.4           | \$ 548.0              |
| • District Contributions                                | + 12.9             | + 12.9                |
| • Member Contributions                                  | + 7.5              | + 7.5                 |
| • Benefit Payments, Refunds and Administrative Expenses | - 28.2             | - 28.2                |
| • Net Investment Return                                 | + <u>58.0</u>      | + <u>39.4</u>         |
| <b>Net Assets, January 1, 2025</b>                      | \$ 587.6           | \$ 579.6              |
| <b>Rate of Return</b>                                   | 10.8%              | 7.2%                  |

The money-weighted rate of return on the market value of assets during 2024, as reported by PNC Institutional Asset Management, was 10.8%, which was higher than the assumed rate of return of 6.75%. However, due to the deferred (unrecognized) investment experience resulting from the asset smoothing method, the rate of return on the actuarial value of assets was 7.2%. The strong return on the market value of assets in 2024 eliminated the deferred investment loss of \$10.6 million in the 2024 valuation, and there is now a deferred investment gain of \$8.0 million in the current valuation. Actual returns over the next few years will determine if, and when, the deferred investment gain will be recognized. We estimate a return of around 5% on the market value of assets in 2025 could occur without creating an actuarial loss on assets. In that scenario, the actuarial value of assets would be equal to the market value of assets at January 1, 2026.



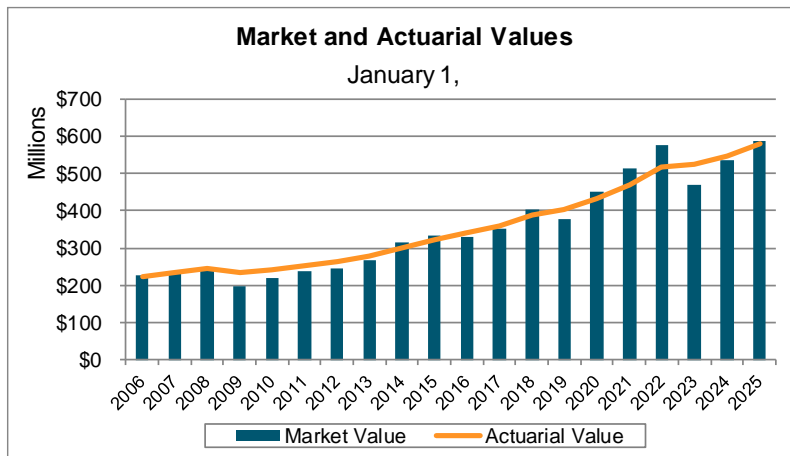


## EXECUTIVE SUMMARY

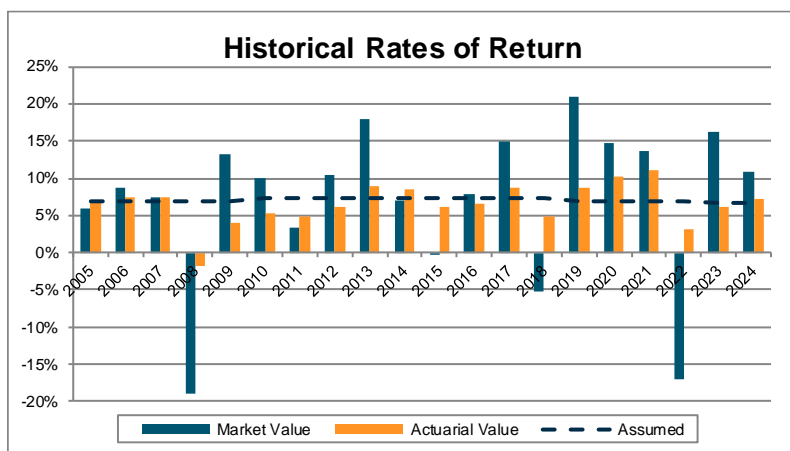
If the deferred investment gain was recognized immediately in the actuarial value assets, the unfunded actuarial liability would decrease by \$8.0 million to \$30.9 million, the funded percentage would increase from 93.71% to 95.01%, and the actuarially determined contribution for the District would decrease from \$12.0 million to \$11.5 million. This information is provided for discussion purposes and transparency only. An asset smoothing method is used in the valuation process because of the extreme volatility in the actual investment returns from year to year which would lead to volatility in contributions. Readers of this report should understand the risks of relying on funding metrics that use the market value of assets.

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

|                              | January 1 (\$M) |      |      |      |      |      |
|------------------------------|-----------------|------|------|------|------|------|
|                              | 2020            | 2021 | 2022 | 2023 | 2024 | 2025 |
| Actuarial Value of Assets    | 432             | 472  | 517  | 525  | 548  | 580  |
| Market Value of Assets       | 452             | 514  | 577  | 471  | 537  | 588  |
| Actuarial Value/Market Value | 96%             | 92%  | 90%  | 112% | 102% | 99%  |



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



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





## EXECUTIVE SUMMARY

### Liabilities

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

The following chart compares the Present Value of Future Benefits (PVFB), the Actuarial Liability (AL), and plan assets for the current and prior valuation. The funded ratio is the asset value divided by the actuarial liability.

|   | As of January 1 |               |
|---|-----------------|---------------|
|   | 2025            | 2024          |
| Present Value of Future Benefits (PVFB) | \$793,700,389   | \$752,054,966 |
| Actuarial Liability (AL)                | \$618,486,937   | \$589,608,342 |
| Assets at Actuarial Value               | \$579,581,100   | \$547,986,291 |
| Funded Ratio (Actuarial Value)          | 93.71%          | 92.94%        |
| Assets at Market Value                  | \$587,621,941   | \$537,384,371 |
| Funded Ratio (Market Value)             | 95.01%          | 91.14%        |

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2025 is shown below:

|                              |                    |
|------------------------------|--------------------|
| Actuarial Liability          | \$618,486,937      |
| Actuarial Value of Assets    | <u>579,581,100</u> |
| Unfunded Actuarial Liability | \$ 38,905,837      |

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These “experience” (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, considering any changes due to assumption or benefit provision changes. The Plan experience, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial loss of \$2.3 million on liabilities and an actuarial gain of \$2.7 million on the actuarial value of assets, resulting in a net gain of \$0.3 million.





## EXECUTIVE SUMMARY

The change in the unfunded actuarial liability between January 1, 2024 and 2025 is shown in the following table (in millions):

|  |           |             |
|--|-----------|-------------|
| <b>Unfunded Actuarial Liability, January 1, 2024</b> | \$        | 41.6        |
| · Expected change in UAL                             | -         | 0.1         |
| · Contributions in excess of the actuarial amount    | -         | 1.5         |
| · Investment experience                              | -         | 2.7         |
| · Demographic experience                             | +         | 2.3         |
| · Other experience                                   | -         | 0.7         |
| <b>Unfunded Actuarial Liability, January 1, 2025</b> | <u>\$</u> | <u>38.9</u> |

A number of factors impact the funded ratio from year to year. The major drivers of the increase in the funded ratio from the January 1, 2024 to the January 1, 2025 valuation are shown in the following table.

|                                     | Actuarial Value<br>of Assets | Market Value<br>of Assets |
|-------------------------------------|------------------------------|---------------------------|
| <b>January 1, 2024 Funded Ratio</b> | 92.94%                       | 91.14%                    |
| · Expected change                   | 0.44%                        | 0.41%                     |
| · Excess contributions              | 0.25%                        | 0.24%                     |
| · Investment experience             | 0.43%                        | 3.58%                     |
| · Demographic experience            | <u>(0.35%)</u>               | <u>(0.36%)</u>            |
| · Total Change                      | 0.77%                        | 3.87%                     |
| <b>January 1, 2025 Funded Ratio</b> | 93.71%                       | 95.01%                    |

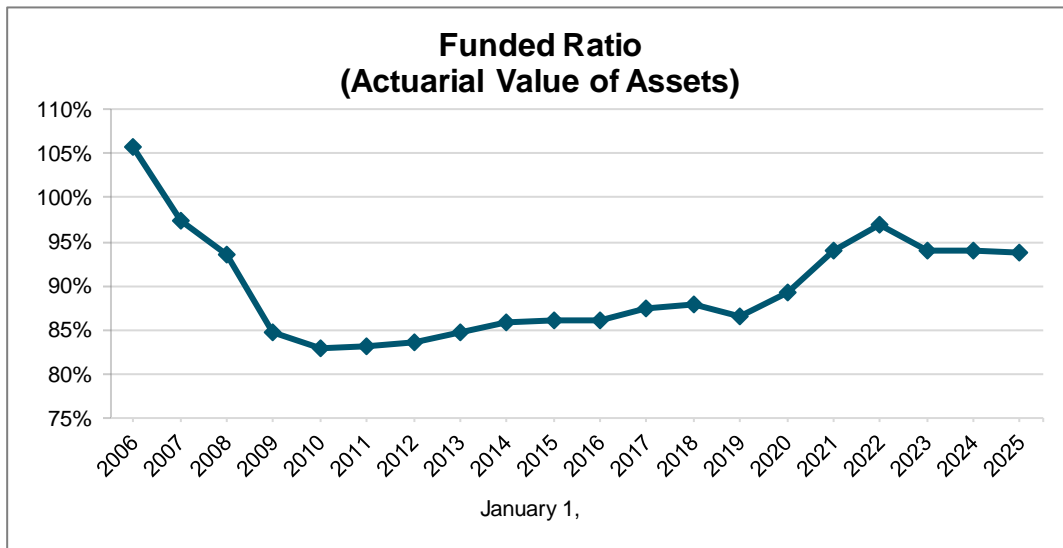
Note that the funded ratio, as a standalone measurement, does not indicate whether or not the Plan has sufficient funds to settle all current obligations, nor is it necessarily indicative of the need or amount of future funding.

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





## EXECUTIVE SUMMARY



The large reduction in the funded ratio from 2006 to 2011 is attributable to the benefit improvement granted in 2007 (change in the benefit formula) and the impact of the Great Recession in 2008. As the graph indicates, the funded ratio has increased over the last ten years. The deferred investment experience is expected to increase the funded ratio over the next few years, absent actual experience worse than anticipated by the actuarial assumptions in the future. If employer contributions above the actuarial amount are made in the future and/or actual experience, especially the investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio of 100% before the projected date of 2042.

### Contribution Levels

The Plan is funded by contributions from both the District and employees who contribute 9.0 percentage of their pensionable pay. The District is responsible for contributing the remaining amount required to fund the Plan on an actuarial basis.

The actuarially determined contribution to the Plan is composed of three parts:

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

The normal cost rate is independent of the Plan's funded status and represents the cost, as a percentage of payroll, of the Plan benefits which is allocated to the current year of service. The total normal cost for the Plan is 19.53% of payroll. When offset by the employee contribution rate of 9.00%, the employer portion of the normal cost is 10.53% of pay. The normal cost represents the long-term cost of the benefit structure in the Plan, based on the current actuarial assumptions. The Plan's administrative expenses are funded using an explicit assumption that is based on the





## EXECUTIVE SUMMARY

actual administrative expenses in the prior year. The administrative expense component for the 2025 plan year is 0.11% of expected payroll.

Currently, the actuarial value of assets is less than the actuarial liability, so there is an unfunded actuarial liability of \$38.9 million. Under the current “layered” amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate amortization base and is amortized, on a level-percent of payroll basis, over a closed 30-year period beginning January 1, 2014 (19 payments remaining in this valuation). Additionally, every year a new amortization base is calculated reflecting the actual plan experience in the immediately preceding plan year, as well as any change in the unfunded actuarial liability due to assumption changes or plan amendments. Each new base is amortized, with payments developed as a level-percent of payroll, over a closed 20-year period that begins on the valuation date when the new base is established. Using this methodology, the total UAL amortization payment for 2025 is 3.08% of payroll.

Please note that the use of closed amortization periods, coupled with the District contributing the full actuarially determined contribution each year, will result in the Plan being fully funded at the end of the amortization period, if all actuarial assumptions are met. In our opinion, the amortization policy meets the requirements of Actuarial Standard of Practice Number 4.

This approach is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate advance funding of benefits. The amortization schedule will fully fund the UAL within 20 years, and the scheduled payments currently exceed the normal cost plus interest on the UAL.

The total actuarially determined contribution rate for 2025 is:

|              |                             |
|--------------|-----------------------------|
| 19.53%       | (normal cost)               |
| 0.11%        | (administrative expense)    |
| <u>3.08%</u> | (UAL amortization payment). |
| 22.72%       |                             |

Given the employee contribution rate of 9.00% for calendar year 2025, the District’s share of the total contribution rate is 13.72% of expected payroll, or \$12.0 million. Note that the expected payroll used in this calculation is based on the active members of the Plan on the valuation date. The District’s budgeted payroll may be higher from this amount since it is likely based on the assumption of the District being “fully staffed” (currently a number higher than the actual actives on January 1, 2025). If a higher number of employees is anticipated during the year, it would be prudent to contribute an amount in excess of the \$12.0 million shown above to fund the benefits earned by new hires.





## EXECUTIVE SUMMARY

The primary components of the change in the actuarially determined contribution rate are shown in the following table:

|  |               |
|--|---------------|
| <b>Total Actuarially Determined Contribution Rate, January 1, 2024</b> | 23.03%        |
| · Change in normal cost rate and administrative expense                | 0.04%         |
| · Contributions in excess of the actuarial amount                      | (0.12%)       |
| · Investment experience  | (0.22%)       |
| · Demographic experience   | 0.19%         |
| · Payroll increase greater than expected                               | (0.13%)       |
| · Other experience   | (0.07%)       |
| <b>Total Actuarially Determined Contribution Rate, January 1, 2025</b> | <u>22.72%</u> |

The actuarially determined contribution rate decreased by 0.31% from the January 1, 2024 valuation to the January 1, 2025 valuation. Most of the decrease in the actuarially determined contribution rate is due to favorable investment experience in 2024, as previously discussed. The decrease in the contribution rate due to the gain on the actuarial assets was largely offset by the loss on actuarial liabilities, however the contribution rate also decreased due to District contributions in 2024 in excess of the actuarially determined contribution and actual covered payroll that was higher than expected in the 2025 valuation (discussed below).

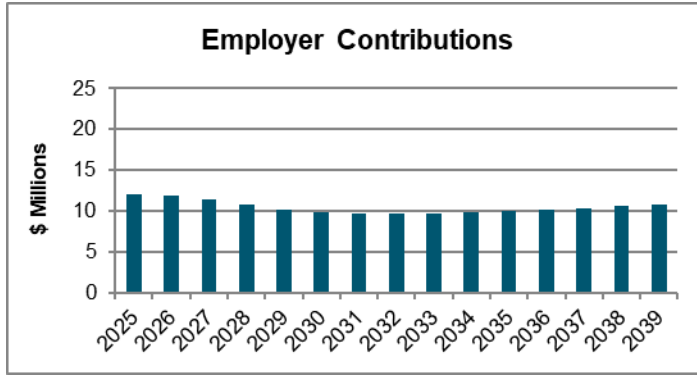
The number of active members increased by 0.9%, from 888 in the January 1, 2024 actuarial valuation to 896 in the January 1, 2025 actuarial valuation. As a result of the increase in the number of active members and higher salary increases than expected, based on the actuarial assumptions, the covered payroll increased by nearly 7.5%. The actuarially determined contribution rate is developed as a percentage of covered payroll with an assumption that covered payroll will increase 3.0% per year. When the actual increase is higher than assumed, as is the case this year, it results in a decrease in the actuarial contribution rate because the UAL contribution rate declines (see table above which shows the 0.13% decrease). Note, however, the lower contribution rate is then applied to higher covered payroll which may still result in an increase in the dollar amount of the actuarially determined contribution.

To illustrate the importance of future investment returns on the contribution level, we have included graphs of the estimated employer contributions based on three different scenarios for the rate of return on the market value of assets in 2025, 2026, and 2027. The projections assume that all other actuarial assumptions are met (including a 6.75% assumed rate of return on the market value of assets in 2028 and later) and that the full actuarially determined contribution will be made each year in the future:





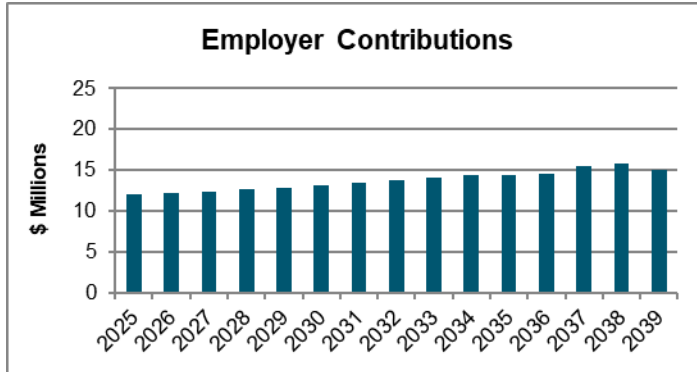
## EXECUTIVE SUMMARY



### OPTIMISTIC

(10% return on market value for 2025-2027)

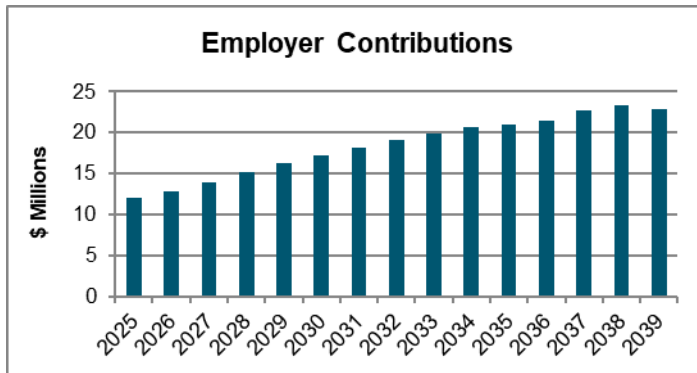
*Under this scenario, the current deferred investment gain is recognized so actuarial gains occur in the future. The overall impact is an initial decline in the contribution rate which then stabilizes. The contribution amount increase is due to increases in covered payroll over the period.*



### INTERMEDIATE

(6.75% return for 2025-2027)

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



### PESSIMISTIC

(0% return for 2025, 4% for 2026-2027)

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







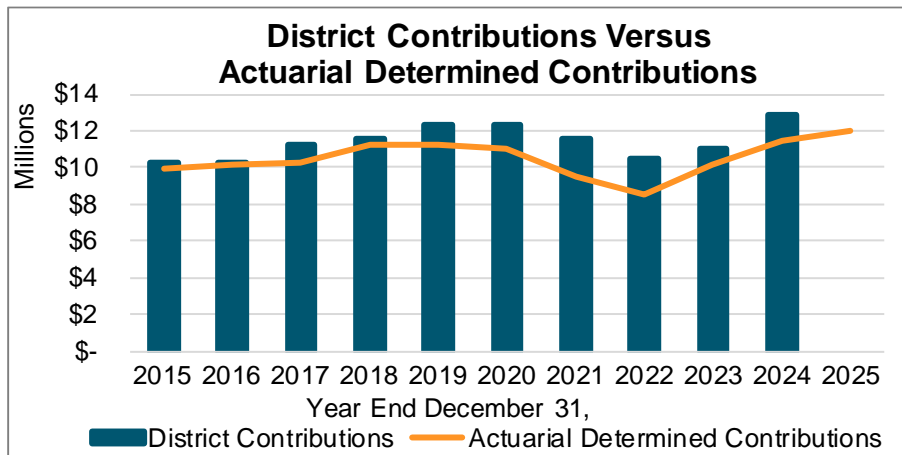
## EXECUTIVE SUMMARY

Under the funding policy adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2025 plan year:

|                                      |                    |
|--------------------------------------|--------------------|
| Actuarially Determined Contribution: |                    |
| Normal Cost                          | \$17,116,270       |
| Administrative Expenses              | 94,255             |
| Amortization of UAL                  | 2,696,893          |
| Expected Employee Contributions      | <u>(7,885,861)</u> |
| Total                                | \$12,021,557       |

The resulting contribution for the District (net of expected employee contributions) is \$12,021,557, which is 13.72% of expected covered payroll for 2025. Since 2012, the District’s contribution policy has been to contribute an amount greater than the actuarially determined contribution. This contribution policy was implemented to reflect several goals:

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



Based on the valuation results and discussions with staff, we recommend the District contribute the same amount in 2025 as was contributed in 2024 (\$12.9 million). The additional contribution made this year will serve to reduce the unfunded actuarial liability or offset any unfavorable experience that occurs in 2025 or offset any increase in the actuarial liability due to assumption changes resulting from the experience study.

Given the asset allocation of the Plan assets, there is considerable volatility in the actual returns on the market value of assets (see graph on page 3). Therefore, future contribution levels will depend heavily on actual investment returns in future years, as illustrated in the graphs on the prior pages. However, it should be noted that even if the actuarially determined contribution rate





## EXECUTIVE SUMMARY

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were to hold steady, the dollar amount of total contributions is expected to increase as covered payroll increases over time.

A typical retirement plan faces many different risks. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see Section 3 of this report for an in-depth discussion of the specific risks facing the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha.





## EXECUTIVE SUMMARY

### METROPOLITAN UTILITIES DISTRICT OF OMAHA RETIREMENT PLAN FOR EMPLOYEES PRINCIPAL VALUATION RESULTS

|  | January 1, 2025    | January 1, 2024    | % Chg  |
|--|--------------------|--------------------|--------|
| <b>MEMBERSHIP</b>                            |                    |                    |        |
| 1. Active Membership                         |                    |                    |        |
| - Number of Members                          | 896                | 888                | 0.9    |
| - Projected Payroll for Upcoming Fiscal Year | \$87,620,677       | \$81,518,849       | 7.5    |
| - Average Projected Salary                   | \$97,791           | \$91,801           | 6.5    |
| - Average Attained Age                       | 46.1               | 46.1               | 0.0    |
| - Average Entry Age                          | 33.8               | 33.8               | 0.0    |
| 2. Inactive Membership                       |                    |                    |        |
| - LTD and Inactive Vesteds*                  | 73                 | 74                 | (1.4)  |
| - Inactive Non-vested                        | 4                  | 5                  | (20.0) |
| - Number of Retirees / Beneficiaries         | 734                | 728                | 0.8    |
| - Average Retiree/Beneficiary Annual Benefit | \$38,826           | \$37,460           | 3.6    |
| <b>ASSETS AND LIABILITIES</b>                |                    |                    |        |
| 1. Net Assets                                |                    |                    |        |
| - Market Value                               | \$587,621,941      | \$537,384,371      | 9.3    |
| - Actuarial Value                            | \$579,581,100      | \$547,986,291      | 5.8    |
| 2. Projected Liabilities                     |                    |                    |        |
| - Retirees and Beneficiaries                 | \$337,943,904      | \$326,193,597      | 3.6    |
| - Inactive Members                           | 17,293,597         | 17,154,822         | 0.8    |
| - Active Members                             | <u>438,462,888</u> | <u>408,706,547</u> | 7.3    |
| - Total Liability                            | \$793,700,389      | \$752,054,966      | 5.5    |
| 3. Actuarial Liability                       | \$618,486,937      | \$589,608,342      | 4.9    |
| 4. Unfunded Actuarial Liability (UAL)        | \$38,905,837       | \$41,622,051       | (6.5)  |
| 5. Funded Ratios                             |                    |                    |        |
| Actuarial Value Assets / Actuarial Liability | 93.71%             | 92.94%             | 0.8    |
| Market Value Assets / Actuarial Liability    | 95.01%             | 91.14%             | 4.2    |
| <b>CONTRIBUTIONS</b>                         |                    |                    |        |
| 1. Normal Cost Rate                          | 19.53%             | 19.49%             | 0.2    |
| 2. Administrative Expense                    | 0.11%              | 0.11%              | 0.0    |
| 3. UAL Contribution Rate                     | <u>3.08%</u>       | <u>3.43%</u>       | (10.2) |
| 4. Total Contribution Rate (1) + (2) + (3)   | 22.72%             | 23.03%             | (1.3)  |
| 5. Less Employee Contribution Rate           | <u>(9.00%)</u>     | <u>(9.00%)</u>     | 0.0    |
| 6. District Contribution Rate (4) + (5)      | 13.72%             | 14.03%             | (2.2)  |
| 7. District Actuarial Contribution           | \$12,021,557       | \$11,437,095       | 5.1    |

\*Includes 5 beneficiaries who are not yet receiving benefits.





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 1

#### SUMMARY OF FUND ACTIVITY (Market Value Basis)

For Year Ended December 31, 2024

|   |    |              |
|---|----|--------------|
| 1. Market Value of Assets as of January 1, 2024   | \$ | 537,384,371  |
| 2. a. Contributions - District                    | \$ | 12,912,828   |
| b. Contributions - Employees                      |    | 7,498,276    |
| c. Total  |    | 20,411,104   |
| 3. Benefit payments and refunds                   | \$ | (28,131,942) |
| 4. Administrative expenses                        | \$ | (94,255)     |
| 5. Investment income, net of investment expenses  | \$ | 58,052,663   |
| 6. Market Value of Assets as of December 31, 2024 | \$ | 587,621,941  |
| 7. Rate of Return on Market Value of Assets*      |    | 10.8%        |

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





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 2

#### DETERMINATION OF ACTUARIAL VALUE OF ASSETS

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

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

|  |               |
|--|---------------|
| 1. Actuarial Value of Assets as of January 1, 2024   | \$547,986,291 |
| 2. a. Contributions during 2024  | 20,411,104    |
| b. Benefit payments and refunds during 2024  | 28,131,942    |
| c. Administrative expenses during 2024   | 94,255        |
| 3. Expected Value of Assets as of December 31, 2024<br>(1) x 1.0675 + [(2a) - (2b) - (2c)] x 1.0675 <sup>½</sup> | 576,900,820   |
| 4. Market Value of Assets as of December 31, 2024  | 587,621,941   |
| 5. Excess of Market Value over Expected<br>Value as of December 31, 2024   | 10,721,121    |
| 6. Actuarial Value of Assets as of December 31, 2024<br>(3) + 0.25 x (5)   | 579,581,100   |
| 7. Corridor for Actuarial Value of Assets  |               |
| a. 80% of (4)  | 470,097,553   |
| b. 120% of (4)   | 705,146,329   |
| 8. Final Actuarial Value of Assets as of December 31, 2024<br>(6) but not < (7a) nor > (7b)                      | \$579,581,100 |
| 9. Estimated Rate of Return on Actuarial Value of Assets*  | 7.2%          |

\*Net of investment expenses.



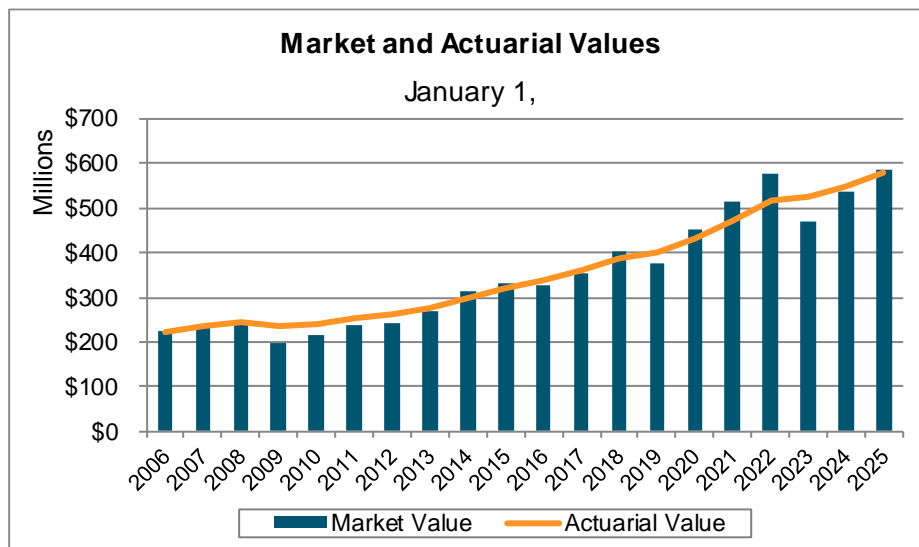


## SECTION 1 – VALUATION RESULTS

### EXHIBIT 2 (continued)

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

| Date     | Market Value of Assets (MVA) | Actuarial Value of Assets (AVA) | AVA / MVA |
|----------|------------------------------|---------------------------------|-----------|
| 1/1/2006 | \$225,161,798                | \$224,761,515                   | 99.82%    |
| 1/1/2007 | 237,959,892                  | 234,707,113                     | 98.63%    |
| 1/1/2008 | 249,095,495                  | 245,760,175                     | 98.66%    |
| 1/1/2009 | 196,124,538                  | 235,349,446                     | 120.00%   |
| 1/1/2010 | 218,042,907                  | 241,024,751                     | 110.54%   |
| 1/1/2011 | 238,265,999                  | 252,420,193                     | 105.94%   |
| 1/1/2012 | 244,777,760                  | 263,114,155                     | 107.49%   |
| 1/1/2013 | 268,895,003                  | 277,702,452                     | 103.28%   |
| 1/1/2014 | 314,630,091                  | 300,065,992                     | 95.37%    |
| 1/1/2015 | 333,135,690                  | 322,199,383                     | 96.72%    |
| 1/1/2016 | 329,261,948                  | 339,057,547                     | 102.98%   |
| 1/1/2017 | 352,513,865                  | 358,959,262                     | 101.83%   |
| 1/1/2018 | 402,738,799                  | 387,412,491                     | 96.19%    |
| 1/1/2019 | 378,210,890                  | 402,503,121                     | 106.42%   |
| 1/1/2020 | 452,080,699                  | 432,489,879                     | 95.67%    |
| 1/1/2021 | 513,638,775                  | 471,538,702                     | 91.80%    |
| 1/1/2022 | 577,149,019                  | 517,407,389                     | 89.65%    |
| 1/1/2023 | 470,606,758                  | 524,969,442                     | 111.55%   |
| 1/1/2024 | 537,384,371                  | 547,986,291                     | 101.97%   |
| 1/1/2025 | 587,621,941                  | 579,581,100                     | 98.63%    |





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 3

#### ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2025 is as follows:

#### Assets

|  |                              |
|--|------------------------------|
| Current assets (actuarial value)   | \$ 579,581,100               |
| Present value of future normal costs   | 175,213,452                  |
| Present value of future employer contributions<br>to fund unfunded actuarial liability | <u>38,905,837</u>            |
| <b>Total Assets</b>  | <b><u>\$ 793,700,389</u></b> |

#### Liabilities

Present value of future retirement benefits for:

|  |                              |
|--|------------------------------|
| Active employees   | \$ 420,012,747               |
| Retired employees, contingent annuitants<br>and spouses receiving benefits     | 337,943,904                  |
| Deferred vested employees  | 12,508,314                   |
| Inactive employees – disabled  | <u>4,736,382</u>             |
| <b>Total</b>   | <b>\$ 775,201,347</b>        |
| Inactive non-vested employees – refund due                                     | 48,901                       |
| Present value of future death benefits payable<br>upon death of active members | 6,572,304                    |
| Present value of future benefits payable upon<br>termination of active members | <u>11,877,837</u>            |
| <b>Total Liabilities</b>   | <b><u>\$ 793,700,389</u></b> |





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 4

#### UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2025

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

|  |                |
|--|----------------|
| 1. Present Value of Future Benefits          | \$ 793,700,389 |
| 2. Present Value of Future Normal Costs      | 175,213,452    |
| 3. Actuarial Liability<br>(1) – (2)          | 618,486,937    |
| 4. Actuarial Value of Assets                 | 579,581,100    |
| 5. Unfunded Actuarial Liability<br>(3) – (4) | \$ 38,905,837  |
| 6. Funded Ratio<br>(4) / (3)                 | 93.71%         |







## SECTION 1 – VALUATION RESULTS

### EXHIBIT 5

#### CALCULATION OF ACTUARIAL (GAIN)/LOSS For Plan Year Ending December 31, 2024

##### Liabilities

|  |                       |
|--|-----------------------|
| 1. Actuarial liability as of January 1, 2024             | \$ 589,608,342        |
| 2. Normal cost as of January 1, 2024                     | 14,812,323            |
| 3. Interest at 6.75% on (1) and (2) to December 31, 2024 | 40,798,395            |
| 4. Benefit payments during 2024                          | (28,131,942)          |
| 5. Interest on benefit payments                          | (933,950)             |
| 6. Expected actuarial liability as of December 31, 2024  | \$ <u>616,153,168</u> |
| 7. Actuarial liability as of December 31, 2024           | \$ 618,486,937        |

##### Assets

|  |                       |
|--|-----------------------|
| 8. Actuarial value of assets as of January 1, 2024             | \$ 547,986,291        |
| 9. Contributions during 2024                                   | 20,411,104            |
| 10. Benefit payments and administrative expenses during 2024   | (28,226,197)          |
| 11. Interest on items (8), (9) and (10)                        | 36,729,622            |
| 12. Expected actuarial value of assets as of December 31, 2024 | \$ <u>576,900,820</u> |
| 13. Actual actuarial value of assets as of December 31, 2024   | \$ 579,581,100        |

##### (Gain) / Loss

|   |                |
|---|----------------|
| 14. Expected unfunded actuarial liability<br>(6) – (12)         | \$ 39,252,348  |
| 15. Actual unfunded actuarial liability<br>(7) – (13)           | \$ 38,905,837  |
| 16. Actuarial (Gain) / Loss<br>(15) – (14)                      | \$ (346,511)   |
| 17. Actuarial (Gain) / Loss on Actuarial Assets<br>(12) – (13)  | \$ (2,680,280) |
| 18. Actuarial (Gain) / Loss on Actuarial Liability<br>(7) – (6) | \$ 2,333,769   |





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 6

#### ANALYSIS OF EXPERIENCE

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

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

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

#### **(Gain)/Loss by Source**

The Plan experienced a net actuarial loss on liabilities of \$2,334,000 during the plan year ended December 31, 2024, as well as an actuarial gain on assets of \$2,680,000. The overall actuarial gain was \$347,000. The major components of this net actuarial experience (gain)/loss are shown below:

| <b>Liability Sources</b>           | <b><u>(Gain)/Loss</u></b> |
|------------------------------------|---------------------------|
| Salary Increases                   | \$ 4,516,000              |
| Mortality                          | (2,339,000)               |
| Terminations                       | (284,000)                 |
| Retirements                        | (756,000)                 |
| Disability                         | (32,000)                  |
| New Entrants/Rehires               | 594,000                   |
| COLA                               | 1,560,000                 |
| Miscellaneous                      | <u>(925,000)</u>          |
| <b>Total Liability (Gain)/Loss</b> | <b>\$ 2,334,000</b>       |
| <b>Asset (Gain)/Loss</b>           | <b>\$ (2,680,000)</b>     |
| <b>Net Actuarial (Gain)/Loss*</b>  | <b>\$ (347,000)</b>       |

\*May not add due to rounding.





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 7

#### AMORTIZATION SCHEDULE OF THE UNFUNDED ACTUARIAL LIABILITY BASES

We believe the use of the layered amortization policy, with new bases over 20 years and the remainder of the legacy base over 19 years, complies with Actuarial Standard of Practice Number 4. This policy will fully amortize the individual, as well as the total, unfunded actuarial liability within a reasonable timeframe and/or reduce the amount of the UAL by a reasonable amount within a sufficiently short period.

| Amortization Bases          | Original Amount | January 1, 2025 Remaining Payments | Date of Last Payment | Outstanding Balance as of January 1, 2025 | Annual Contribution* |
|-----------------------------|-----------------|------------------------------------|----------------------|---|----------------------|
| 2014 UAL Base               | \$ 49,110,413   | 19                                 | 1/1/2044             | \$ 53,382,953                             | \$ 3,929,253         |
| 2015 Assumption Change Base | \$ 9,846,943    | 10                                 | 1/1/2035             | \$ 8,084,505                              | \$ 975,971           |
| 2015 Experience Base        | \$ (7,281,065)  | 10                                 | 1/1/2035             | \$ (5,977,876)                            | \$ (721,656)         |
| 2016 Experience Base        | \$ 1,395,779    | 11                                 | 1/1/2036             | \$ 1,194,405                              | \$ 133,298           |
| 2017 Experience Base        | \$ (3,897,186)  | 12                                 | 1/1/2037             | \$ (3,447,459)                            | \$ (358,605)         |
| 2018 Assumption Change Base | \$ 9,057,593    | 13                                 | 1/1/2038             | \$ 8,225,866                              | \$ 803,018           |
| 2018 Experience Base        | \$ (8,192,496)  | 13                                 | 1/1/2038             | \$ (7,440,208)                            | \$ (726,322)         |
| 2019 Experience Base        | \$ 8,980,430    | 14                                 | 1/1/2039             | \$ 8,356,285                              | \$ 770,044           |
| 2020 Assumption Change Base | \$ 5,133,619    | 15                                 | 1/1/2040             | \$ 4,869,733                              | \$ 425,737           |
| 2020 Experience Base        | \$ (16,294,094) | 15                                 | 1/1/2040             | \$ (15,456,521)                           | \$ (1,351,288)       |
| 2021 Experience Base        | \$ (22,229,911) | 16                                 | 1/1/2041             | \$ (21,411,543)                           | \$ (1,783,639)       |
| 2022 Assumption Change Base | \$ 6,066,864    | 17                                 | 1/1/2042             | \$ 5,910,726                              | \$ 470,952           |
| 2022 Experience Base        | \$ (20,151,936) | 17                                 | 1/1/2042             | \$ (19,633,304)                           | \$ (1,564,334)       |
| 2023 Experience Base        | \$ 17,771,281   | 18                                 | 1/1/2043             | \$ 17,515,440                             | \$ 1,339,350         |
| 2024 Experience Base        | \$ 7,409,355    | 19                                 | 1/1/2044             | \$ 7,365,654                              | \$ 542,149           |
| 2025 Experience Base        | \$ (2,632,819)  | 20                                 | 1/1/2045             | \$ (2,632,819)                            | \$ (187,035)         |
| <b>Total</b>                |                 |                                    |                      | <b>\$ 38,905,837</b>                      | <b>\$ 2,696,893</b>  |

\* Contribution amount reflects mid-year timing.

|                                    |               |
|------------------------------------|---------------|
| 1. Total UAL Amortization Payments | \$ 2,696,893  |
| 2. Projected Payroll for FY 2025   | \$ 87,620,677 |
| 3. UAL Amortization Payment Rate   | 3.08%         |





## SECTION 1 – VALUATION RESULTS

### EXHIBIT 8

#### DEVELOPMENT OF 2025 ACTUARIALY DETERMINED CONTRIBUTION

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

|   |               |
|---|---------------|
| 1. Normal Cost Rate   | 19.53%        |
| 2. Administrative Expense   | 0.11%         |
| 3. Unfunded Actuarial Liability Payment as Percent of Pay             | 3.08%         |
| 4. Total Actuarially Determined Contribution Rate<br>(1c) + (2) + (3) | 22.72%        |
| 5. Employee Contribution Rate   | 9.00%         |
| 6. District Actuarial Contribution Rate<br>(4) – (5)                  | 13.72%        |
| 7. Expected Payroll for 2025  | \$ 87,620,677 |
| 8. Total Recommended District Contribution                            | \$ 12,900,000 |
| 9. Monthly District Contribution                                      | \$ 1,075,000  |





## SECTION 2 – OTHER INFORMATION

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### SECTION 2

#### OTHER INFORMATION

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



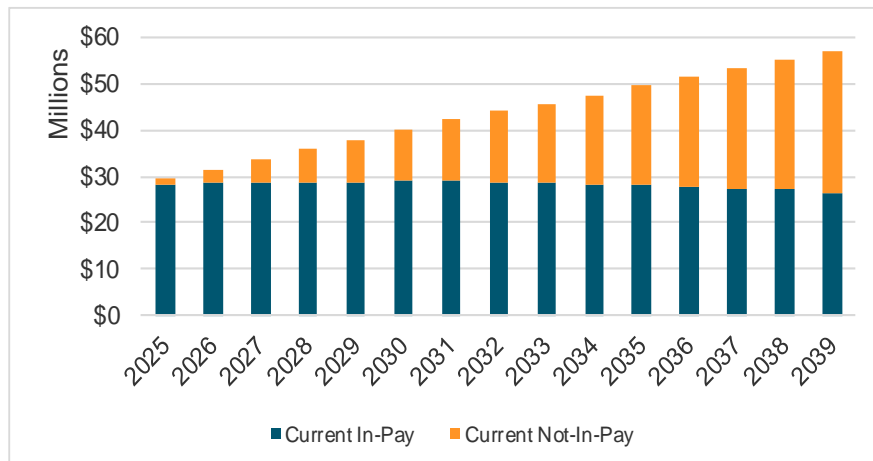


## SECTION 2 – OTHER INFORMATION

### EXHIBIT 9

#### ESTIMATED BENEFIT PAYMENTS\*

| Year End | Current In-Pay | Current Not-In-Pay | Total        |
|----------|----------------|--------------------|--------------|
| 2025     | \$28,405,000   | \$1,225,000        | \$29,630,000 |
| 2026     | 28,497,000     | 3,135,000          | 31,632,000   |
| 2027     | 28,577,000     | 5,198,000          | 33,775,000   |
| 2028     | 28,694,000     | 7,216,000          | 35,910,000   |
| 2029     | 28,826,000     | 9,221,000          | 38,047,000   |
| 2030     | 28,931,000     | 11,220,000         | 40,151,000   |
| 2031     | 29,022,000     | 13,214,000         | 42,236,000   |
| 2032     | 28,878,000     | 15,193,000         | 44,071,000   |
| 2033     | 28,696,000     | 17,166,000         | 45,862,000   |
| 2034     | 28,450,000     | 19,204,000         | 47,654,000   |
| 2035     | 28,178,000     | 21,360,000         | 49,538,000   |
| 2036     | 27,895,000     | 23,590,000         | 51,485,000   |
| 2037     | 27,526,000     | 25,748,000         | 53,274,000   |
| 2038     | 27,089,000     | 27,968,000         | 55,057,000   |
| 2039     | 26,607,000     | 30,361,000         | 56,968,000   |



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





## SECTION 2 – OTHER INFORMATION

### EXHIBIT 10

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Actuarial Valuation Date | Fiscal Year Ending | Actuarial Determined Contribution (ADC) (a) | Total Employer Contribution (b) | Percentage of ADC Contributed (b / a) |
|--------------------------|--------------------|---|---------------------------------|---------------------------------------|
| 1/1/2006                 | 12/31/2006         | \$1,723,353                                 | \$2,144,188                     | 124.42%                               |
| 1/1/2007                 | 12/31/2007         | 2,602,505                                   | 2,885,080                       | 110.73%                               |
| 1/1/2008                 | 12/31/2008         | 5,965,250                                   | 3,200,004                       | 53.64%                                |
| 1/1/2009                 | 12/31/2009         | 7,688,825                                   | 6,200,004                       | 80.64%                                |
| 1/1/2010                 | 12/31/2010         | 8,587,857                                   | 8,637,518                       | 100.58%                               |
| 1/1/2011                 | 12/31/2011         | 9,235,199                                   | 9,300,000                       | 100.70%                               |
| 1/1/2012                 | 12/31/2012         | 9,231,058                                   | 10,311,552                      | 111.70%                               |
| 1/1/2013                 | 12/31/2013         | 8,995,793                                   | 10,299,996                      | 114.50%                               |
| 1/1/2014                 | 12/31/2014         | 8,987,679                                   | 10,299,996                      | 114.60%                               |
| 1/1/2015                 | 12/31/2015         | 9,956,157                                   | 10,301,268                      | 103.47%                               |
| 1/1/2016                 | 12/31/2016         | 10,214,549                                  | 10,300,000                      | 100.84%                               |
| 1/1/2017                 | 12/31/2017         | 10,273,167                                  | 11,193,821                      | 108.96%                               |
| 1/1/2018                 | 12/31/2018         | 11,198,244                                  | 11,606,179                      | 103.64%                               |
| 1/1/2019                 | 12/31/2019         | 11,269,603                                  | 12,300,000                      | 109.14%                               |
| 1/1/2020                 | 12/31/2020         | 11,036,307                                  | 12,300,000                      | 111.45%                               |
| 1/1/2021                 | 12/31/2021         | 9,481,333                                   | 11,600,000                      | 122.35%                               |
| 1/1/2022                 | 12/31/2022         | 8,588,396                                   | 10,500,000                      | 122.26%                               |
| 1/1/2023                 | 12/31/2023         | 10,203,922                                  | 11,055,924                      | 108.35%                               |
| 1/1/2024                 | 12/31/2024         | 11,437,095                                  | 12,912,828                      | 112.90%                               |
| 1/1/2025                 | 12/31/2025         | 12,021,557                                  |                                 |                                       |





## SECTION 2 – OTHER INFORMATION

### EXHIBIT 11

#### SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AL) (b) | Unfunded AL (UAL) (b-a) | Funded Ratio (a / b) | Covered Payroll (P / R) (c) | UAL as a Percentage of Covered P / R [(b-a) / c] |
|--------------------------|-------------------------------|------------------------------|-------------------------|----------------------|-----------------------------|--|
| 1/1/2006                 | \$224,761,515                 | \$212,358,261                | (\$12,403,254)          | 105.8%               | \$38,706,810                | (32.0%)  |
| 1/1/2007                 | 234,707,113                   | 241,171,731                  | 6,464,618               | 97.3%                | 40,945,335                  | 15.8%  |
| 1/1/2008                 | 245,760,175                   | 262,626,673                  | 16,866,498              | 93.6%                | 43,105,294                  | 39.1%  |
| 1/1/2009                 | 235,349,446                   | 277,523,938                  | 42,174,492              | 84.8%                | 46,428,438                  | 90.8%  |
| 1/1/2010                 | 241,024,751                   | 291,186,530                  | 50,161,779              | 82.8%                | 50,781,583                  | 98.8%  |
| 1/1/2011                 | 252,420,193                   | 304,163,301                  | 51,743,108              | 83.0%                | 51,484,227                  | 100.5%   |
| 1/1/2012                 | 263,114,155                   | 315,121,772                  | 52,007,617              | 83.5%                | 51,868,957                  | 100.3%   |
| 1/1/2013                 | 277,702,452                   | 328,044,761                  | 50,342,309              | 84.7%                | 51,031,067                  | 98.7%  |
| 1/1/2014                 | 300,065,992                   | 349,176,405                  | 49,110,413              | 85.9%                | 55,847,203                  | 87.9%  |
| 1/1/2015                 | 322,199,383                   | 374,788,099                  | 52,588,716              | 86.0%                | 59,332,362                  | 88.6%  |
| 1/1/2016                 | 339,057,547                   | 393,919,275                  | 54,861,728              | 86.1%                | 63,384,548                  | 86.6%  |
| 1/1/2017                 | 358,959,262                   | 410,749,711                  | 51,790,449              | 87.4%                | 61,064,398                  | 84.8%  |
| 1/1/2018                 | 387,412,491                   | 440,820,801                  | 53,408,310              | 87.9%                | 62,624,066                  | 85.3%  |
| 1/1/2019                 | 402,503,121                   | 465,369,852                  | 62,866,731              | 86.5%                | 62,865,829                  | 100.0%   |
| 1/1/2020                 | 432,489,879                   | 484,575,088                  | 52,085,209              | 89.3%                | 63,272,421                  | 82.3%  |
| 1/1/2021                 | 471,538,702                   | 501,663,185                  | 30,124,483              | 94.0%                | 66,588,665                  | 45.2%  |
| 1/1/2022                 | 517,407,389                   | 533,671,865                  | 16,264,476              | 97.0%                | 67,274,914                  | 24.2%  |
| 1/1/2023                 | 524,969,442                   | 559,155,231                  | 34,185,789              | 93.9%                | 70,609,770                  | 48.4%  |
| 1/1/2024                 | 547,986,291                   | 589,608,342                  | 41,622,051              | 92.9%                | 77,757,044                  | 53.5%  |
| 1/1/2025                 | 579,581,100                   | 618,486,937                  | 38,905,837              | 93.7%                | 83,387,029                  | 46.7%  |







## SECTION 3 – RISK CONSIDERATIONS

### SECTION 3

#### RISK CONSIDERATIONS

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

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

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

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

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

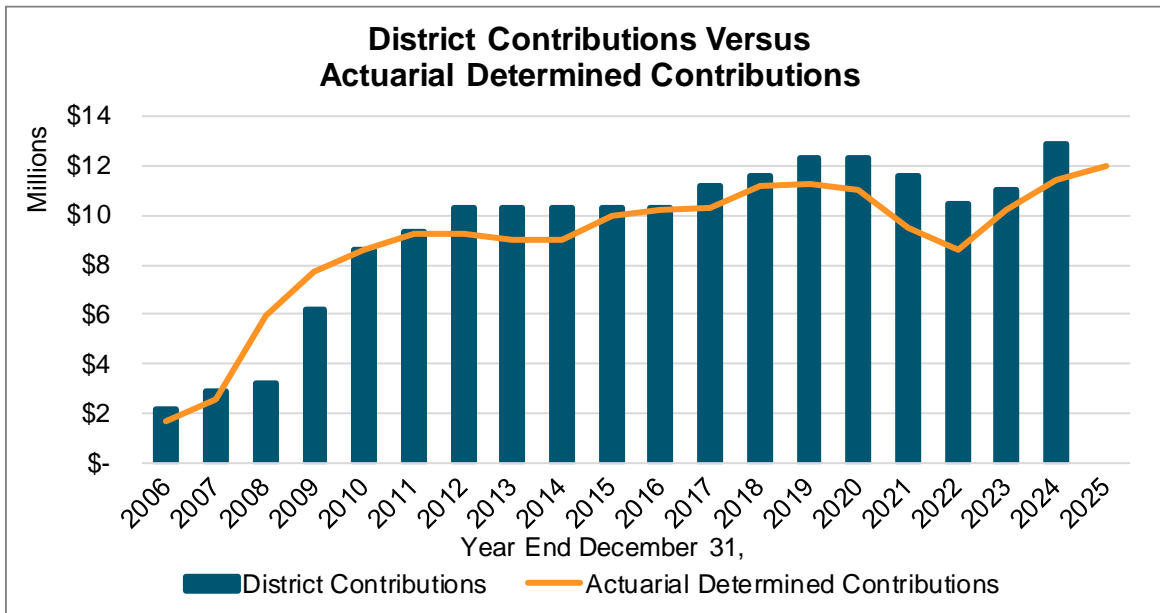
Note that the last two items are not risks that the actuary must address under ASOP 51.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarially determined contribution each year. As the following graph shows, the District has contributed an amount equal to or greater than the actuarially determined contribution in all but 2 of the last 19 years, including every year for the past 15 years.





## SECTION 3 – RISK CONSIDERATIONS



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

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

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System’s liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of December 31, 2024 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately \$643.4 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the





## SECTION 3 – RISK CONSIDERATIONS

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need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.

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

Another risk for MUD is volatility in the Cost-of-Living Adjustment (COLA) provided to retirees and their beneficiaries. The plan provides a biannual COLA based on the change in the Consumer Price Index, which can't be less than 0% or greater than 3% a year. The current actuarial assumption is that 2.50% COLAs will be provided each year in the future. An extended period of high inflation could result in higher COLAs than anticipated by the actuarial assumptions causing significant actuarial losses. However, this risk is somewhat mitigated by the 3% cap in the benefit provisions.

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

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





## SECTION 3 – RISK CONSIDERATIONS

### EXHIBIT 12

#### HISTORICAL ASSET VOLATILITY RATIOS

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

| Actuarial Valuation Date | Market Value of Assets | Covered Payroll | Asset Volatility Ratio | Increase in ADC with a Return 10% Lower than Assumed* |
|--------------------------|------------------------|-----------------|------------------------|---|
| 1/1/2006                 | \$225,161,798          | \$38,706,810    | 5.82                   | 4.13%   |
| 1/1/2007                 | 237,959,892            | 40,945,335      | 5.81                   | 4.13%   |
| 1/1/2008                 | 249,095,495            | 43,105,294      | 5.78                   | 4.11%   |
| 1/1/2009                 | 196,124,538            | 46,428,438      | 4.22                   | 3.00%   |
| 1/1/2010                 | 218,042,907            | 50,781,583      | 4.29                   | 3.05%   |
| 1/1/2011                 | 238,265,999            | 51,484,227      | 4.63                   | 3.29%   |
| 1/1/2012                 | 244,777,760            | 51,868,957      | 4.72                   | 3.35%   |
| 1/1/2013                 | 268,895,003            | 51,031,067      | 5.27                   | 3.74%   |
| 1/1/2014                 | 314,630,091            | 55,847,203      | 5.63                   | 4.00%   |
| 1/1/2015                 | 333,135,690            | 59,332,362      | 5.61                   | 3.99%   |
| 1/1/2016                 | 329,261,948            | 63,384,548      | 5.19                   | 3.69%   |
| 1/1/2017                 | 352,513,865            | 61,064,398      | 5.77                   | 4.10%   |
| 1/1/2018                 | 402,738,799            | 62,624,066      | 6.43                   | 4.57%   |
| 1/1/2019                 | 378,210,890            | 62,865,829      | 6.02                   | 4.28%   |
| 1/1/2020                 | 452,080,699            | 63,272,421      | 7.14                   | 5.07%   |
| 1/1/2021                 | 513,638,775            | 66,588,665      | 7.71                   | 5.48%   |
| 1/1/2022                 | 577,149,019            | 67,274,914      | 8.58                   | 6.10%   |
| 1/1/2023                 | 470,606,758            | 70,609,770      | 6.66                   | 4.73%   |
| 1/1/2024                 | 537,384,371            | 77,757,044      | 6.91                   | 4.91%   |
| 1/1/2025                 | 587,621,941            | 83,387,029      | 7.05                   | 5.01%   |

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

The assets at January 1, 2025 are 705% of payroll, so underperforming the investment return assumption by 10% (i.e., earn -3.25% for one year) is equivalent to 70.5% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.





## SECTION 3 – RISK CONSIDERATIONS

### EXHIBIT 13

#### HISTORICAL CASH FLOWS

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

| Year End   | Market Value<br>of Assets<br>(MVA) | Contributions | Benefit Payments | Net<br>Cash Flow | Net Cash Flow<br>as a Percent<br>of MVA |
|------------|------------------------------------|---------------|------------------|------------------|---|
| 12/31/2010 | \$238,265,999                      | \$10,512,622  | \$11,826,611     | (\$1,313,989)    | (0.55%)                                 |
| 12/31/2011 | 244,777,760                        | 11,186,401    | 12,629,378       | (1,442,977)      | (0.59%)                                 |
| 12/31/2012 | 268,895,003                        | 12,214,990    | 13,713,290       | (1,498,300)      | (0.56%)                                 |
| 12/31/2013 | 314,630,091                        | 12,197,069    | 14,731,395       | (2,534,326)      | (0.81%)                                 |
| 12/31/2014 | 333,135,690                        | 12,412,137    | 15,566,617       | (3,154,480)      | (0.95%)                                 |
| 12/31/2015 | 329,261,948                        | 13,121,864    | 16,154,414       | (3,032,550)      | (0.92%)                                 |
| 12/31/2016 | 352,513,865                        | 14,195,899    | 16,555,144       | (2,359,245)      | (0.67%)                                 |
| 12/31/2017 | 402,738,799                        | 14,951,265    | 17,445,020       | (2,493,755)      | (0.62%)                                 |
| 12/31/2018 | 378,210,890                        | 15,411,552    | 19,116,693       | (3,705,141)      | (0.98%)                                 |
| 12/31/2019 | 452,080,699                        | 16,713,137    | 21,204,786       | (4,491,649)      | (0.99%)                                 |
| 12/31/2020 | 513,638,775                        | 17,321,423    | 21,897,160       | (4,575,737)      | (0.89%)                                 |
| 12/31/2021 | 577,149,019                        | 16,974,956    | 23,236,403       | (6,261,447)      | (1.08%)                                 |
| 12/31/2022 | 470,606,758                        | 16,494,641    | 25,339,507       | (8,844,866)      | (1.88%)                                 |
| 12/31/2023 | 537,384,371                        | 18,047,567    | 26,553,746       | (8,506,179)      | (1.58%)                                 |
| 12/31/2024 | 587,621,941                        | 20,411,104    | 28,131,942       | (7,720,838)      | (1.31%)                                 |





## SECTION 3 – RISK CONSIDERATIONS

### EXHIBIT 14

#### LIABILITY MATURITY MEASUREMENTS

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

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

| <b>Valuation Date</b> | <b>Retiree Liability (a)</b> | <b>Total Actuarial Liability (b)</b> | <b>Retiree Percentage (a / b)</b> |
|-----------------------|------------------------------|--------------------------------------|-----------------------------------|
| 1/1/2011              | \$124,451,572                | \$304,163,301                        | 40.9%                             |
| 1/1/2012              | 132,413,950                  | 315,121,772                          | 42.0%                             |
| 1/1/2013              | 149,277,461                  | 328,044,761                          | 45.5%                             |
| 1/1/2014              | 164,136,287                  | 349,176,405                          | 47.0%                             |
| 1/1/2015              | 170,780,555                  | 374,788,099                          | 45.6%                             |
| 1/1/2016              | 177,342,511                  | 393,919,275                          | 45.0%                             |
| 1/1/2017              | 181,213,617                  | 410,749,711                          | 44.1%                             |
| 1/1/2018              | 196,060,508                  | 440,820,801                          | 44.5%                             |
| 1/1/2019              | 238,188,848                  | 465,369,852                          | 51.2%                             |
| 1/1/2020              | 247,490,777                  | 484,575,088                          | 51.1%                             |
| 1/1/2021              | 257,862,392                  | 501,663,185                          | 51.4%                             |
| 1/1/2022              | 299,692,808                  | 533,671,865                          | 56.2%                             |
| 1/1/2023              | 311,469,273                  | 559,155,231                          | 55.7%                             |
| 1/1/2024              | 326,193,597                  | 589,608,342                          | 55.3%                             |
| 1/1/2025              | 337,943,904                  | 618,486,937                          | 54.6%                             |

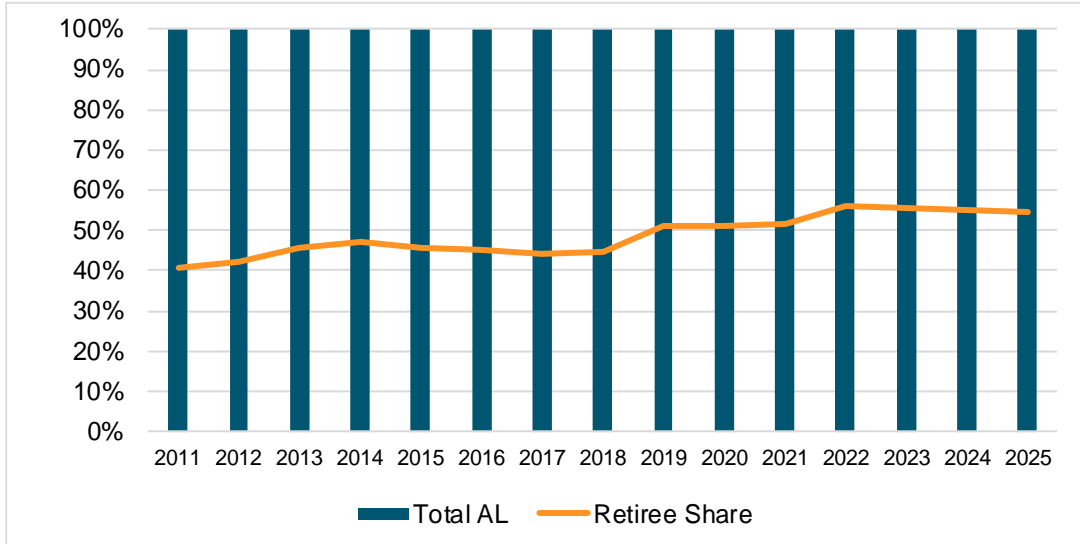




## SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 14 (continued)

### LIABILITY MATURITY MEASUREMENTS





## SECTION 3 – RISK CONSIDERATIONS

### EXHIBIT 15

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

This exhibit compares the key January 1, 2025 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

| Investment Return Assumption                   | 6.25%     | 6.50%     | 6.75%     | 7.00%     | 7.25%     |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>Contributions</b>                           |           |           |           |           |           |
| Normal Cost Rate                               | 22.06%    | 20.75%    | 19.53%    | 18.39%    | 17.33%    |
| Administrative Expense                         | 0.11%     | 0.11%     | 0.11%     | 0.11%     | 0.11%     |
| UAL Contribution Rate                          | 5.91%     | 4.49%     | 3.08%     | 1.67%     | 0.28%     |
| Total Actuarially Determined Contribution Rate | 28.08%    | 25.35%    | 22.72%    | 20.17%    | 17.72%    |
| Employee Contribution Rate                     | (9.00%)   | (9.00%)   | (9.00%)   | (9.00%)   | (9.00%)   |
| District Contribution Rate                     | 19.08%    | 16.35%    | 13.72%    | 11.17%    | 8.72%     |
| <b>District Actuarial Contribution</b>         | \$16,718  | \$14,326  | \$12,022  | \$9,787   | \$7,641   |
| <b>Actuarial Liability</b>                     | \$656,514 | \$637,067 | \$618,487 | \$600,726 | \$583,741 |
| <b>Actuarial Value of Assets</b>               | 579,581   | 579,581   | 579,581   | 579,581   | 579,581   |
| <b>Unfunded Actuarial Liability*</b>           | \$76,933  | \$57,486  | \$38,906  | \$21,145  | \$4,160   |
| <b>Funded Ratio</b>                            | 88.28%    | 90.98%    | 93.71%    | 96.48%    | 99.29%    |

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

\*Numbers may not add due to rounding.







## APPENDIX A – SUMMARY OF PLAN PROVISIONS

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

As of December 31, 1967, the MLI Group Annuity Contract was amended to discontinue further purchases of annuities. However, under contractual rights, annuities purchased prior to December 31, 1967 continue to be guaranteed under the provisions of such contract. Further amendments modified the pre-existing contract from a conventional group annuity contract to an Immediate Participation Guaranteed (IPG) group annuity contract (effective December 31, 1967).

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

|   |   |
|---|---|
| <u>Effective Date:</u>                            | December 31, 1967   |
| <u>Participation:</u>                             | <ul style="list-style-type: none"> <li>(a) Each Employee on the Effective Date, provided he was employed before his 60<sup>th</sup> birthday, became a participant on the Effective Date</li> <li>(b) Each person who becomes an employee after the Effective Date becomes a participant on his employment date.</li> </ul> |
| <u>Final Average Salary:</u>                      | The average of the salaries for the highest paid 24 consecutive months out of the last 120 months before retirement (high 36 months prior to 3/1/06).   |
| <u>Age and Service Requirements for Benefits:</u> |   |
| Normal Retirement                                 | First day of the month next following the 60 <sup>th</sup> birthday   |
| Early Retirement                                  | Age 55 with at least five years of service.   |
| Deferred Vested Benefit                           | Separate service before age 55 with at least five years of service.   |
| Spouse’s Benefit                                  | Upon death of employee in active service with at least five years of service and married at least one year prior to the date of death. Payable based on employee’s age according to early or normal retirement provisions.  |





## APPENDIX A – SUMMARY OF PLAN PROVISIONS

### Retirement Benefits:

|                          |  |
|--------------------------|--|
| Normal & Late Retirement | <p>A monthly amount which equals</p> <p>(a) percentage of Final Average Salary based on years of continuous service, beginning at 2.15% for each of the first 25 years of service (2.00% prior to 3/1/06) plus 1.00% for the next 10 years, plus 0.50% for each year of service after 35 years.</p> <p>(b) any monthly normal retirement annuity purchased under the MLI contract up to December 31, 1967.</p>   |
| Minimal Normal           | <p>A monthly amount which, together with the annuity under the MLI contract, if any, equals \$6 for each year of service, beginning with \$30 for five years of service and grading up to \$120 for 20 or more years of service.</p>   |
| Early Retirement         | <p>A monthly amount which equals (1) times (2)</p> <p>(1) An amount determined in the same manner as the normal retirement benefit, based on:</p> <p style="padding-left: 40px;">(a) Years of continuous service and Final Average Salary on the early retirement date, and</p> <p style="padding-left: 40px;">(b) Any monthly annuity, payable at age 65, to which the employee may be entitled under the MLI contract,</p> <p>(2) A percentage factor equal to 100% at age 60 and above, with reductions of 0.25% a month for each month of early retirement (from age 60 to age 55)</p> |

### Form of Annuity:

|          |  |
|----------|--|
| Normal   | <p>Monthly payments for life with refund at death of excess, if any, of the employee’s contributions over payments received.</p>   |
| Optional | <p>Contingent annuitant options are provided in the plan (a “pop-up” feature applies to any Contingent Annuitant Option if the employee’s spouse is the Contingent Annuitant and the spouse predeceases the employee).</p> |





## APPENDIX A – SUMMARY OF PLAN PROVISIONS

Prior to 3/1/06, the pop up provision applied only to the Joint and 50% Contingent Annuitant option.

### Termination Benefits:

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

### Spouse’s Benefit:

Effective 3/1/06:

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

### Single Sum Death Benefits:

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





## APPENDIX A – SUMMARY OF PLAN PROVISIONS

|  |  |
|--|--|
| <p>Surviving Spouse<br/>(receiving spouse's benefit)</p>                       | <p>To designated beneficiary or estate of the spouse, the excess, if any, of the employee's contributions under the plan with interest to the date of the employee's death over the payments made to the date of the spouse's death.</p>   |
| <p>Contingent Annuitant<br/>(if retirement income payments have commenced)</p> | <p>To designated beneficiary or estate of the last survivor as between the retired employee and the contingent annuitant – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to the retired employee and the contingent annuitant to the date of death of the last survivor.</p>  |
| <p>Employee Under MLI Contract</p>   | <p>Contributions under MLI contract payable subject to provisions of MLI contract.</p>   |
| <p><u>Cost of Living Adjustments:</u></p>                                      | <p>To retired employees, spouses and contingent annuitants – the supplemental pension payments based on the change in the Consumer Price Index, not less than 0% and not more than 3% a year. Adjustments are made twice a year on January 1 and July 1.</p>   |
| <p><u>Disability Benefits:</u></p>   | <p>If a participant becomes totally and permanently disabled, he/she is deemed to remain active for plan purposes, at his/her salary at the time of disability, until recovery or retirement. No employee contributions are required during the period of disability.</p> <p>The maximum disability period is typically age 65. However, members who become disabled after age 60 may receive disability benefits beyond age 65.</p> |
| <p><u>Source of Funds:</u></p>   |  |
| <p>Employee Contributions</p>  | <p>9.00%</p> <p>Interest is credited at 3.50% per annum, compounded annually.</p>  |
| <p>District Contributions</p>  | <p>The remaining amount required to fund the benefit on an actuarially sound basis.</p>  |





## APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

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### Actuarial Methods

#### **Liability Method**

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

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

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

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

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

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

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

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

#### **Asset Valuation Method**

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





## APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

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### UAL Amortization Method

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





## APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

### Actuarial Assumptions

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

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

### Withdrawal Rates: (revised 2021)

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





## APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

### Retirement Rates: (revised 2021)

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

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

### Salary Scale: (revised 2021)

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

| <u>Years of Service</u> | <u>Annual Percentage Increase</u> |
|-------------------------|-----------------------------------|
| 1                       | 10.40%                            |
| 5                       | 6.40%                             |
| 10                      | 4.40%                             |
| 15                      | 4.10%                             |
| 20                      | 4.10%                             |
| 25                      | 3.90%                             |
| 30                      | 3.65%                             |
| 35                      | 3.65%                             |

Note: Includes salary inflation at 3.40%

### Spouse's Benefit: (revised 2015)

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

### Form of Payment:

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

### Cost of Living Adjustment: (revised 2021)

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







## APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

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|   |   |
|---|---|
| Administrative Expense:<br>(implemented 2015) | Component of contribution rate, based on the prior year's actual administrative expenses.   |
| Decrement Timing:                             | Middle of year  |
| Other:  | <p>Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.</p> <p>Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members.</p> <p>The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.</p> |





## APPENDIX C – MEMBERSHIP DATA

### HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

| Valuation      |             | Active Members |         |           |         |                 |       | Number       |          |                 |                     |
|----------------|-------------|----------------|---------|-----------|---------|-----------------|-------|--------------|----------|-----------------|---------------------|
|                |             | Number         | Average |           |         |                 |       | Pay Increase | Disabled | Vested Inactive | Non-Vested Inactive |
| Date January 1 | Total Count |                | Age     | Entry Age | Service | Annual Pay (\$) |       |              |          |                 |                     |
| 2006           | 1,352       | 782            | 45.8    | 31.4      | 14.4    | 50,184          | 1.10% | 25           | 35       |                 | 510                 |
| 2007           | 1,371       | 793            | 46.1    | 31.6      | 14.5    | 53,104          | 5.82% | 26           | 37       |                 | 515                 |
| 2008           | 1,401       | 814            | 46.1    | 31.8      | 14.3    | 54,730          | 3.06% | 28           | 38       |                 | 521                 |
| 2009           | 1,413       | 831            | 46.7    | 31.9      | 14.8    | 57,576          | 5.20% | 27           | 38       |                 | 517                 |
| 2010           | 1,429       | 851            | 47.1    | 32.1      | 15.0    | 59,997          | 4.20% | 26           | 38       |                 | 514                 |
| 2011           | 1,434       | 852            | 47.5    | 32.3      | 15.2    | 62,082          | 3.48% | 28           | 40       |                 | 514                 |
| 2012           | 1,436       | 846            | 48.0    | 32.7      | 15.3    | 62,458          | 0.61% | 29           | 44       |                 | 517                 |
| 2013           | 1,409       | 815            | 48.6    | 32.9      | 15.6    | 62,822          | 0.58% | 21           | 34       |                 | 539                 |
| 2014           | 1,446       | 821            | 48.3    | 33.1      | 15.2    | 65,631          | 4.47% | 22           | 35       |                 | 568                 |
| 2015           | 1,491       | 856            | 48.0    | 33.2      | 14.8    | 66,999          | 2.08% | 20           | 38       |                 | 577                 |
| 2016           | 1,492       | 851            | 48.3    | 33.2      | 15.1    | 69,168          | 3.24% | 20           | 34       | 1               | 586                 |
| 2017           | 1,484       | 836            | 48.8    | 33.3      | 15.5    | 72,200          | 4.38% | 24           | 34       | 1               | 589                 |
| 2018           | 1,489       | 824            | 49.0    | 33.4      | 15.6    | 75,567          | 4.66% | 21           | 40       | 2               | 602                 |
| 2019           | 1,516       | 792            | 48.3    | 33.6      | 14.7    | 76,528          | 1.27% | 22           | 42       | 4               | 656                 |
| 2020           | 1,536       | 808            | 48.0    | 33.7      | 14.3    | 78,026          | 1.96% | 23           | 49       | 1               | 655                 |
| 2021           | 1,546       | 808            | 47.9    | 33.7      | 14.2    | 79,834          | 2.32% | 26           | 49       | 2               | 661                 |
| 2022           | 1,602       | 813            | 46.9    | 33.9      | 13.0    | 80,838          | 1.26% | 25           | 53       | 1               | 710                 |
| 2023           | 1,671       | 865            | 46.2    | 33.8      | 12.4    | 82,435          | 1.98% | 20           | 59       | 5               | 722                 |
| 2024           | 1,695       | 888            | 46.1    | 33.8      | 12.3    | 86,650          | 5.11% | 14           | 60       | 5               | 728                 |
| 2025           | 1,707       | 896            | 46.1    | 33.8      | 12.3    | 92,306          | 6.53% | 15           | 58       | 4               | 734                 |





## APPENDIX C – MEMBERSHIP DATA

### MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2025. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

**Total number of employees in valuation:**

|                                   |       |
|-----------------------------------|-------|
| (a) Active employees              | 896   |
| (b) Inactive vested employees     |       |
| Terminated*                       | 58    |
| Disability                        | 15    |
| (c) Inactive non-vested employees | 4     |
| (d) Retirees and beneficiaries    | 734   |
| (e) Total                         | 1,707 |

**Average age of employees in valuation:**

|                                |      |
|--------------------------------|------|
| (a) Active employees:          |      |
| Attained age                   | 46.1 |
| Entry age                      | 33.8 |
| (b) Inactive vested employees: |      |
| Termination*                   | 49.3 |
| Disability                     | 55.6 |
| (c) Retired employees          | 71.8 |
| (d) Beneficiaries              | 76.6 |

**Active employees eligible for vested benefits as of January 1, 2025**

|  |     |
|--|-----|
| (a) Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits               | 352 |
| (b) Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits | 248 |
| (c) Employees eligible for refund of contributions only  | 296 |
| (d) Total  | 896 |

\*Includes 5 beneficiaries who are not yet receiving benefits.





## APPENDIX C – MEMBERSHIP DATA

### MEMBERSHIP DATA RECONCILIATION

January 1, 2024 to January 1, 2025

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

|                                    | <u>Active Participants</u> | <u>Long-Term Disability</u> | <u>Retirees</u> | <u>Terminated Vested*</u> | <u>Terminated Non-Vested</u> | <u>Beneficiaries</u> | <u>Total</u> |
|------------------------------------|----------------------------|-----------------------------|-----------------|---------------------------|------------------------------|----------------------|--------------|
| <b>Participants as of 1/1/2024</b> | 888                        | 14                          | 584             | 60                        | 5                            | 144                  | 1,695        |
| New Participants                   | 56                         | 0                           | 0               | 0                         | 4                            | 1                    | 61           |
| Moved to Full-Time                 | 0                          | 0                           | 0               | 0                         | 0                            | 0                    | 0            |
| Moved to Part-Time                 | 0                          | 0                           | 0               | 0                         | 0                            | 0                    | 0            |
| Terminations                       |                            |                             |                 |                           |                              |                      |              |
| Refunded                           | (14)                       | 0                           | 0               | (1)                       | (5)                          | 0                    | (20)         |
| Refund-Due                         | (4)                        | 0                           | 0               | 0                         | 0                            | 0                    | (4)          |
| Deferred Vested                    | (4)                        | 0                           | 0               | 4                         | 0                            | 0                    | 0            |
| Disabilities                       | (1)                        | 2                           | 0               | (1)                       | 0                            | 0                    | 0            |
| Retirements                        | (24)                       | (1)                         | 29              | (5)                       | 0                            | 1                    | 0            |
| Deaths                             |                            |                             |                 |                           |                              |                      |              |
| With Beneficiary                   | (1)                        | 0                           | (3)             | 1                         | 0                            | 3                    | 0            |
| Without Beneficiary                | 0                          | 0                           | (16)            | 0                         | 0                            | (9)                  | (25)         |
| Data Corrections                   | 0                          | 0                           | 0               | 0                         | 0                            | 0                    | 0            |
| <b>Total Participants 1/1/2025</b> | 896                        | 15                          | 594             | 58                        | 4                            | 140                  | 1,707        |

\*Includes beneficiaries who are not yet receiving benefits.



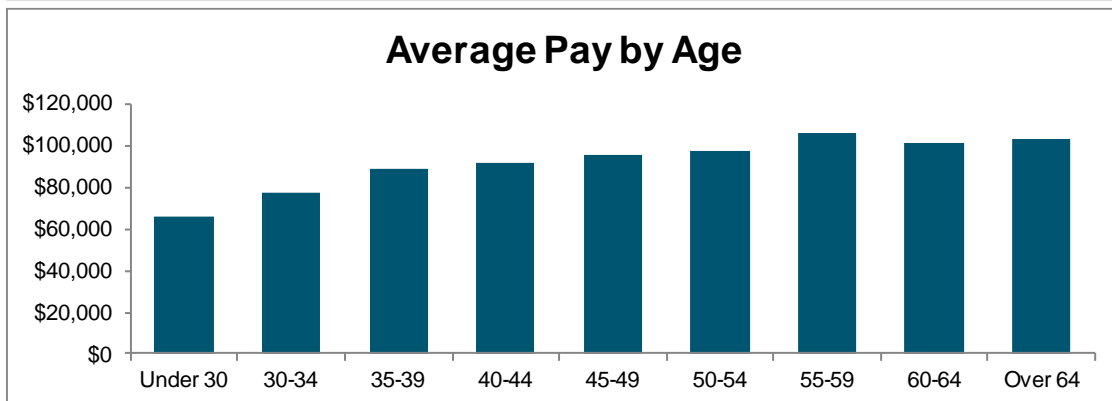
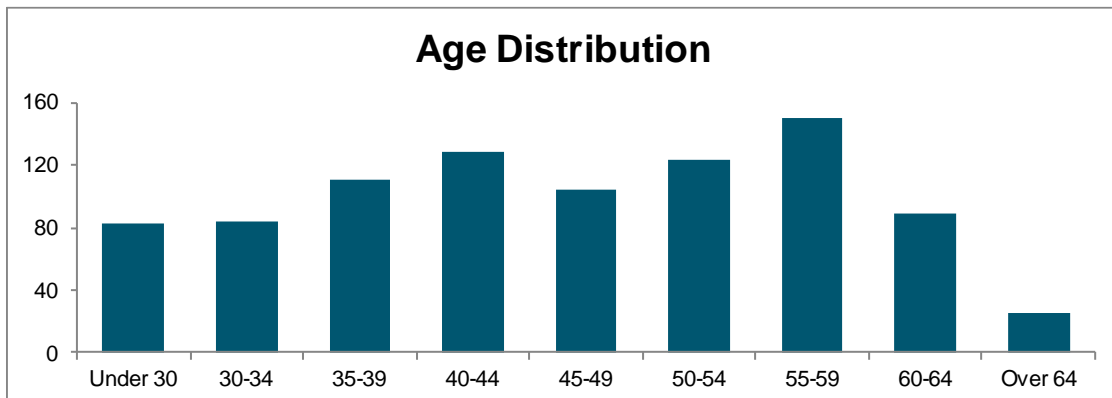


## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 1

#### ACTIVE EMPLOYEES AS OF JANUARY 1, 2025

| Age          | Count of Members |            |            | 2024 Pensionable Pay of Members |                     |                     |
|--------------|------------------|------------|------------|---------------------------------|---------------------|---------------------|
|              | Males            | Females    | Total      | Males                           | Females             | Total               |
| Under 30     | 77               | 5          | 82         | \$ 5,107,583                    | \$ 310,487          | \$ 5,418,070        |
| 30-34        | 72               | 12         | 84         | 5,615,770                       | 873,828             | 6,489,598           |
| 35-39        | 91               | 20         | 111        | 8,150,415                       | 1,644,234           | 9,794,649           |
| 40-44        | 101              | 27         | 128        | 9,332,195                       | 2,369,464           | 11,701,659          |
| 45-49        | 81               | 23         | 104        | 7,999,763                       | 1,917,794           | 9,917,557           |
| 50-54        | 92               | 31         | 123        | 9,085,625                       | 2,928,338           | 12,013,963          |
| 55-59        | 109              | 41         | 150        | 11,857,164                      | 3,955,027           | 15,812,191          |
| 60-64        | 60               | 29         | 89         | 6,312,345                       | 2,682,086           | 8,994,431           |
| Over 64      | 12               | 13         | 25         | 1,491,471                       | 1,072,550           | 2,564,021           |
| <b>Total</b> | <b>695</b>       | <b>201</b> | <b>896</b> | <b>\$64,952,331</b>             | <b>\$17,753,808</b> | <b>\$82,706,139</b> |



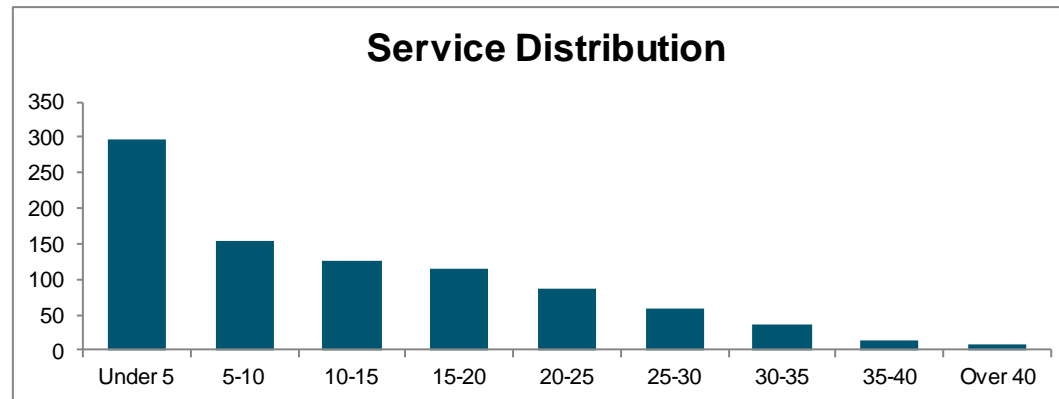


## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 1 (continued)

#### ACTIVE EMPLOYEES AS OF JANUARY 1, 2025

| Age          | Service    |            |            |            |           |           |           |           |          | Total      |
|--------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|----------|------------|
|              | Under 5    | 5-10       | 10-15      | 15-20      | 20-25     | 25-30     | 30-35     | 35-40     | Over 40  |            |
| Under 30     | 71         | 11         | 0          | 0          | 0         | 0         | 0         | 0         | 0        | 82         |
| 30-34        | 60         | 19         | 5          | 0          | 0         | 0         | 0         | 0         | 0        | 84         |
| 35-39        | 56         | 36         | 17         | 2          | 0         | 0         | 0         | 0         | 0        | 111        |
| 40-44        | 47         | 33         | 28         | 18         | 2         | 0         | 0         | 0         | 0        | 128        |
| 45-49        | 26         | 21         | 17         | 27         | 13        | 0         | 0         | 0         | 0        | 104        |
| 50-54        | 20         | 14         | 16         | 21         | 28        | 21        | 3         | 0         | 0        | 123        |
| 55-59        | 12         | 13         | 25         | 24         | 28        | 28        | 15        | 5         | 0        | 150        |
| 60-64        | 4          | 7          | 10         | 19         | 11        | 10        | 15        | 10        | 3        | 89         |
| Over 64      | 0          | 1          | 7          | 3          | 4         | 1         | 4         | 0         | 5        | 25         |
| <b>Total</b> | <b>296</b> | <b>155</b> | <b>125</b> | <b>114</b> | <b>86</b> | <b>60</b> | <b>37</b> | <b>15</b> | <b>8</b> | <b>896</b> |



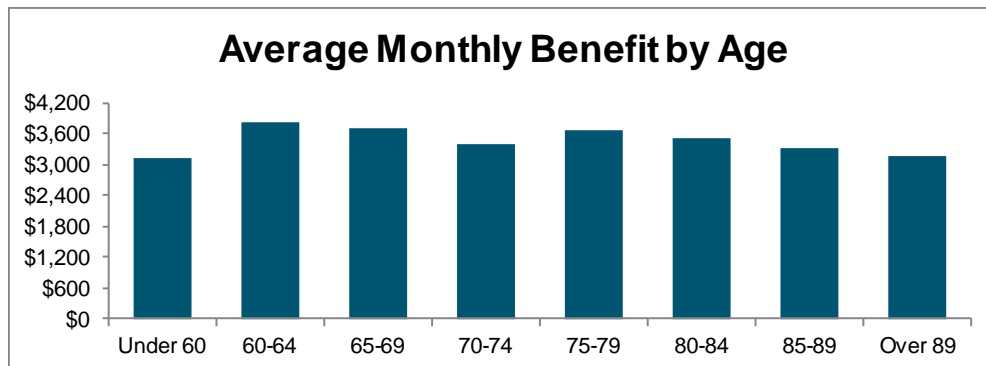
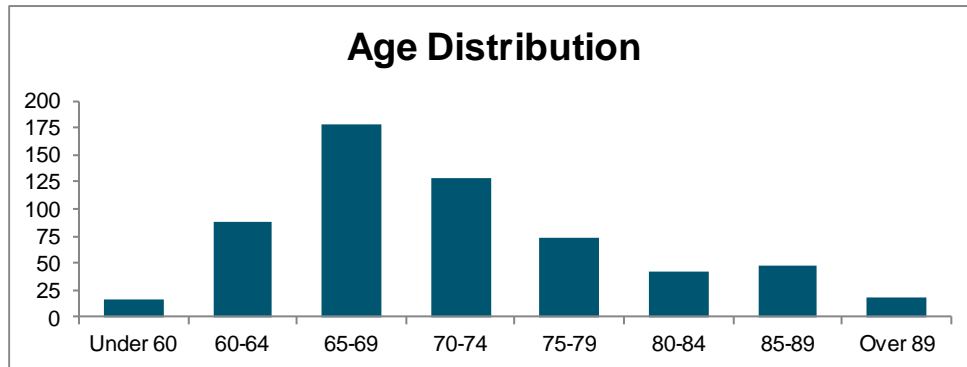


## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 2

#### RETIRED PARTICIPANTS AS OF JANUARY 1, 2025

| Age          | Count of Retirees |            |            | Current Monthly Benefits |                  |                    |
|--------------|-------------------|------------|------------|--------------------------|------------------|--------------------|
|              | Males             | Females    | Total      | Males                    | Females          | Total              |
| Under 60     | 13                | 3          | 16         | \$ 40,967                | \$ 8,813         | \$ 49,780          |
| 60-64        | 71                | 17         | 88         | 283,414                  | 51,771           | 335,185            |
| 65-69        | 120               | 59         | 179        | 473,245                  | 191,944          | 665,189            |
| 70-74        | 80                | 48         | 128        | 281,782                  | 151,149          | 432,931            |
| 75-79        | 53                | 21         | 74         | 217,193                  | 53,470           | 270,663            |
| 80-84        | 33                | 9          | 42         | 121,751                  | 25,434           | 147,185            |
| 85-89        | 39                | 9          | 48         | 132,027                  | 28,036           | 160,063            |
| Over 89      | 15                | 4          | 19         | 53,407                   | 6,640            | 60,047             |
| <b>Total</b> | <b>424</b>        | <b>170</b> | <b>594</b> | <b>\$1,603,786</b>       | <b>\$517,257</b> | <b>\$2,121,043</b> |



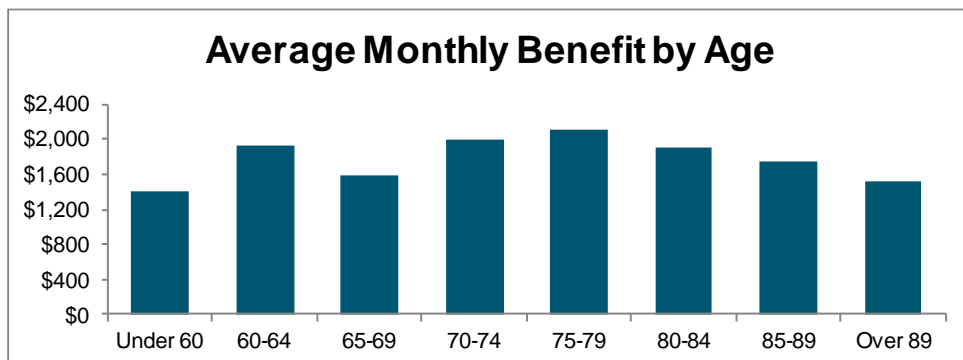
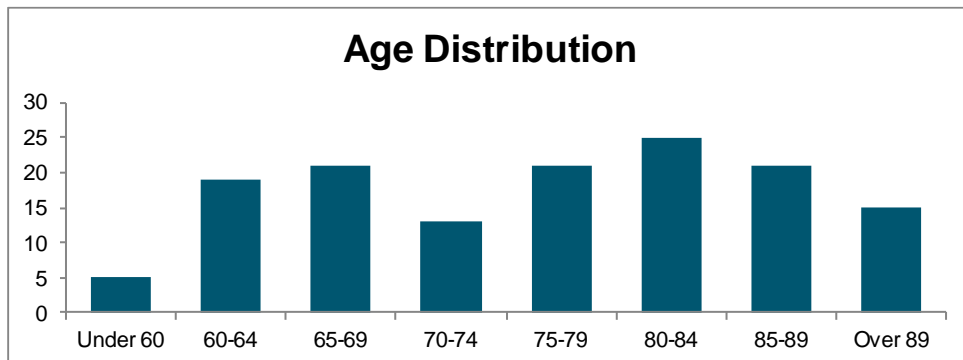


## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 3

#### BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2025

| Age          | Count of Beneficiaries |            |            | Current Monthly Benefits |                  |                  |
|--------------|------------------------|------------|------------|--------------------------|------------------|------------------|
|              | Males                  | Females    | Total      | Males                    | Females          | Total            |
| Under 60     | 0                      | 5          | 5          | \$ 0                     | \$ 6,984         | \$ 6,984         |
| 60-64        | 2                      | 17         | 19         | 4,826                    | 31,651           | 36,477           |
| 65-69        | 2                      | 19         | 21         | 2,566                    | 30,696           | 33,262           |
| 70-74        | 1                      | 12         | 13         | 633                      | 25,342           | 25,975           |
| 75-79        | 2                      | 19         | 21         | 2,634                    | 41,439           | 44,073           |
| 80-84        | 0                      | 25         | 25         | 0                        | 47,425           | 47,425           |
| 85-89        | 1                      | 20         | 21         | 1,473                    | 35,371           | 36,844           |
| Over 89      | 0                      | 15         | 15         | 0                        | 22,751           | 22,751           |
| <b>Total</b> | <b>8</b>               | <b>132</b> | <b>140</b> | <b>\$12,132</b>          | <b>\$241,659</b> | <b>\$253,791</b> |







## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 4

#### TERMINATED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2025

| Age          | Count of Members |           |           | Expected Monthly Benefit |                 |                  |
|--------------|------------------|-----------|-----------|--------------------------|-----------------|------------------|
|              | Males            | Females   | Total     | Males                    | Females         | Total            |
| Under 25     | 0                | 0         | 0         | \$ 0                     | \$ 0            | \$ 0             |
| 25-29        | 0                | 0         | 0         | 0                        | 0               | 0                |
| 30-34        | 1                | 0         | 1         | 660                      | 0               | 660              |
| 35-39        | 4                | 0         | 4         | 5,650                    | 0               | 5,650            |
| 40-44        | 8                | 3         | 11        | 10,311                   | 4,728           | 15,039           |
| 45-49        | 7                | 1         | 8         | 12,057                   | 1,643           | 13,700           |
| 50-54        | 14               | 8         | 22        | 30,161                   | 14,451          | 44,612           |
| 55-59        | 5                | 5         | 10        | 5,130                    | 14,546          | 19,676           |
| Over 59      | 2                | 0         | 2         | 2,399                    | 0               | 2,399            |
| <b>Total</b> | <b>41</b>        | <b>17</b> | <b>58</b> | <b>\$66,368</b>          | <b>\$35,368</b> | <b>\$101,736</b> |

Note: Includes 5 beneficiaries who are not yet receiving benefits.





## APPENDIX C – MEMBERSHIP DATA

### SCHEDULE 5

#### DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2025

| Age      | Count of Members |         |       | Estimated Monthly Benefit |          |          |
|----------|------------------|---------|-------|---------------------------|----------|----------|
|          | Males            | Females | Total | Males                     | Females  | Total    |
| Under 25 | 0                | 0       | 0     | \$ 0                      | \$ 0     | \$ 0     |
| 25-29    | 0                | 0       | 0     | 0                         | 0        | 0        |
| 30-34    | 0                | 0       | 0     | 0                         | 0        | 0        |
| 35-39    | 0                | 0       | 0     | 0                         | 0        | 0        |
| 40-44    | 2                | 0       | 2     | 5,547                     | 0        | 5,547    |
| 45-49    | 0                | 1       | 1     | 0                         | 3,219    | 3,219    |
| 50-54    | 2                | 1       | 3     | 7,622                     | 2,802    | 10,424   |
| 55-59    | 3                | 1       | 4     | 10,259                    | 4,054    | 14,313   |
| Over 59  | 4                | 1       | 5     | 11,574                    | 1,357    | 12,931   |
| Total    | 11               | 4       | 15    | \$35,002                  | \$11,432 | \$46,434 |



**THE RETIREMENT PLAN FOR  
EMPLOYEES OF THE  
METROPOLITAN UTILITIES  
DISTRICT OF OMAHA**



**GASB STATEMENTS  
NO. 67 & 68 REPORT**

---

**PREPARED FOR DECEMBER 31, 2024  
FINANCIAL REPORTING**



January 30, 2025

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

Dear Mr. Myers:

Presented in this report is information to assist the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. GASB Statement No. 67 (GASB 67) is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 (GASB 68) establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. The information in this report is presented for the December 31, 2024 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of January 1, 2024. The valuation was based upon data, furnished by the District's staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation report for additional details on the funding requirements for the Plan including actuarial assumptions and methods and the funding policy.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about



Mr. Mark Myers  
January 30, 2025  
Page 2

future contingent events along with recognized actuarial approaches to develop the needed results. The calculations are based on the current provisions of the Plan and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the Plan. In addition, in our opinion, the calculations meet the requirements of GASB 67 and GASB 68.

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Patrice Beckham".

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

A handwritten signature in blue ink that reads "Aaron Chochon".

Aaron C. Chochon, ASA, EA, FCA, MAAA  
Senior Actuary

A handwritten signature in blue ink that reads "Megan E. Skiles".

Megan E. Skiles  
Consultant



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## SECTION I – SUMMARY OF PRINCIPAL RESULTS

### ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

#### RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

|   |                    |
|---|--------------------|
| <b>Valuation Date (VD):</b>   | January 1, 2024    |
| <b>Prior Measurement Date:</b>  | December 31, 2023  |
| <b>Measurement Date (MD):</b>   | December 31, 2024  |
| <b>Membership Data:</b>   |                    |
| Retirees and Beneficiaries  | 728                |
| Disabled Members  | 14                 |
| Inactive Vested Members   | 60                 |
| Inactive Nonvested Members  | 5                  |
| Active Employees  | <u>888</u>         |
| Total   | 1,695              |
| <b>Single Equivalent Interest Rate (SEIR):</b>                          |                    |
| Long-Term Expected Rate of Return                                       | 6.75%              |
| Municipal Bond Index Rate at Prior Measurement Date                     | 3.38%              |
| Municipal Bond Index Rate at Measurement Date                           | 4.04%              |
| Fiscal Year in which Fiduciary Net Position is Projected to be Depleted | N/A                |
| Single Equivalent Interest Rate at Prior Measurement Date               | 6.75%              |
| Single Equivalent Interest Rate at Measurement Date                     | 6.75%              |
| <b>Net Pension Liability:</b>   |                    |
| Total Pension Liability (TPL)   | \$616,153,168      |
| Fiduciary Net Position (FNP)  | <u>587,621,941</u> |
| Net Pension Liability (NPL = TPL – FNP)                                 | \$28,531,227       |
| FNP as a percentage of TPL  | 95.37%             |
| <b>Collective Pension Expense:</b>                                      | \$11,997,914       |
| <b>Collective Deferred Outflows of Resources:</b>                       | \$65,336,895       |
| <b>Collective Deferred Inflows of Resources:</b>                        | \$55,715,137       |





## SECTION II - INTRODUCTION

---

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

This report, prepared as of December 31, 2024 (the Measurement Date), presents information to assist the District in meeting the requirements of GASB 67 and GASB 68. Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of the Plan performed as of January 1, 2024 (the Valuation Date). The results of the valuation were detailed in a report dated March 18, 2024.

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

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

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

Our calculations indicated that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for the December 31, 2024 TPL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.75%, the long-term assumed rate of return on investments. Please see Paragraph 31.b.(1) for more explanation of the development of the SEIR.







## SECTION II - INTRODUCTION

---

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

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

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

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

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





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

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

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

**Paragraph 30.a. (4):** The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2024, the date of the valuation used to determine the December 31, 2024 TPL.

### Membership

| Number as of January 1, 2024                                |              |
|---|--------------|
| Inactive Members Or Their Beneficiaries                     | 728          |
| Currently Receiving Benefits                                |              |
| Disabled Members  | 14           |
| Inactive Members Entitled To But Not Yet Receiving Benefits | 60           |
| Inactive Non-vested Members                                 | 5            |
| Active Members  | 888          |
| <b>Total</b>  | <b>1,695</b> |

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





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

**Paragraph 30.a. (6):** Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual contribution. For calendar year 2024, each member contributed 9.00% of pensionable earnings, as provided by the collective bargaining agreement effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement. District contributions to the Plan totaled \$12,912,828 for the fiscal year ending December 31, 2024.

**Paragraph 30.b. (1):**

- (a) The Insurance and Pension Committee reviews the Investment Policy Statement for The Retirement Plan for Employees of The Metropolitan Utilities District of Omaha (the Policy) at least annually in order to ascertain whether there have been any changes in the needs of the Plan and/or major changes in the structure of the capital markets, which require the Policy to be amended. The Committee recommends changes to the Policy to the Board for approval, whenever it is deemed necessary. The Board approves the Committee's annual review of the Policy and any recommended changes.
- (b) See Section 31.b.(1)(f) for the asset allocation guidelines for the Plan. The asset portfolio will be rebalanced to the target asset allocation as follows:
  - 1. Utilizing incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of the Portfolio on an ongoing basis.
  - 2. Reviewing the Portfolio quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time under the following circumstances:





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

- a. If any asset class (equity, fixed income, alternatives or cash) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.
- b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio may be rebalanced.
- c. Rebalancing the Portfolio at any other time if the Investment Advisor in its discretion deems it appropriate to do so.

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

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

**Paragraph 30.b. (3):** As of December 31, 2024, the Plan did not own an investment in any one organization that represented 5 percent or more of the Plan's fiduciary net position.

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

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of the time they are available to earn a return during that period. External cash flows are determined on a monthly basis. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses. For the year ended December 31, 2024, the money-weighted rate of return was 10.8%, as calculated by PNC.

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

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

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

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





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

**Paragraph 31.a. (1)-(4):** As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2024 is presented in the following table.

| Fiscal Year Ending December 31, 2024                       |                    |
|--|--------------------|
| Total Pension Liability                                    | \$ 616,153,168     |
| Fiduciary Net Position                                     | <u>587,621,941</u> |
| Net Pension Liability                                      | \$ 28,531,227      |
| Ratio of Fiduciary Net Position to Total Pension Liability | 95.37%             |

**Paragraph 31.b.:** This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of December 31, 2024 was determined based on an actuarial valuation prepared as of January 1, 2024, rolled forward one year to December 31, 2024, using the following key actuarial assumptions and other inputs:

|   |                       |
|---|-----------------------|
| Price Inflation   | 2.50 percent          |
| Wage Growth Rate  | 3.40 percent          |
| Salary increases, including price inflation   | 3.65 to 11.40 percent |
| Long-term Rate of Return, net of investment expense, including price inflation        | 6.75 percent          |
| Municipal Bond Index Rate   |                       |
| Prior Measurement Date  | 3.38 percent          |
| Measurement Date  | 4.04 percent          |
| Year FNP is projected to be depleted  | N/A                   |
| Single Equivalent Interest Rate, net of investment expense, including price inflation |                       |
| Prior Measurement Date  | 6.75 percent          |
| Measurement Date  | 6.75 percent          |
| Cost-of-Living Adjustment   | 2.50 percent          |





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

### Mortality

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

The actuarial assumptions used in the calculation of the TPL are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2020. The experience study report is dated October 25, 2021, and the MUD Board adopted the new set of assumptions at their November 2021 meeting.

### Paragraph 31.b.(1)

**(a) Discount rate (SEIR):** The discount rate used to measure the TPL at December 31, 2024 was 6.75%. There was no change in the discount rate since the Prior Measurement Date.

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

- a. Employee contribution rate: 9.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement.
- b. District contribution: The actuarial contribution rate less the employee contribution rate times expected pensionable payroll for the plan year.
- c. Administrative expenses in the prior year were projected forward with price inflation as an estimate for administrative expenses in current and future years. The portion of expenses in future years allocated to the current members was based on the proportionate share of covered payroll in each year for the remainder of the existing members to the total covered payroll for all members.

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





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

- (c) Long-term rate of return:** The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated October 25, 2021. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.
- (d) Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 4.04% on the Measurement Date.
- (e) Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2123.





## SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

| Asset Class                       | Target Allocation | Long-Term Expected Real Rate of Return* |
|-----------------------------------|-------------------|---|
| Domestic (U.S.) Equities          | 36.0%             | 3.7%                                    |
| International (Non-U.S.) Equities | 24.0%             | 6.3%                                    |
| U.S. Aggregate Bonds              | 15.0%             | 1.4%                                    |
| International Bonds               | 3.0%              | 0.9%                                    |
| Intermediate Term Credit          | 11.0%             | 1.8%                                    |
| Short Term Credit                 | 3.0%              | 1.7%                                    |
| REITS                             | <u>8.0%</u>       | 3.4%                                    |
| Total                             | 100.0%            |   |

\* Geometric mean, net of investment expenses

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

|                         | 1% Decrease<br>(5.75%) | Current Discount<br>Rate (6.75%) | 1% Increase<br>(7.75%) |
|-------------------------|------------------------|----------------------------------|------------------------|
| Total Pension Liability | \$695,082,890          | \$616,153,168                    | \$550,242,329          |
| Fiduciary Net Position  | <u>\$587,621,941</u>   | <u>\$587,621,941</u>             | <u>\$587,621,941</u>   |
| Net Pension Liability   | \$107,460,949          | \$28,531,227                     | (\$37,379,612)         |

**Paragraph 31.c.:** The TPL at December 31, 2024 is based upon an actuarial valuation prepared as of January 1, 2024. The valuation was used to determine the TPL on the Measurement Date by rolling the liabilities forward one year to December 31, 2024 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2024, adds the annual normal cost (also called Service Cost), subtracts the actual benefit payments and refunds for the plan year and then applies interest to December 31, 2024 using the discount rate as of the Prior Measurement Date.







## SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION GASB 67

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

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

**Paragraph 32.d.:**

| Fiscal Year Ended<br>December 31 | Annual Money-Weighted<br>Rate of Return |
|----------------------------------|---|
| 2024                             | 10.8%                                   |
| 2023                             | 16.2%                                   |
| 2022                             | -17.1%                                  |
| 2021                             | 13.7%                                   |
| 2020                             | 14.7%                                   |
| 2019                             | 21.0%                                   |
| 2018                             | -5.2%                                   |
| 2017                             | 15.2%                                   |
| 2016                             | 7.9%                                    |
| 2015                             | -0.2%                                   |

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

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

- 2023: The member contribution rate increased to 9.00% of total pay, as scheduled.
- 2022: The member contribution rate increased to 8.50% of total pay, as scheduled.
- 2021: The member contribution rate increased to 8.00% of total pay, as scheduled.
- 2020: The member contribution rate increased to 7.50% of total pay, as scheduled.
- 2019: The member contribution rate increased to 7.00% of total pay, as scheduled.
- 2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.
- 2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.





## SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION GASB 67

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

### ***Changes in actuarial assumptions and methods:***

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

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

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

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

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

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

1/1/2015 valuation:

- The price inflation assumption was lowered from 3.25% to 3.10%.
- Retirement rates were adjusted to better reflect actual experience.
- The mortality assumption was changed to reflect full generational mortality improvements.
- An explicit assumption for administrative expenses was created and is based on the prior year's reported administrative expenses.





## SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION GASB 67

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





## SECTION V – PENSION EXPENSE FOR GASB 68

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

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

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

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members or decrease PE if there is a benefit reduction. For the year ended December 31, 2024, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 13.85 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts or 7.26 years.

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

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

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

The calculation of the PE for the year ended December 31, 2024 is shown in the following table.





## SECTION V – PENSION EXPENSE FOR GASB 68

### Pension Expense For the Year Ended

| December 31, 2024   |                     |
|---|---------------------|
| Service Cost at end of year   | \$15,812,155        |
| Interest on the Total Pension Liability   | 38,496,096          |
| Benefit term changes  | 0                   |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 802,759             |
| Expensed portion of current-period assumption changes   | 0                   |
| Employee contributions  | (7,498,276)         |
| Projected earnings on plan investments  | (36,013,992)        |
| Expensed portion of current-period differences between projected and actual earnings on plan investments            | (4,407,734)         |
| Administrative expenses   | 94,255              |
| Other   | 0                   |
| Recognition of beginning Deferred Outflows of Resources   | 30,071,477          |
| Recognition of beginning Deferred Inflows of Resources  | (25,358,826)        |
| <b>Total Pension Expense</b>  | <b>\$11,997,914</b> |

Note: Average expected remaining service life for all members is 7.26 years.





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

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

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

**Paragraph 39:** Not Applicable.

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

**Paragraph 40(b):**

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

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

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

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





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

**(5) Authority under which benefit terms are established or may be amended:** Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement.

**Paragraph 40(c):** The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2024, the date of the valuation used to determine the December 31, 2024 TPL.

### Membership

| Number as of January 1, 2024                                |              |
|---|--------------|
| Inactive Members Or Their Beneficiaries                     | 728          |
| Currently Receiving Benefits                                |              |
| Disabled Members  | 14           |
| Inactive Members Entitled To But Not Yet Receiving Benefits | 60           |
| Inactive Non-vested Members                                 | 5            |
| Active Members  | 888          |
| <b>Total</b>  | <b>1,695</b> |

**Paragraph 40(d):**

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

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

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

**Members:** For calendar year 2024, each member contributed 9.00% of pensionable earnings, as provided by the collective bargaining agreement effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement.





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

**Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here):** For the fiscal year ending December 31, 2024, the Plan received \$12,912,828 in contributions from the District.

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

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

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

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







## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) – (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>Balances at December 31, 2023</b>               | \$584,148,828                     | \$537,384,371                         | \$46,764,457                          |
| <b>Changes for the year:</b>                       |                                   |                                       |                                       |
| Service Cost at end of year                        | 15,812,155                        |                                       | 15,812,155                            |
| Interest on TPL                                    | 38,496,096                        |                                       | 38,496,096                            |
| Benefit term changes                               | 0                                 |                                       | 0                                     |
| Differences between expected and actual experience | 5,828,031                         |                                       | 5,828,031                             |
| Assumption changes                                 | 0                                 |                                       | 0                                     |
| Employer contributions                             |                                   | 12,912,828                            | (12,912,828)                          |
| Employee contributions                             |                                   | 7,498,276                             | (7,498,276)                           |
| Net investment income                              |                                   | 58,052,663                            | (58,052,663)                          |
| Benefit payments, including member refunds         | (28,131,942)                      | (28,131,942)                          | 0                                     |
| Administrative expenses                            |                                   | (94,255)                              | 94,255                                |
| Other  |                                   | 0                                     | 0                                     |
| <b>Net changes</b>                                 | <u>32,004,340</u>                 | <u>50,237,570</u>                     | <u>(18,233,230)</u>                   |
| <b>Balances at December 31, 2024</b>               | \$616,153,168                     | \$587,621,941                         | \$28,531,227                          |

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





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

### Paragraph 45:

**(a):** The Measurement Date of the NPL is December 31, 2024. The TPL as of December 31, 2024 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2024, rolled forward to December 31, 2024 using standard actuarial formulae.

**(b):** There is no special funding situation.

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

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

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

**(f):** The measurement date of the NPL and the employer's reporting date, December 31, 2024, are the same, so there are no significant effects on the NPL due to differing dates.

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

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





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2024). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows/(Inflows)<br>of Resources |
|---|-----------------------------------|----------------------------------|--|
| Differences between expected<br>and actual experience | \$8,450,312                       | \$4,816,331                      | \$3,633,981  |
| Changes of assumptions                                | 2,383,476                         | 0                                | 2,383,476  |
| Differences between projected<br>and actual earnings  | <u>54,503,107</u>                 | <u>50,898,806</u>                | <u>3,604,301</u>                                   |
| Total   | \$65,336,895                      | \$55,715,137                     | \$9,621,758  |





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

| Deferred Outflows of Resources                            |                   |              |               |                   |
|---|-------------------|--------------|---------------|-------------------|
|   | December 31, 2023 | Additions    | Recognition   | December 31, 2024 |
| <b>Differences between expected and actual experience</b> |                   |              |               |                   |
| FY 2018 Base  | \$ 0              | \$ 0         | \$ 0          | \$ 0              |
| FY 2019 Base  | 338,510           | 0            | 275,212       | 63,298            |
| FY 2020 Base  | 0                 | 0            | 0             | 0                 |
| FY 2021 Base  | 0                 | 0            | 0             | 0                 |
| FY 2022 Base  | 2,180,806         | 0            | 464,001       | 1,716,805         |
| FY 2023 Base  | 1,970,667         | 0            | 325,730       | 1,644,937         |
| FY 2024 Base  | 0                 | 5,828,031    | 802,759       | 5,025,272         |
| Total   | \$ 4,489,983      | \$ 5,828,031 | \$ 1,867,702  | \$ 8,450,312      |
| <b>Changes of assumptions</b>                             |                   |              |               |                   |
| FY 2018 Base  | \$ 0              | \$ 0         | \$ 0          | \$ 0              |
| FY 2019 Base  | 1,135,434         | 0            | 923,118       | 212,316           |
| FY 2020 Base  | 0                 | 0            | 0             | 0                 |
| FY 2021 Base  | 3,003,022         | 0            | 831,862       | 2,171,160         |
| FY 2022 Base  | 0                 | 0            | 0             | 0                 |
| FY 2023 Base  | 0                 | 0            | 0             | 0                 |
| FY 2024 Base  | 0                 | 0            | 0             | 0                 |
| Total   | \$ 4,138,456      | \$ 0         | \$ 1,754,980  | \$ 2,383,476      |
| <b>Differences between projected and actual earnings</b>  |                   |              |               |                   |
| FY 2020 Base  | \$ 0              | \$ 0         | \$ 0          | \$ 0              |
| FY 2021 Base  | 0                 | 0            | 0             | 0                 |
| FY 2022 Base  | 81,754,661        | 0            | 27,251,554    | 54,503,107        |
| FY 2023 Base  | 0                 | 0            | 0             | 0                 |
| FY 2024 Base  | 0                 | 0            | 0             | 0                 |
| Total   | \$ 81,754,661     | \$ 0         | \$ 27,251,554 | \$ 54,503,107     |
| Total   | \$ 90,383,100     | \$ 5,828,031 | \$ 30,874,236 | \$ 65,336,895     |





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

| Deferred Inflows of Resources                             |                   |               |               |                   |
|---|-------------------|---------------|---------------|-------------------|
|   | December 31, 2023 | Additions     | Recognition   | December 31, 2024 |
| <b>Differences between expected and actual experience</b> |                   |               |               |                   |
| FY 2018 Base  | \$ 90,428         | \$ 0          | \$ 90,428     | \$ 0              |
| FY 2019 Base  | 0                 | 0             | 0             | 0                 |
| FY 2020 Base  | 3,585,541         | 0             | 1,481,628     | 2,103,913         |
| FY 2021 Base  | 3,751,659         | 0             | 1,039,241     | 2,712,418         |
| FY 2022 Base  | 0                 | 0             | 0             | 0                 |
| FY 2023 Base  | 0                 | 0             | 0             | 0                 |
| FY 2024 Base  | 0                 | 0             | 0             | 0                 |
| Total   | \$ 7,427,628      | \$ 0          | \$ 2,611,297  | \$ 4,816,331      |
| <b>Changes of assumptions</b>                             |                   |               |               |                   |
| FY 2018 Base  | \$ 0              | \$ 0          | \$ 0          | \$ 0              |
| FY 2019 Base  | 0                 | 0             | 0             | 0                 |
| FY 2020 Base  | 0                 | 0             | 0             | 0                 |
| FY 2021 Base  | 0                 | 0             | 0             | 0                 |
| FY 2022 Base  | 0                 | 0             | 0             | 0                 |
| FY 2023 Base  | 0                 | 0             | 0             | 0                 |
| FY 2024 Base  | 0                 | 0             | 0             | 0                 |
| Total   | \$ 0              | \$ 0          | \$ 0          | \$ 0              |
| <b>Differences between projected and actual earnings</b>  |                   |               |               |                   |
| FY 2020 Base  | \$ 7,038,169      | \$ 0          | \$ 7,038,169  | \$ 0              |
| FY 2021 Base  | 13,860,211        | 0             | 6,930,106     | 6,930,105         |
| FY 2022 Base  | 0                 | 0             | 0             | 0                 |
| FY 2023 Base  | 35,117,018        | 0             | 8,779,254     | 26,337,764        |
| FY 2024 Base  | 0                 | 22,038,671    | 4,407,734     | 17,630,937        |
| Total   | \$ 56,015,398     | \$ 22,038,671 | \$ 27,155,263 | \$ 50,898,806     |
| Total   | \$ 63,443,026     | \$ 22,038,671 | \$ 29,766,560 | \$ 55,715,137     |





## SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

| Fiscal Year<br>Ending December 31: | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------------------|-----------------------------------|----------------------------------|--|
| 2025                               | \$29,951,520                      | \$22,637,962                     | \$7,313,558  |
| 2026                               | 29,675,905                        | 14,848,514                       | 14,827,391   |
| 2027                               | 2,099,926                         | 13,820,926                       | (11,721,000)                                       |
| 2028                               | 1,453,291                         | 4,407,735                        | (2,954,444)  |
| 2029                               | 1,128,489                         | 0                                | 1,128,489  |
| Thereafter                         | 1,027,764                         | 0                                | 1,027,764  |

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





## **SECTION VII – REQUIRED SUPPLEMENTARY INFORMATION GASB 68**

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





## APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

### Exhibit A

#### GASB 68 Paragraph 43 STATEMENT OF PLAN FIDUCIARY NET POSITION AND CHANGES IN THE FIDUCIARY NET POSITION Fiscal Year Ended December 31, 2024

##### Statement of Plan Fiduciary Net Position at December 31, 2024

| Assets                                |                |
|---------------------------------------|----------------|
| Cash and cash equivalents             | \$ 5,833,991   |
| Investments at fair value             |                |
| Fixed income                          | 184,550,360    |
| Domestic stock                        | 254,716,026    |
| International stock                   | 142,521,564    |
| Total investments                     | 581,787,950    |
| Total assets                          | 587,621,941    |
| Liabilities                           |                |
| Accrued expenses and benefits payable | 0              |
| Total liabilities                     | 0              |
| Net position restricted for pensions  | \$ 587,621,941 |

##### Statement of Changes in the Fiduciary Net Position for the Year Ended December 31, 2024

|                                       |                |
|---------------------------------------|----------------|
| Additions:                            |                |
| Employer contributions                | \$ 12,912,828  |
| Employee contributions                | 7,498,276      |
| Total contributions                   | 20,411,104     |
| Net investment income                 | 58,052,663     |
| Total additions                       | 78,463,767     |
| Deductions:                           |                |
| Service benefits                      | 28,131,942     |
| Administrative expenses               | 94,255         |
| Total deductions                      | 28,226,197     |
| Net increase/(decrease)               | 50,237,570     |
| Net position restricted for pensions: |                |
| Beginning of year                     | 537,384,371    |
| End of year                           | \$ 587,621,941 |







## APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

### Exhibit B

#### GASB 67 Paragraphs 32(a)-(b) GASB 68 Paragraphs 46(a)-(b) SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY Fiscal Year Ended December 31

|   | 2024                | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Service Cost  | \$15,812,155        | \$14,685,921        | \$13,490,074        | \$13,007,768        | \$12,718,417        | \$11,710,809        | \$11,863,654        | \$11,137,854        | \$10,857,017        | \$10,160,376        |
| Interest  | 38,496,096          | 36,716,217          | 34,985,031          | 34,269,868          | 33,306,797          | 31,734,106          | 30,304,199          | 29,552,506          | 28,076,211          | 26,596,785          |
| Benefit term changes  | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Differences between expected and actual experience                                | 5,828,031           | 2,296,397           | 3,108,808           | (6,869,382)         | (9,512,053)         | 1,714,570           | (1,597,520)         | (5,835,431)         | (1,578,237)         | 0                   |
| Assumption changes  | 0                   | 0                   | 0                   | 5,498,608           | 0                   | 5,751,024           | 0                   | 8,713,229           | 0                   | 0                   |
| Benefit payments, including member refunds  | <u>(28,131,942)</u> | <u>(26,553,746)</u> | <u>(25,339,507)</u> | <u>(23,236,403)</u> | <u>(21,897,160)</u> | <u>(21,204,786)</u> | <u>(19,116,693)</u> | <u>(17,445,020)</u> | <u>(16,555,144)</u> | <u>(16,154,435)</u> |
| <b>Net change in Total Pension Liability</b>                                      | \$32,004,340        | \$27,144,789        | \$26,244,406        | \$22,670,459        | \$14,616,001        | \$29,705,723        | \$21,453,640        | \$26,123,138        | \$20,799,847        | \$20,602,726        |
| <b>Total Pension Liability - beginning</b>  | \$584,148,828       | \$557,004,039       | \$530,759,633       | \$508,089,174       | \$493,473,173       | \$463,767,450       | \$442,313,810       | \$416,190,672       | \$395,390,825       | \$374,788,099       |
| <b>Total Pension Liability - ending (a)</b>                                       | \$616,153,168       | \$584,148,828       | \$557,004,039       | \$530,759,633       | \$508,089,174       | \$493,473,173       | \$463,767,450       | \$442,313,810       | \$416,190,672       | \$395,390,825       |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Employer contributions  | \$12,912,828        | \$11,055,924        | \$10,500,000        | \$11,600,000        | \$12,300,000        | \$12,300,000        | \$11,606,179        | \$11,193,821        | \$10,300,000        | \$10,301,268        |
| Employee contributions  | 7,498,276           | 6,991,643           | 5,994,641           | 5,374,956           | 5,021,423           | 4,413,137           | 3,805,373           | 3,757,444           | 3,895,899           | 2,820,596           |
| Net investment income   | 58,052,663          | 75,376,746          | (97,597,177)        | 69,875,660          | 66,226,054          | 78,431,581          | (20,727,828)        | 52,812,850          | 25,696,348          | (748,921)           |
| Benefit payments, including member refunds  | (28,131,942)        | (26,553,746)        | (25,339,507)        | (23,236,403)        | (21,897,160)        | (21,204,786)        | (19,116,693)        | (17,445,020)        | (16,555,144)        | (16,154,435)        |
| Administrative expenses   | (94,255)            | (92,954)            | (100,218)           | (103,969)           | (92,241)            | (70,123)            | (94,940)            | (94,161)            | (85,186)            | (92,250)            |
| Other   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Net change in Plan Fiduciary Net Position</b>                                  | \$50,237,570        | \$66,777,613        | (\$106,542,261)     | \$63,510,244        | \$61,558,076        | \$73,869,809        | (\$24,527,909)      | \$50,224,934        | \$23,251,917        | (\$3,873,742)       |
| <b>Plan Fiduciary Net Position – beginning</b>                                    | \$537,384,371       | \$470,606,758       | \$577,149,019       | \$513,638,775       | \$452,080,699       | \$378,210,890       | \$402,738,799       | \$352,513,865       | \$329,261,948       | \$333,135,690       |
| <b>Plan Fiduciary Net Position - ending (b)</b>                                   | \$587,621,941       | \$537,384,371       | \$470,606,758       | \$577,149,019       | \$513,638,775       | \$452,080,699       | \$378,210,890       | \$402,738,799       | \$352,513,865       | \$329,261,948       |
| <b>Net Pension Liability - ending (a) - (b)</b>                                   | \$28,531,227        | \$46,764,457        | \$86,397,281        | (\$46,389,386)      | (\$5,549,601)       | \$41,392,474        | \$85,556,560        | \$39,575,011        | \$63,676,807        | \$66,128,877        |
| <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b> | 95.37%              | 91.99%              | 84.49%              | 108.74%             | 101.09%             | 91.61%              | 81.55%              | 91.05%              | 84.70%              | 83.28%              |
| <b>Covered payroll</b>  | \$83,387,029        | \$77,757,044        | \$70,609,770        | \$67,274,914        | \$66,588,665        | \$63,272,421        | \$62,865,829        | \$62,624,066        | \$61,064,398        | \$63,384,548        |
| <b>Employers' Net Pension Liability as a percentage of covered payroll</b>        | 34.22%              | 60.14%              | 122.36%             | (68.95%)            | (8.33%)             | 65.42%              | 136.09%             | 63.19%              | 104.28%             | 104.33%             |





## APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

### Exhibit C

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

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency/ (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|------------------------|-------------------------------------|---------------------|-----------------------------------|-----------------|---|
| 2015                   | \$ 9,956                            | \$ 10,301           | \$ (345)                          | \$ 63,385       | 16.25%  |
| 2016                   | 10,215                              | 10,300              | (85)                              | 61,064          | 16.87%  |
| 2017                   | 10,273                              | 11,194              | (921)                             | 62,624          | 17.87%  |
| 2018                   | 11,198                              | 11,606              | (408)                             | 62,866          | 18.46%  |
| 2019                   | 11,270                              | 12,300              | (1,030)                           | 63,272          | 19.44%  |
| 2020                   | 11,036                              | 12,300              | (1,264)                           | 66,589          | 18.47%  |
| 2021                   | 9,481                               | 11,600              | (2,119)                           | 67,275          | 17.24%  |
| 2022                   | 8,588                               | 10,500              | (1,912)                           | 70,610          | 14.87%  |
| 2023                   | 10,204                              | 11,056              | (852)                             | 77,757          | 14.22%  |
| 2024                   | 11,437                              | 12,913              | (1,476)                           | 83,387          | 15.49%  |





## APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

|  |  |
|--|--|
| <b>Valuation Date:</b>   | January 1, 2024  |
| Notes  | Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution are made.   |
| <br>   |  |
| <b>Methods and Assumptions Used to Determine Actuarial Contribution Rates:</b> |  |
| Actuarial Cost Method  | Entry Age Normal   |
| Amortization Method  | Level Percentage of Payroll, Closed  |
| Remaining Amortization Period  | Range from 11 to 20 years (Single Equivalent Amortization Period is 22 years)  |
| Asset Valuation Method   | Expected Value + 25% of (Market – Expected Values)   |
| Price Inflation  | 2.50 percent   |
| Salary Increases, including price inflation                                    | 3.65 to 11.40 percent, depending on years of service   |
| Long-Term Rate of Return   | 6.75 percent   |
| Retirement   | Age-based table of rates.  |
| Mortality  | <p>Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Post-retirement mortality rates for survivors were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.</p> |
| Cost-of-Living Adjustment  | 2.50 percent per year  |





## APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

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

As of December 31, 1967, the MLI Group Annuity Contract was amended to discontinue further purchases of annuities. However, under contractual rights, annuities purchased prior to December 31, 1967 continue to be guaranteed under the provisions of such contract. Further amendments modified the pre-existing contract from a conventional group annuity contract to an Immediate Participation Guaranteed (IPG) group annuity contract (effective December 31, 1967).

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

|   |   |
|---|---|
| <u>Effective Date:</u>                            | December 31, 1967   |
| <u>Participation:</u>                             | <ul style="list-style-type: none"> <li>(a) Each Employee on the Effective Date, provided he was employed before his 60<sup>th</sup> birthday, became a participant on the Effective Date</li> <li>(b) Each person who becomes an employee after the Effective Date becomes a participant on his employment date.</li> </ul> |
| <u>Final Average Salary:</u>                      | The average of the salaries for the highest paid 24 consecutive months out of the last 120 months before retirement (high 36 months prior to 3/1/06).   |
| <u>Age and Service Requirements for Benefits:</u> |   |
| Normal Retirement                                 | First day of the month next following the 60 <sup>th</sup> birthday.  |
| Early Retirement                                  | Age 55 with at least five years of service.   |
| Deferred Vested Benefit                           | Separate service before age 55 with at least five years of service.   |
| Spouse’s Benefit                                  | Upon death of employee in active service with at least five years of service and married at least one year prior to the date of death. Payable based on employee’s age according to early or normal retirement provisions.  |





## APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

### Retirement Benefits:

|                          |  |
|--------------------------|--|
| Normal & Late Retirement | <p>A monthly amount which equals</p> <p>(a) percentage of Final Average Salary based on years of continuous service, beginning at 2.15% for each of the first 25 years of service (2.00% prior to 3/1/06) plus 1.00% for the next 10 years, plus 0.50% for each year of service after 35 years.</p> <p>(b) any monthly normal retirement annuity purchased under the MLI contract up to December 31, 1967.</p>   |
| Minimal Normal           | <p>A monthly amount which, together with the annuity under the MLI contract, if any, equals \$6 for each year of service, beginning with \$30 for five years of service and grading up to \$120 for 20 or more years of service.</p>   |
| Early Retirement         | <p>A monthly amount which equals (1) times (2)</p> <p>(1) An amount determined in the same manner as the normal retirement benefit, based on:</p> <p style="padding-left: 40px;">(a) Years of continuous service and Final Average Salary on the early retirement date, and</p> <p style="padding-left: 40px;">(b) Any monthly annuity, payable at age 65, to which the employee may be entitled under the MLI contract,</p> <p>(2) A percentage factor equal to 100% at age 60 and above, with reductions of 0.25% a month for each month of early retirement (from age 60 to age 55)</p> |

### Form of Annuity:

|          |  |
|----------|--|
| Normal   | <p>Monthly payments for life with refund at death of excess, if any, of the employee’s contributions over payments received.</p>                                       |
| Optional | <p>Contingent annuitant options are provided in the plan (a “pop-up” feature applies to any Contingent Annuitant Option if the employee’s spouse is the Contingent</p> |





## APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

Annuitant and the spouse predeceases the employee). Prior to 3/1/06, the pop-up provision applied only to the Joint and 50% Contingent Annuitant option.

### Termination Benefits:

Less than 5 years of service

A refund of the employee’s contributions under the plan with interest to date of termination.

Before age 55 with 5 or more years of service

At the employee’s election either:  
 (1) refund of the employee’s contributions under the plan with interest to date of termination, or  
 (2) a deferred retirement income based on years of service and Final Average Salary at termination date.

### Spouse’s Benefit:

Effective 3/1/06:

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

### Single Sum Death Benefits:

Before Retirement (if no spouse eligible for spouse’s benefit)

To designated beneficiary or estate of employee – the employee’s contributions under the plan with interest to date of death.

Vested Terminated Employee (before retirement income payments commence)

Same as above.

After Retirement (if normal form benefit)

To designated beneficiary or estate of employee – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to date of death.





## APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

|  |  |
|--|--|
| Surviving Spouse<br>(receiving spouse’s benefit)                       | To designated beneficiary or estate of the spouse, the excess, if any, of the employee’s contributions under the plan with interest to the date of the employee’s death over the payments made to the date of the spouse’s death.  |
| Contingent Annuitant<br>(if retirement income payments have commenced) | To designated beneficiary or estate of the last survivor as between the retired employee and the contingent annuitant – the excess, if any, of the lump sum death benefit that would have been payable at date of retirement over the retirement income payments to the retired employee and the contingent annuitant to the date of death of the last survivor.   |
| Employee Under MLI Contract  | Contributions under MLI contract payable subject to provisions of MLI contract.  |
| <u>Cost of Living Adjustments:</u>                                     | To retired employees, spouses and contingent annuitants – the supplemental pension payments based on the change in the Consumer Price Index, not less than 0% and not more than 3% a year. Adjustments are made twice a year on January 1 and July 1.  |
| <u>Disability Benefits:</u>  | <p>If a participant becomes totally and permanently disabled, he/she is deemed to remain active for plan purposes, at his/her salary at the time of disability, until recovery or retirement. No employee contributions are required during the period of disability.</p> <p>The maximum disability period is typically age 65. However, members who become disabled after age 60 may receive disability benefits beyond age 65.</p> |
| <u>Source of Funds:</u>  |  |
| Employee Contributions   | 9.00%  |
|  | Interest is credited at 3.50% per annum, compounded annually.  |
| District Contributions   | The remaining amount required to fund the benefit on an actuarially sound basis.   |





## APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Long-term Expected Rate of Return: 6.75% per annum, compounded annually  
(revised 2021)

Payroll Growth: (revised 2021) 3.00% per year

Inflation: (revised 2021) 2.50% per year

Mortality Rates: (revised 2021)

Active Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale

Retired Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale

Beneficiary Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale

On Long Term Disability Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale

Withdrawal Rates: (revised 2021)

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







## APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Retirement Rates: (revised 2021)

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

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

Salary Scale: (revised 2021)

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

| <u>Years of Service</u> | <u>Annual Percentage Increase</u> |
|-------------------------|-----------------------------------|
| 1                       | 10.40%                            |
| 5                       | 6.40%                             |
| 10                      | 4.40%                             |
| 15                      | 4.10%                             |
| 20                      | 4.10%                             |
| 25                      | 3.90%                             |
| 30                      | 3.65%                             |
| 35                      | 3.65%                             |

Note: Includes salary inflation at 3.40%

Spouse's Benefit: (revised 2015)

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

Form of Payment:

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

Cost of Living Adjustment:  
(revised 2021)

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





## APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

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|   |   |
|---|---|
| Administrative Expense:<br>(implemented 2015) | Component of contribution rate, based on the prior year's actual administrative expenses.   |
| Decrement Timing                              | Middle of year  |
| Other:  | <p>Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.</p> <p>Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members.</p> <p>The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.</p> |



# RETIREMENT PLAN FOR EMPLOYEES OF MUD

## JANUARY 1, 2025 ACTUARIAL VALUATION RESULTS

### PRESENTED: APRIL 2, 2025



**Patrice A. Beckham, FSA, EA, FCA, MAAA**  
**Megan E. Skiles, ASA, FCA, MAAA**



# Actuarial Valuation Process (Reserve Funding)



Builds funds during working careers.

Investment returns help pay for benefits.

Actuarial valuation is mathematical model of financial future of system.

Actuarial cost method's goal is level contributions as percent of payroll.

Contribution equity among generations of active members and rate payers.

# What Impacted the 1/1/2025 Valuation Results



## ➤ Asset Experience

- Investment return on market value was 10.8%
- Due to use of an asset smoothing method, the return on the actuarial value of assets was 7.2%, greater than the assumed return of 6.75%.
  - Actuarial gain on assets of \$2.7 million
  - Deferred investment loss of \$10.6 million last year was eliminated, and there is a deferred investment gain of \$8.0 million in the 2025 valuation

## ➤ Liability Experience

- Higher salary increases than assumed produced an actuarial loss on liabilities (higher salaries = higher benefits)
  - Actual COLA increase was higher than the assumed COLA
  - Net liability loss was \$2.3 million
- Net experience gain was \$0.3 million which decreased the unfunded actuarial liability and actuarial contribution.

# Total Plan Membership



|                            | 1/1/25 Valuation | 1/1/24 Valuation | Change      |
|----------------------------|------------------|------------------|-------------|
| Active members             | 896              | 888              | 0.9%        |
| LTD/Inactive vested        | 73               | 74               | (1.4%)      |
| Inactive non-vested        | 4                | 5                | (20.0%)     |
| Retirees and Beneficiaries | <u>734</u>       | <u>728</u>       | <u>0.8%</u> |
| Total                      | 1,707            | 1,695            | 0.7%        |

Average age of active members is 46.1 and average service is 12.3.  
 Average age of retirees is 71.8. Oldest retiree is age 99.



# January 1, 2025 Valuation Results



|  | 1/1/2025<br>Valuation | 1/1/2024<br>Valuation |
|--|-----------------------|-----------------------|
| Actuarial Liability                          | \$618M                | \$590M                |
| Actuarial Assets                             | <u>580M</u>           | <u>548M</u>           |
| Unfunded Actuarial Liability                 | \$ 39M                | \$ 42M                |
|  |                       |                       |
| <b><u>Funded Ratio: Assets/Liability</u></b> |                       |                       |
| Actuarial Value of Assets                    | 93.7%                 | 92.9%                 |
|  |                       |                       |
| Market Value of Assets                       | 95.0%                 | 91.1%                 |

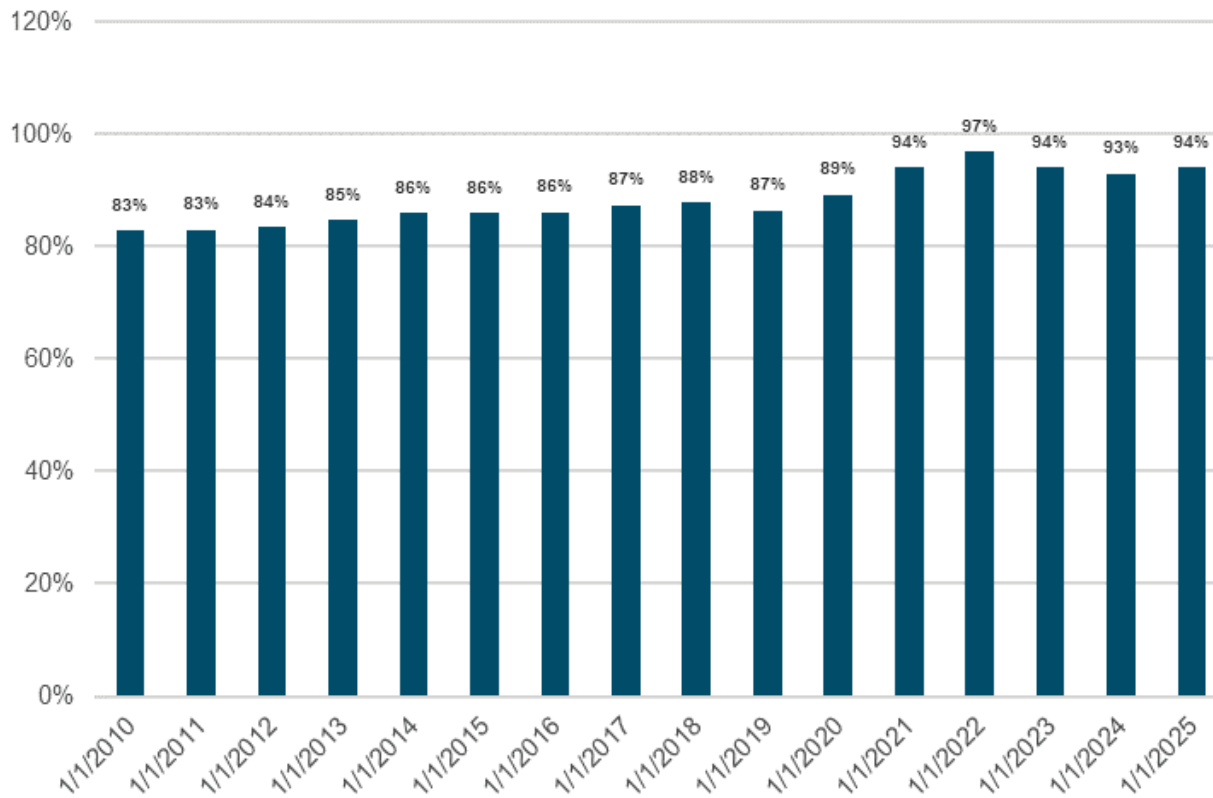
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Note: Actuarial value of assets is a smoothed, market-related value which is used to reduce the volatility inherent in pure market value measurements.

Numbers may not add or subtract due to rounding.

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# Historical Funded Ratio



Although the funded ratio is just one key measurement of the financial health of a Plan, the 80% threshold is relevant in Nebraska as a funded ratio below 80% requires reporting to the Nebraska Retirement Systems Committee.

Funded ratio uses actuarial (smoothed) value of assets.



# District Contribution



|   | 1/1/2025<br>Valuation                   | 1/1/2024<br>Valuation              | Change               |
|---|---|------------------------------------|----------------------|
| Total Contribution Rate                                   | 22.72%                                  | 23.03%                             | (1.35%)              |
| Employee Rate   | <u>(9.00%)</u>                          | <u>(9.00%)</u>                     | <u>0.00%</u>         |
| <b>Employer Rate</b>                                      | <b>13.72%</b>                           | <b>14.03%</b>                      | <b>(2.21%)</b>       |
| Estimated Covered Payroll                                 | \$87,620,677                            | \$81,518,849                       | \$6,101,828          |
| <b>Employer Contribution<br/>(Actuarially Determined)</b> | <b>\$12,021,557</b>                     | <b>\$11,437,095</b>                | <b>\$584,462</b>     |
| <b>Employer Contribution</b>                              | <b>\$12.9 million<br/>(Recommended)</b> | <b>\$12.9 million<br/>(Actual)</b> | <b>\$0.0 million</b> |

In keeping with the stable contribution policy, we recommend the District contribute \$12.9 million in 2025, the same amount as in 2024.

Numbers may not add or subtract due to rounding.

# Sources of Change in Key Valuation Results



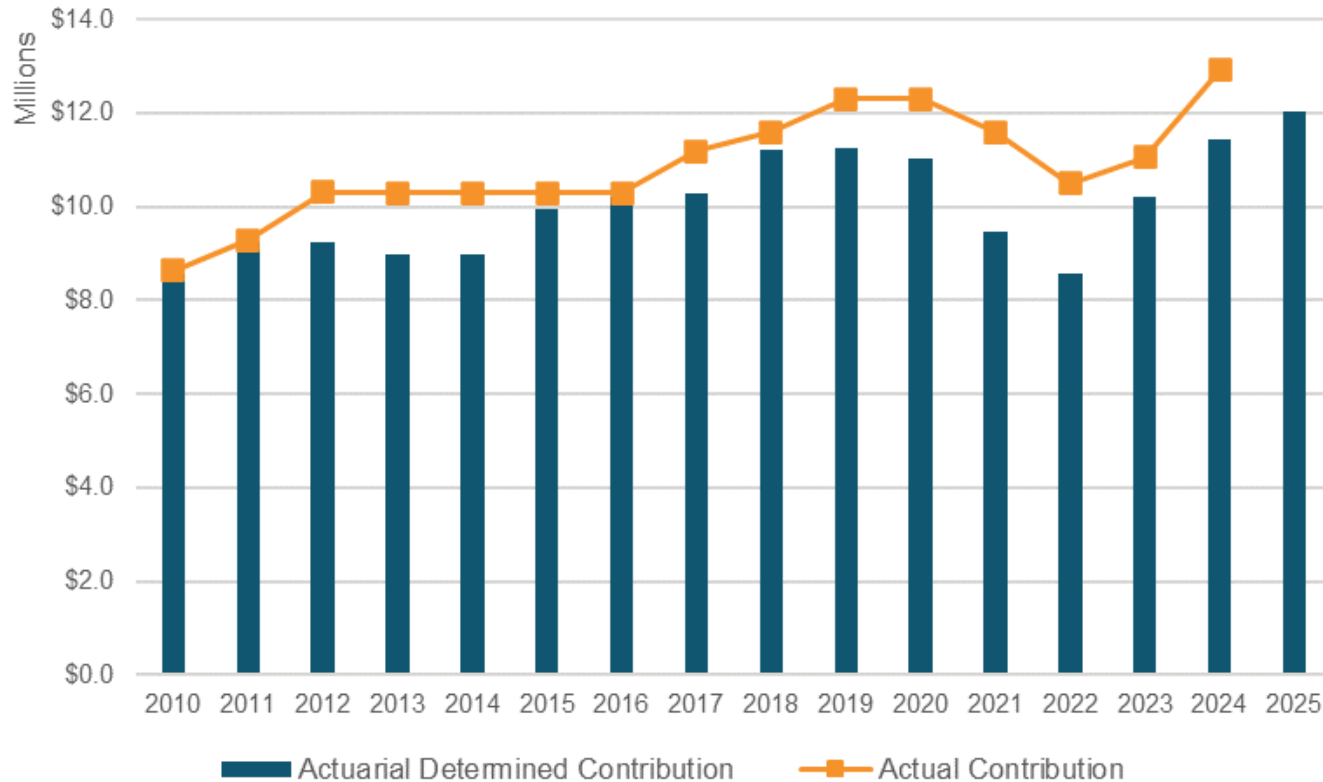
|                                    | District Contribution Rate | Funded Ratio  |
|------------------------------------|----------------------------|---------------|
| <b>January 1, 2024 Valuation</b>   | <b>14.03%</b>              | <b>92.94%</b> |
| Expected change                    | 0.00%                      | 0.44%         |
| Contributions above actuarial rate | (0.12%)                    | 0.25%         |
| Investment experience              | (0.22%)                    | 0.43%         |
| Demographic/other experience       | 0.16%                      | (0.35%)       |
| Payroll higher than expected       | <u>(0.13%)</u>             | <u>0.00%</u>  |
| <b>Total Net Change</b>            | <b>(0.31%)</b>             | <b>0.77%</b>  |
| <b>January 1, 2025 Valuation</b>   | <b>13.72%</b>              | <b>93.71%</b> |

One of the main factors that impacted the increase in the funded ratio and decrease in the District's contribution rate was favorable investment experience in 2024.

# Historical Employer Contributions



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



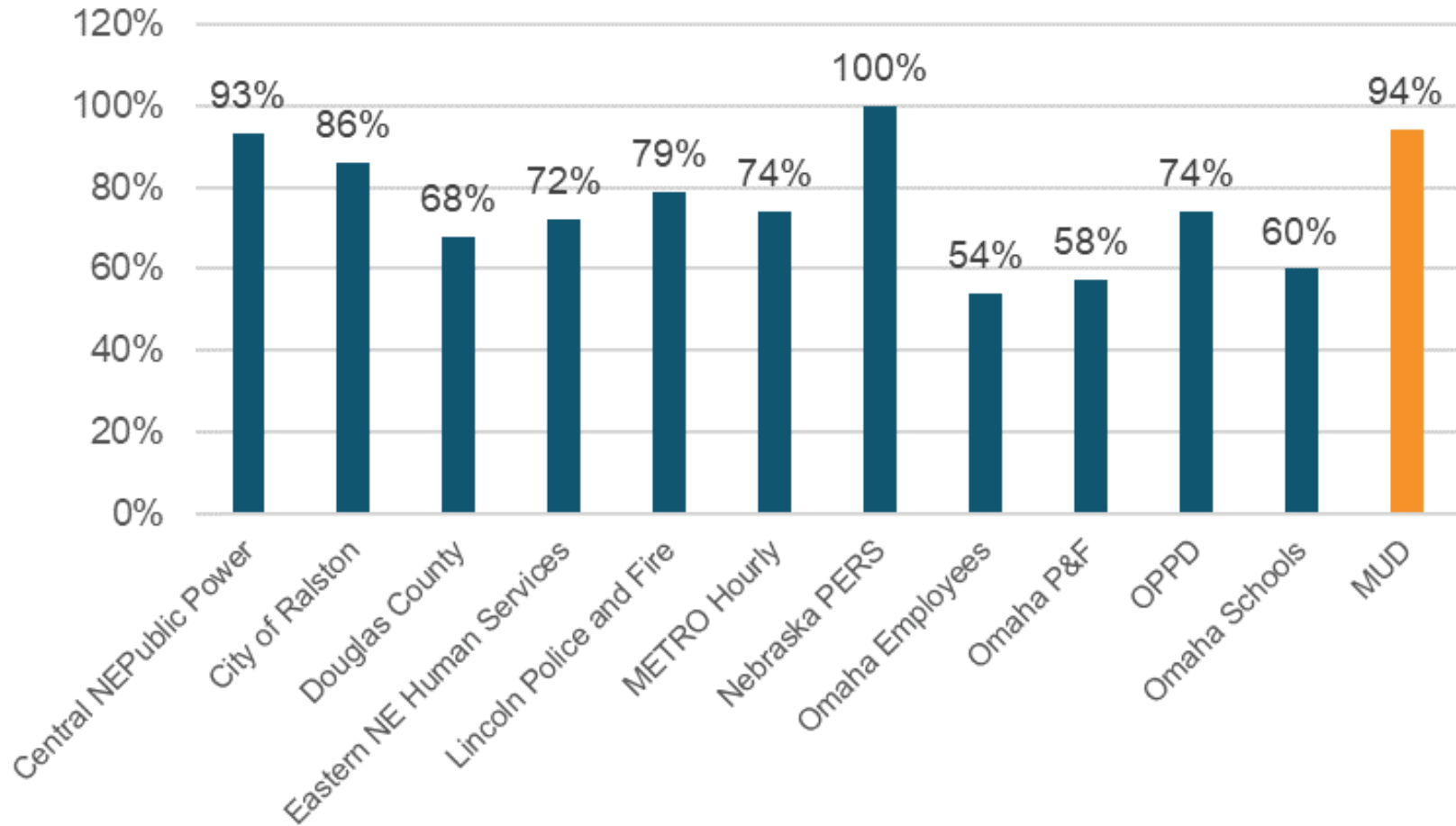
Actuarial Determined Contribution (ADC) includes a component to address the funding of the unfunded actuarial liability and move the Plan to a funded ratio of 100%. Actual contributions above the ADC reduce the unfunded actuarial liability more rapidly than scheduled and improve the funded ratio.

# Sensitivity Analysis: Future District Contributions



Assumes that all actuarial assumptions are met in each future year other than calendar year 2025 returns, as noted.

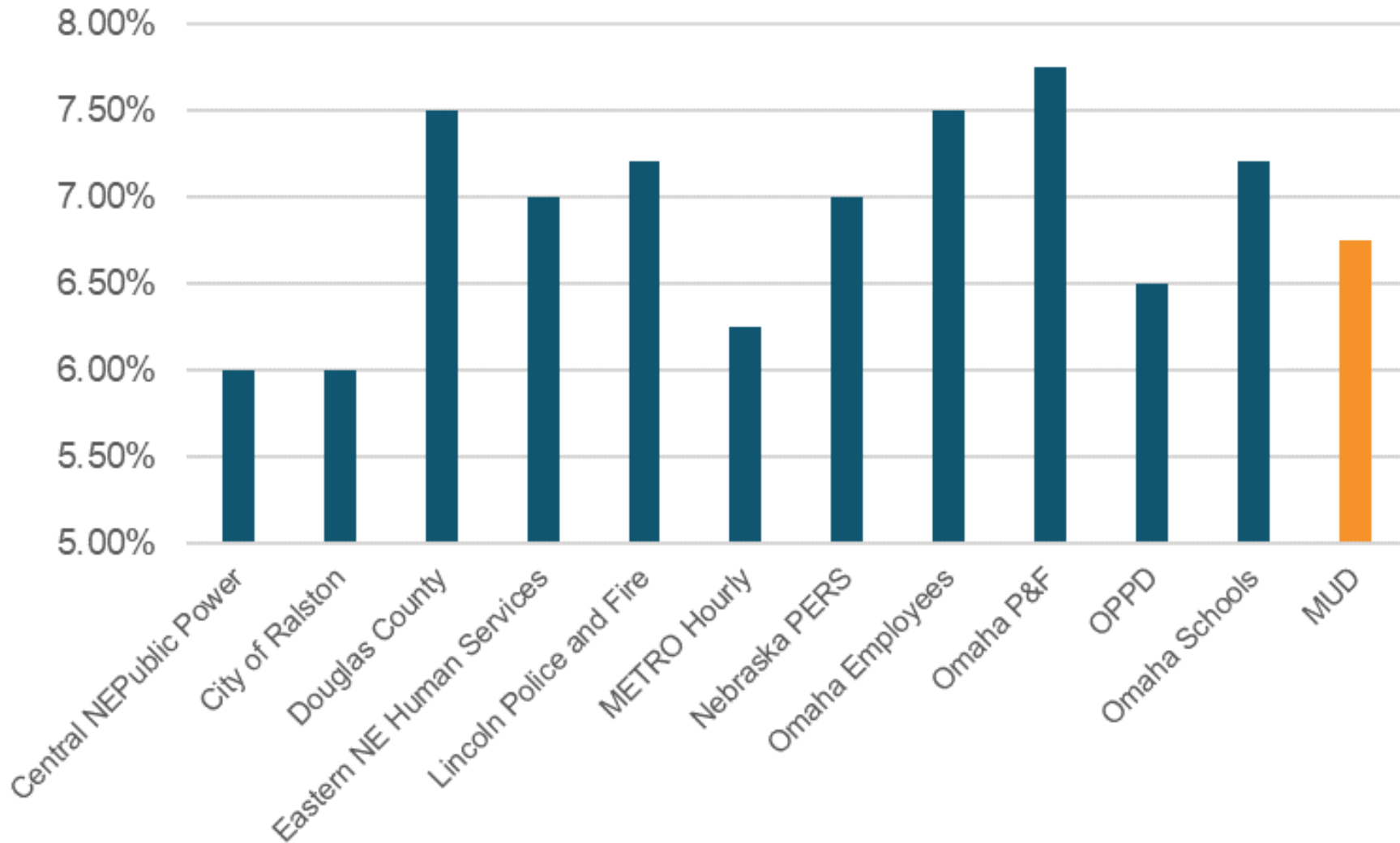
# Funded Ratios of Other Nebraska Plans



Dates vary but most are 2024 valuation results.

Note: the investment return assumptions vary by plan which impacts the funded ratio, so results are not directly comparable.

# Investment Return Assumptions of Other Plans

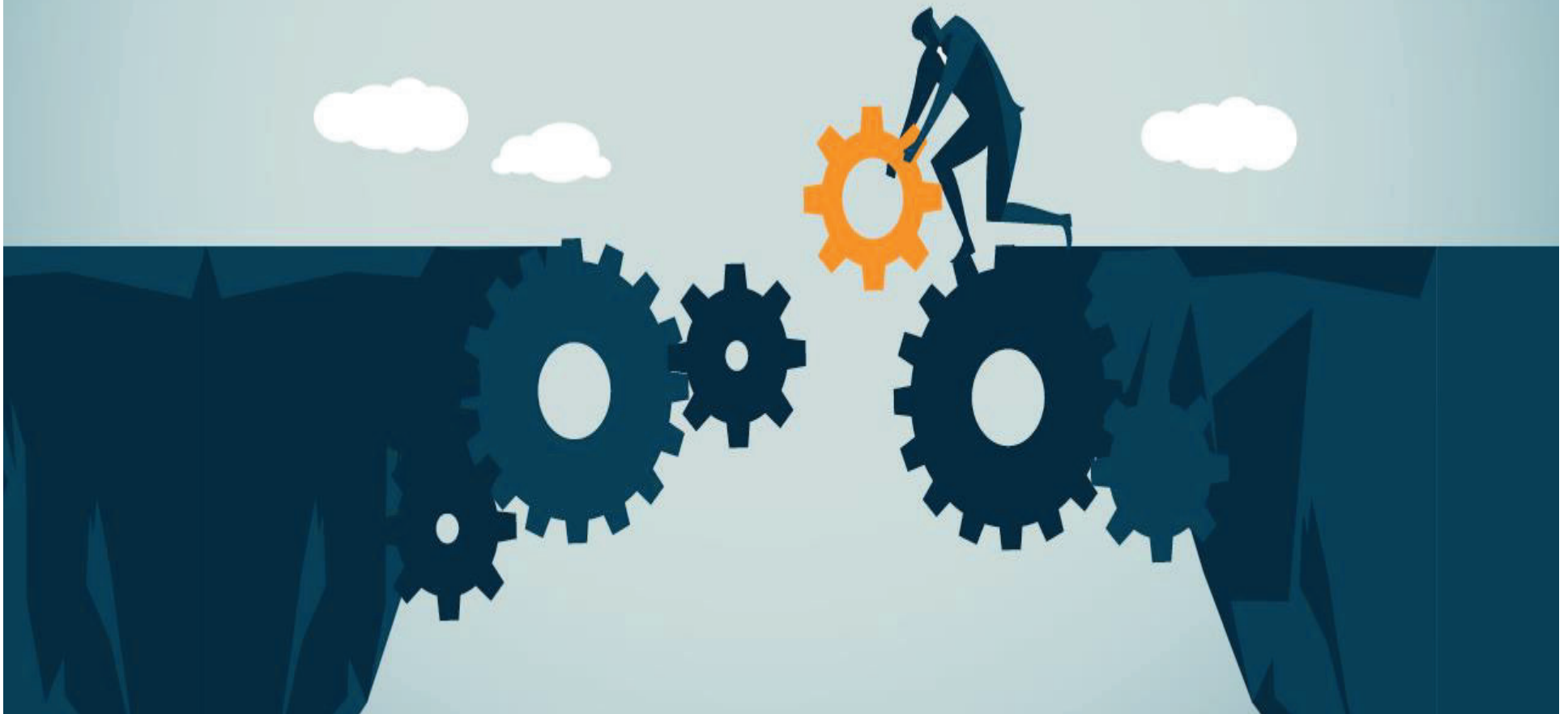


# Closing Comments



- The January 1, 2025 valuation reflects net favorable experience, resulting in an increase in the funded ratio and a decrease in the actuarial contribution rate.
  - We recommend the District contribute \$12.9 million for 2025. Any additional contributions will reduce the unfunded actuarial liability, offset unfavorable experience in 2025 or offset the impact of any assumption changes from the experience study later this year.
- There is direct correlation between well-funded plans and consistent contributions at/above the full actuarial contribution.
  - MUD's funding policy has been successful in stabilizing contributions and strengthening the funded ratio (currently 94%).
- Biggest challenge continues to be managing the volatility in actual investment returns that is inevitable when investing in the market and the corresponding impact on contributions.
  - MUD's stable contribution policy has mitigated some of the volatility in contributions.

# SUPPLEMENTAL INFORMATION



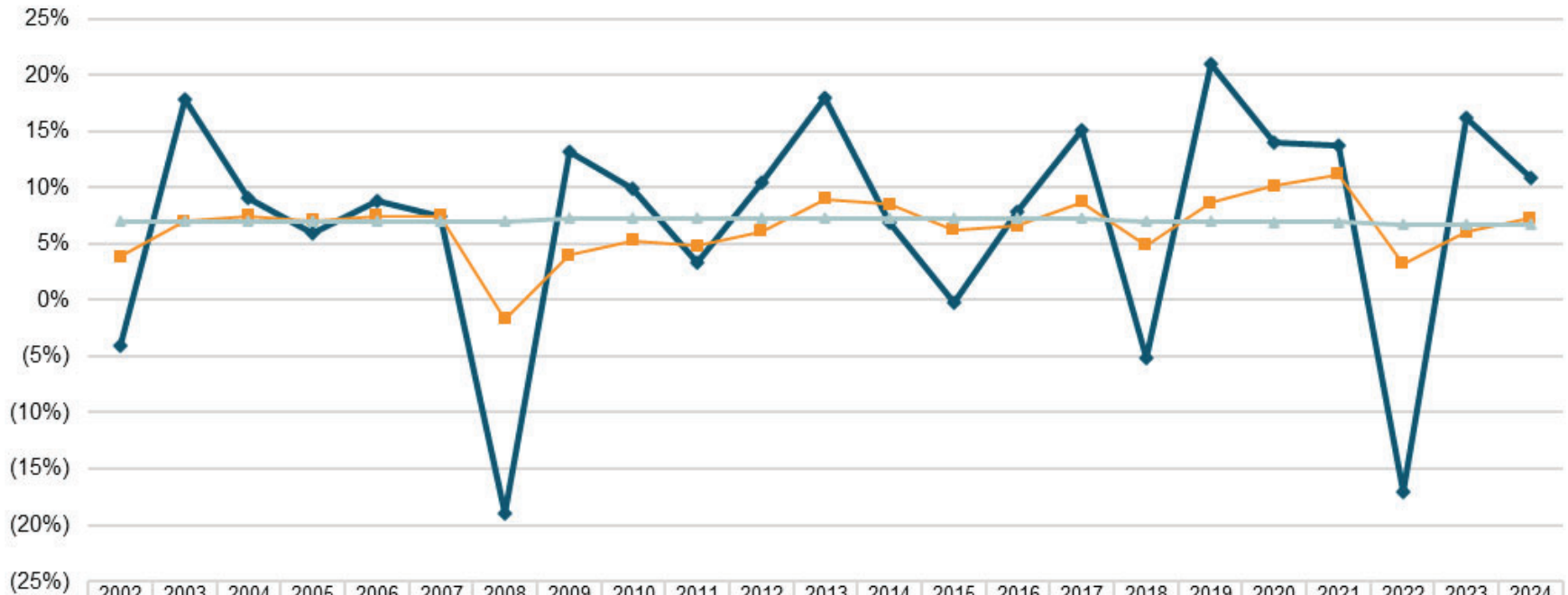


# Funding of Retirement Systems



- Very long-term in nature, the obligations (liabilities) to current members stretch out more than 75 years
- Estimated benefit payments are the Plan's liabilities
  - Funding is based on many actuarial assumptions, but actual experience may vary from that expected
  - That variability creates “risk” (uncertainty) that translates into volatility in contributions
  - Funding Equation:  $C + I = B + E$
- Prudent to regularly monitor funding progress so adjustments can be made as soon as trends become apparent
- Actuarial valuations are performed annually to evaluate current funded status and determine the actuarial contribution for current year based on the Plan's funding policy

# Why Use an Asset Smoothing Method?



|         | 2002   | 2003   | 2004  | 2005  | 2006  | 2007  | 2008   | 2009   | 2010  | 2011  | 2012   | 2013   | 2014  | 2015   | 2016  | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------|--------|--------|-------|-------|-------|-------|--------|--------|-------|-------|--------|--------|-------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| MVA     | -3.99% | 17.90% | 9.02% | 5.92% | 8.76% | 7.41% | -18.98 | 13.13% | 9.91% | 3.35% | 10.50% | 18.04% | 6.92% | -0.23% | 7.83% | 15.04% | -5.17% | 21.00% | 13.99% | 13.74% | -17.06 | 16.19% | 10.84% |
| AVA     | 3.88%  | 6.97%  | 7.48% | 7.06% | 7.49% | 7.48% | -1.70% | 3.97%  | 5.29% | 4.82% | 6.13%  | 9.01%  | 8.47% | 6.23%  | 6.61% | 8.68%  | 4.90%  | 8.63%  | 10.16% | 11.15% | 3.22%  | 6.07%  | 7.24%  |
| Assumed | 7.00%  | 7.00%  | 7.00% | 7.00% | 7.00% | 7.00% | 7.00%  | 7.25%  | 7.25% | 7.25% | 7.25%  | 7.25%  | 7.25% | 7.25%  | 7.25% | 7.25%  | 7.00%  | 7.00%  | 6.90%  | 6.90%  | 6.75%  | 6.75%  | 6.75%  |

# Details of Actuarial Contribution



|                              | 1/1/25<br>Valuation | 1/1/24<br>Valuation | Change            |
|------------------------------|---------------------|---------------------|-------------------|
| Normal cost rate             | 19.64%              | 19.60%              | 0.20%             |
| UAL contribution*            | <u>3.08%</u>        | <u>3.43%</u>        | <u>(10.20%)</u>   |
| Total Contribution Rate      | 22.72%              | 23.03%              | (1.35%)           |
| Employee Rate                | <u>(9.00%)</u>      | <u>(9.00%)</u>      | <u>0.00%</u>      |
| <b>Employer Rate</b>         | <b>13.72%</b>       | <b>14.03%</b>       | <b>(2.21%)</b>    |
|                              |                     |                     |                   |
| Estimated Covered Payroll    | \$87,620,677        | \$81,518,849        | \$ 6,101,828      |
| Total Required Contribution  | 19,907,418          | 18,773,791          | 1,133,627         |
| Employee Contribution        | 7,885,861           | 7,336,696           | 549,165           |
| <b>Employer Contribution</b> | <b>\$12,021,557</b> | <b>\$11,437,095</b> | <b>\$ 584,462</b> |

Note: Multiple amortization bases exist but the largest piece of unfunded actuarial liability (UAL) is amortized over a closed 19-year period (as of 1/1/2025).

# Contribution Rate Volatility

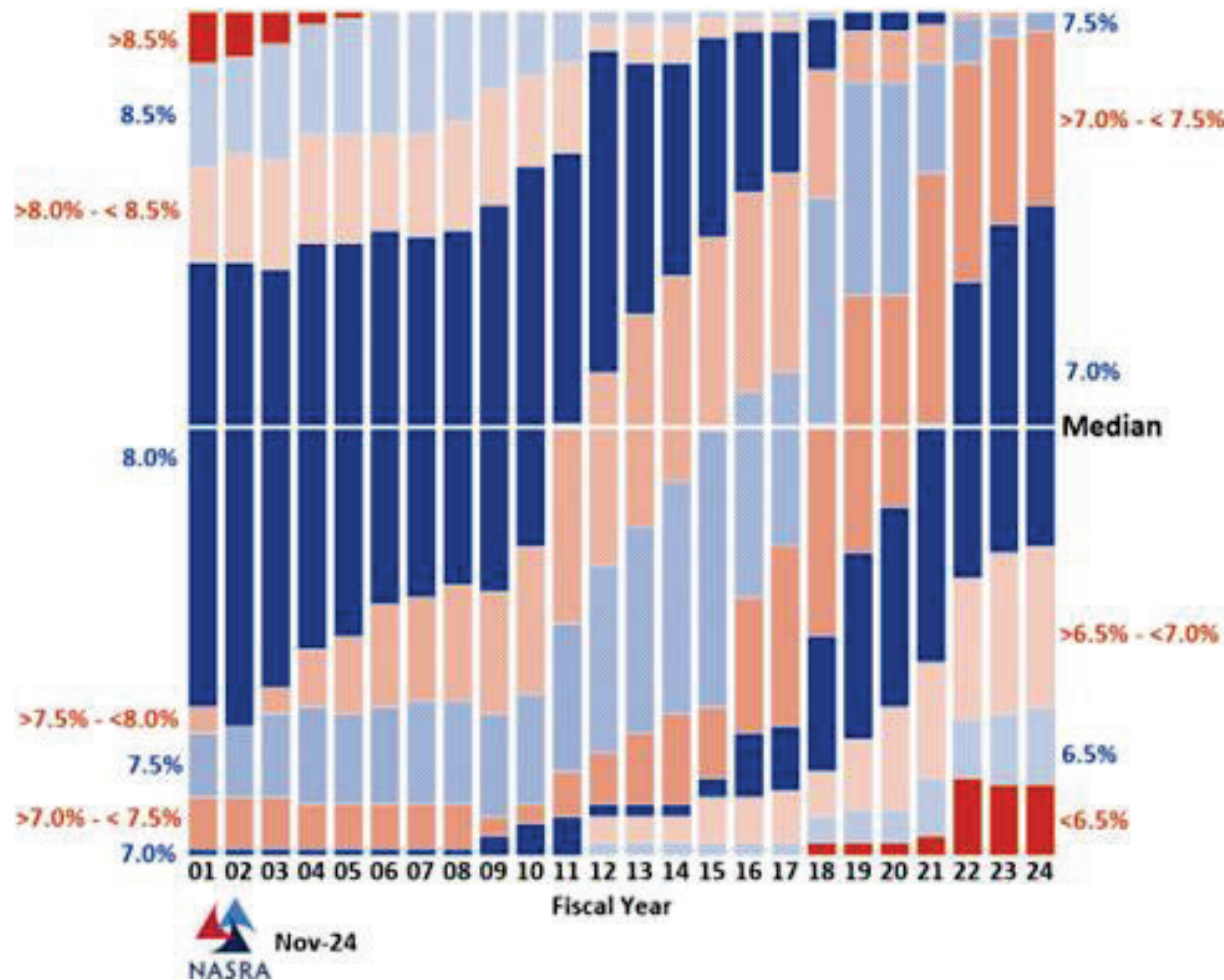


- MUD’s Plan is very mature, similar to most public pension plans in the U.S.
- The more mature the plan, the more sensitive the contribution rate is to investment volatility

| Year | Assets   | Payroll | Ratio | Impact on Actuarial Contribution |
|------|----------|---------|-------|----------------------------------|
| 2025 | \$587.6M | \$83.4M | 705%  | \$4.18M                          |

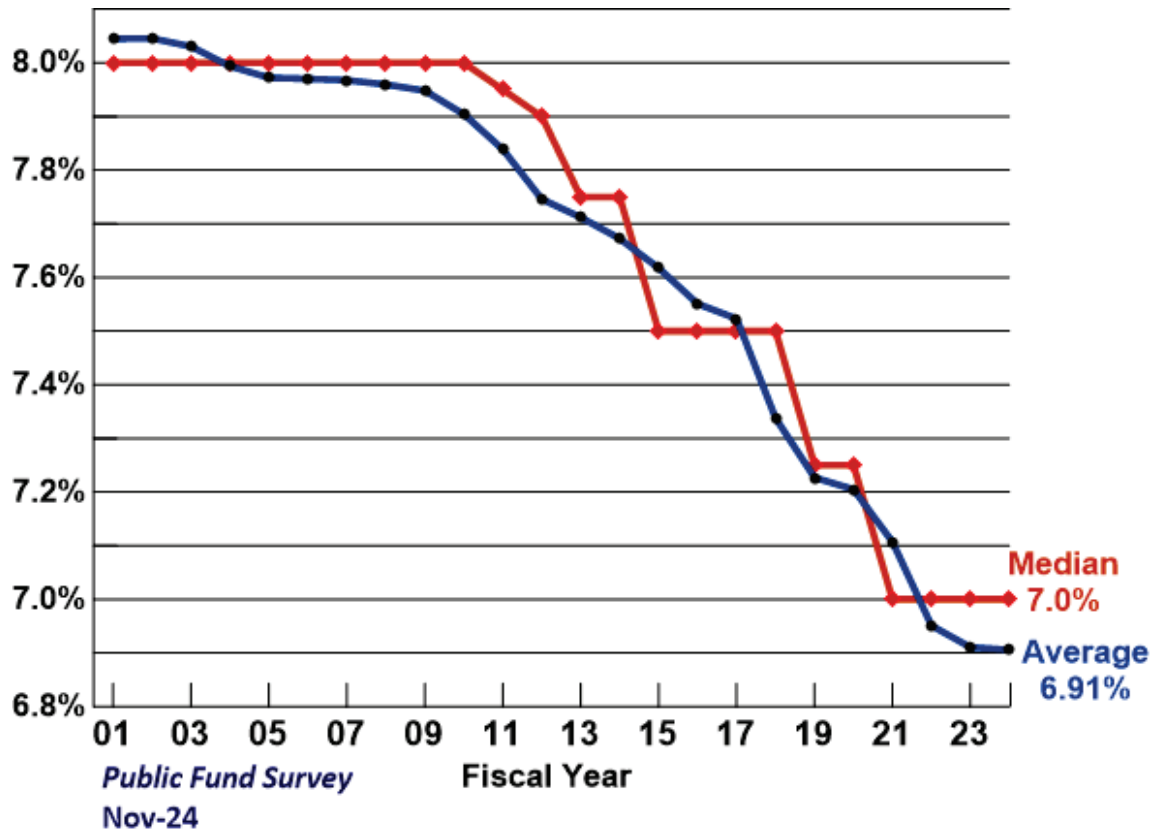
- Assets are more than six times payroll
  - Underperforming the investment return assumption by 10% (earn -3.25%) is equivalent to 70.5% of payroll
  - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
  - This level of volatility is not unexpected given the asset allocation

# Distribution of Investment Return Assumptions



The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 14 years. Currently, the median return is 7.00%, but we continue to see some systems reducing their assumptions, particularly those above 7.00%.

# Assumptions Used by Other Public Plans



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

# Alternate Investment Return Assumptions



| Investment Return Assumption      | 6.25%          | 6.50%          | (current)<br>6.75% |
|-----------------------------------|----------------|----------------|--------------------|
| Total Actuarial Contribution Rate | 28.08%         | 25.35%         | 22.72%             |
| Employee Contribution Rate        | <u>(9.00%)</u> | <u>(9.00%)</u> | <u>(9.00%)</u>     |
| <b>District Contribution Rate</b> | <b>19.08%</b>  | <b>16.35%</b>  | <b>13.72%</b>      |
|                                   |                |                |                    |
| <b>District Contribution</b>      | <b>\$16.7M</b> | <b>\$14.3M</b> | <b>\$12.0M</b>     |
|                                   |                |                |                    |
| Actuarial Liability               | \$656.5M       | \$637.1M       | \$618.5M           |
| Actuarial Value of Assets         | <u>579.6M</u>  | <u>579.6M</u>  | <u>579.6M</u>      |
| Unfunded Actuarial Liability      | \$ 76.9M       | \$ 57.5M       | \$ 38.9M           |
| <b>Funded Ratio</b>               | <b>88.3%</b>   | <b>91.0%</b>   | <b>93.7%</b>       |

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

# Caveats and Limitations



This presentation is based on the data, methods, assumptions and plan provisions described in the actuarial valuation report dated March 24, 2025. The statements of reliance and limitations on the use of this material are reflected in the actuarial report and also apply to this presentation. These statements include reliance on the data provided, the actuarial certification and the purpose of the report.

Please see the January 1, 2025 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

A handwritten signature in purple ink that reads 'Patrice Beckham'.

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

A handwritten signature in purple ink that reads 'Megan E. Skiles'.

Megan E. Skiles, ASA, FCA, MAAA  
Actuary



**METROPOLITAN UTILITIES DISTRICT**

*Inter-Departmental Communication*

March 27, 2025

**Subject:** RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

**To:** Audit Committee

cc: All Board Members; President Doyle, Senior Vice Presidents Ausdemore, Lobsiger, Mendenhall, Minor, and all Vice Presidents **From:** Steve Dickas, Vice President, Accounting

**From:** Steve Dickas, Vice President, Accounting

Attached for your review, please find the “Financial Statements and Supplemental Schedules” for the year ended December 31, 2024 as audited by RSM, our external auditors. I am pleased to inform you that RSM expressed an unmodified, or “clean” audit opinion, which indicates that the financial statements present fairly, in all material respects, the financial position of both the Gas and Water divisions as of December 31, 2024.

It is important to note that the District is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles, whereas it is RSM’s responsibility to issue an opinion on the financial statements based on their audit.

Kevin Smith, Partner with RSM, will present a summary of the audit at the April Board meeting.

The aforementioned document will be on the April 2, 2025 Committee and Board Agendas to be placed on file.

Signed by:

*Stephen Dickas*

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Steve Dickas

Vice President, Accounting

(402) 504-7111

Approved:

DocuSigned by:

*Mark Myers*

24FA59F62AB4471...

Mark F. Myers

Senior Vice President, Chief Financial Officer

Mark E. Doyle  
President

Attachments



March 27, 2025

Board of Directors  
Metropolitan Utilities District  
Omaha, Nebraska

**RSM US LLP**

1299 Farnam St  
Suite 530  
Omaha, NE 68102  
T +1 402 344 6100  
F +1 402 344 6101

[www.rsmus.com](http://www.rsmus.com)

This letter is to inform the Board of Directors of Metropolitan Utilities (the District) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2024, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

## Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States to you in our engagement letter dated November 5, 2024. Our audit of the basic financial statements does not relieve management or you of your responsibilities, which are also described in that letter.

## Planned Scope and Timing of the Audit

We have issued a separate communication dated November 11, 2024 regarding the planned scope and timing of our audit and identified significant risks.

## Significant Accounting Practices, Including Policies, Estimates and Disclosures

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

- Depreciable useful life of capital assets
- Allowance for doubtful accounts
- Net pension liability (NPL) assumptions
- OPEB liability assumptions
- Fair value of investments
- Subscription-Based Information Technology Arrangements

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## Audit Adjustments and Uncorrected Misstatements

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

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

- There is a judgmental misstatement of ending net position of the business type activities of approximately \$1,800,000 (\$954,000 for gas fund and \$846,000 for water fund) in relation to the net pension and other post-employment benefits (OPEB) liabilities. There were differences in the mortality and marriage assumptions utilized by RSM and the District's actuaries. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.

## Internal Control Matters and Compliance Findings

We have separately communicated internal control matters and compliance findings over financial reporting identified during our audit of the basic financial statements, as required by *Government Auditing Standards*. This communication is attached to this letter.

## Consultation With Other Accountants

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

## Shared Responsibilities for Independence

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

### Our Responsibilities

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

### The District's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, or officers.
  - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, or jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.

- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the District.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the District.

### Management Representations

Attached is a copy of the management representation letter.

### Closing

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

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

*RSM US LLP*



RSM US LLP

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

**Independent Auditor's Report**

Board of Directors  
Metropolitan Utilities District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District (District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*RSM US LLP*

Omaha, Nebraska

March 27, 2025

March 27, 2025

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

This representation letter is provided in connection with your audits of the basic financial statements of Metropolitan Utilities District the District (the District) as of and for the years ended December 31, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 27, 2025:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 5, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to estimate the pension and other post-employment liability is as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The methods used in the measurement process, including the related assumptions and/or models used in determining the estimate are described in the actuary report. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the District. We have also appropriately considered alternative assumptions or outcomes through evaluating alternative assumptions with our actuary. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

RSM US LLP  
March 27, 2025  
Page 2

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the District include:
  - a. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. Provisions for uncollectible receivables have been properly identified and recorded.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
14. The District properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
16. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
17. The District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
18. Leases have been properly identified, recorded and disclosed in accordance with GASB Statement No. 87, *Leases*.
19. Subscription-based technology information arrangements (SBITAs) have been properly identified, recorded and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.



RSM US LLP  
March 27, 2025  
Page 3

20. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
21. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
22. We have reviewed the GASB Statements effective for the fiscal year ending December 31, 2024, and concluded the implementation of the following Statement did not have a material impact on the basic financial statements:
  - a. GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62
  - b. GASB Statement No. 101, *Compensated Absences*
23. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2024, we believe that the effects of the uncorrected misstatement below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

- There is a judgmental misstatement of ending net position of the business type activities of approximately \$1,800,000 (\$954,000 for gas fund and \$846,000 for water fund) in relation to the net pension and other post-employment benefits (OPEB) liabilities. There were differences in the mortality and marriage assumptions utilized by RSM and the District's actuaries. This misstatement is a judgmental misstatement because it involves a significant estimate which can provide for a broad range of reasonable outcomes.
24. We have requested an unsecured electronic copy of the auditor's report and financial statements and agree that the auditor's report financial statements will not be modified in any manner.

**Information Provided**

25. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audits.

RSM US LLP  
March 27, 2025  
Page 4

- c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
26. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
27. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
28. We have no knowledge of allegations of fraud or suspected fraud affecting the District's basic financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the basic financial statements.
29. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
30. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
31. We have disclosed to you all known actual or possible litigation, claims or assessments; unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Government Accounting Standards Board (GASB) Codification Section C50, Claims and Judgments; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements. There are no other unasserted claims or assessments which are probable of assertion.
32. We have disclosed to you the identity of all of the District's related parties and all the related-party relationships and transactions of which we are aware.
33. We have informed you of all deficiencies in internal control over financial reporting in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize and report financial data.
34. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
35. It is our responsibility to inform you of all current and potential affiliates of the District as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the District may create threats to independence. We have:
  - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.

RSM US LLP  
March 27, 2025  
Page 5

- b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the District's financial statements as a whole, (ii) the level of influence the District has over an entity's financial reporting process or (iii) the level of control or influence the District or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the District and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.
  - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the District or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
36. We agree with the findings of the specialist in evaluating the pension and other post-employment liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
37. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
38. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

#### **Supplementary Information**

39. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. The methods of measurement or presentation have not changed from those used in the prior period.
  - e. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

RSM US LLP  
March 27, 2025  
Page 6

40. With respect to management's discussion and analysis, pension and other postemployment benefit plan information presented as required by Government Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information including the assumptions used by the actuary for the Pension Plans and OPEB Plans.

#### **Compliance Considerations**


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


41. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
42. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
43. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
44. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
45. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
46. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
47. Has a process to track the status of audit findings and recommendations.
48. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

RSM US LLP  
March 27, 2025  
Page 7

49. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

Metropolitan Utilities District

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Mark Doyle,  
President

DocuSigned by:  
  
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Mark Myers,  
Chief Financial Officer

**METROPOLITAN UTILITIES DISTRICT**

Financial Statements and Supplemental Schedules

December 31, 2024 and 2023

(With Independent Auditor's Report Thereon)

**METROPOLITAN UTILITIES DISTRICT**

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Metropolitan Utilities District

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District (the District), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District, as of December 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



***Auditor’s Responsibilities for the Audits of the Financial Statements***

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

In performing audits in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*RSM US LLP*

Omaha, Nebraska  
March 27, 2025

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

“Management’s Discussion and Analysis” presents management’s analysis and overview of the Metropolitan Utilities District’s (the District) financial condition and activities as of and for the years ended December 31, 2024 and 2023. This information should be read in conjunction with the Financial Statements, Notes to Basic Financial Statements and Required Supplementary Information.

**Overview of Financial Statements**

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

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

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

The notes to the financial statements provide required disclosures and additional information that is necessary to support the financial statements. The notes begin on page 25.

**Financial Highlights**

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

**Gas Department**

|                             | <u>2024</u>              |                   | <u>2023</u>              |                   | <u>2022</u>              |                   |
|-----------------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|
| Sales, volume sold – DTH:   |                          |                   |                          |                   |                          |                   |
| Firm gas sales              | \$ 27,126,240            | 87%               | \$ 28,726,337            | 87%               | \$ 31,411,793            | 89%               |
| Interruptible gas sales     | <u>4,503,965</u>         | <u>13</u>         | <u>4,199,835</u>         | <u>13</u>         | <u>4,080,279</u>         | <u>11</u>         |
| Total gas sales             | <u><u>31,630,205</u></u> | <u><u>100</u></u> | <u><u>32,926,172</u></u> | <u><u>100</u></u> | <u><u>35,492,072</u></u> | <u><u>100</u></u> |
| Heating degree days         | 4,884                    |                   | 5,403                    |                   | 6,130                    |                   |
| Customers (at December 31): |                          |                   |                          |                   |                          |                   |
| Firm customers              | 242,666                  |                   | 241,058                  |                   | 239,465                  |                   |
| Interruptible customers     | <u>21</u>                |                   | <u>22</u>                |                   | <u>22</u>                |                   |
|                             | <u><u>\$ 242,687</u></u> |                   | <u><u>\$ 241,080</u></u> |                   | <u><u>\$ 239,487</u></u> |                   |

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

Gas volumes sold in 2024 decreased 1,295,967 DTH, or 3.9% from 2023 due primarily to warmer winter weather, as evidenced by the 9.6% decrease in the number of heating degree days, partially offset by customer growth. There was an increase in firm gas customers in 2024 of 1,608 or 0.7%; the number of interruptible customers decreased by one.

Gas volumes sold in 2023 decreased 2,565,900 DTH, or 7.2% from 2022 due primarily to warmer winter weather, as evidenced by the 11.9% decrease in the number of heating degree days, partially offset by customer growth. There was an increase in firm gas customers in 2023 of 1,593 or 0.7%; the number of interruptible customers is unchanged.

**Gas Department Summary of Results of Operations**

|                                       | <u>2024</u>           |             | <u>2023</u>           |             | <u>2022</u>           |             |
|---------------------------------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| Operating revenues:                   |                       |             |                       |             |                       |             |
| Firm and interruptible gas sales      | \$ 195,723,043        | 90          | \$ 235,535,739        | 92%         | \$ 334,265,845        | 95%         |
| Infrastructure charge                 | 17,092,484            | 8           | 15,737,944            | 6           | 13,542,986            | 4           |
| Other                                 | 5,370,532             | 2           | 5,604,386             | 2           | 6,051,492             | 1           |
| Less bad debt expense                 | (530,081)             | —           | (944,894)             | —           | (601,056)             | —           |
| Total operating revenues, net         | <u>217,655,978</u>    | <u>100%</u> | <u>255,933,175</u>    | <u>100%</u> | <u>353,259,267</u>    | <u>100%</u> |
| Operating expenses:                   |                       |             |                       |             |                       |             |
| Cost of natural gas                   | 104,022,598           | 57%         | 143,384,526           | 75%         | 235,312,368           | 75%         |
| Other operating expenses              | 79,298,716            | 43          | 73,543,842            | 25          | 76,264,376            | 25          |
| Total operating expenses              | <u>183,321,314</u>    | <u>100%</u> | <u>216,928,368</u>    | <u>100%</u> | <u>311,576,744</u>    | <u>100%</u> |
| Nonoperating revenues (expenses), net | 6,527,490             |             | 7,084,265             |             | (2,724,388)           |             |
| Income before capital grants          | 40,862,154            |             | 46,089,072            |             | 38,958,135            |             |
| Capital grants                        | 466,357               |             | —                     |             | —                     |             |
| Change in net position                | 41,328,511            |             | 46,089,072            |             | 38,958,135            |             |
| Net position, beginning of year       | <u>575,276,252</u>    |             | <u>529,187,180</u>    |             | <u>490,229,045</u>    |             |
| Net position, end of year             | <u>\$ 616,604,763</u> |             | <u>\$ 575,276,252</u> |             | <u>\$ 529,187,180</u> |             |

Revenues for gas sales, net, were down 15.0% in 2024 vs. 2023, due to a 3.9% decrease in volumes coupled with decreased gas costs, which is a direct “pass-through” to our customers, partially offset by a 2.5% increase to the Margin Component of rates and a 7.1% increase to the Infrastructure Charge effective January 2, 2024. Revenues for gas sales, net, were down 27.6% in 2023 vs. 2022, due to a 7.2% decrease in volumes coupled with decreased gas costs, which is a direct “pass-through” to our customers, partially offset by a 2.5% increase to the Margin Component of rates and a 16.7% increase to the Infrastructure Charge effective January 2, 2023.

## METROPOLITAN UTILITIES DISTRICT

## Management's Discussion and Analysis

December 31, 2024 and 2023

Total operating expenses in 2024 were down by \$33.6 million or 15.5% from 2023. In 2024, the cost of natural gas was \$39.4 million, or 27.4% lower than 2023, due to decreased gas cost (\$33.7 million) and decreased volumes (\$5.6 million). In 2024, other operating expenses were \$5.8 million, or 7.8%, higher than 2023 due primarily to: increased administrative and general expense (largely due to increased pension and Other Post Employment Benefit (OPEB) expense, increased distribution expense driven by higher locating and heating inspection related costs and increased depreciation and amortization expense, partially offset by decreased statutory payments paid to cities due to lower gas sales. Total operating expenses in 2023 were down by \$94.6 million or 30.4% from 2022. In 2023, the cost of natural gas was \$91.9 million, or 39.1% lower than 2022, due to decreased gas cost (\$74.9 million) and decreased volumes (\$17.0 million). In 2023, other operating expenses were \$2.7 million, or 3.6%, lower than 2022 due primarily to: decreased administrative and general expense (largely due to decreased pension and Other Post Employment Benefit (OPEB) expense primarily due to investment returns that were well above expectations), decreased statutory payments paid to cities due to lower gas sales, partially offset by increased distribution expense driven by higher locating related costs and increased depreciation and amortization expense.

Net non-operating revenues were \$6.5 million in 2024 compared to net non-operating revenues of \$7.1 million in 2023, a change of \$0.6 million. This change was due primarily to higher interest expense associated with the Series 2023 Gas Revenue Bonds, which were issued in November 2023 and insurance proceeds related to a construction center ground settling claim received in 2023. These items were substantially offset by investment earnings on Gas Department cash balances due to increased investable balances. Net non-operating revenues were \$7.1 million in 2023 compared to net non-operating expenses of \$2.7 million in 2022, a change of \$9.8 million. This change was due primarily to increased investment earnings on Gas Department cash balances due to increased investable balances and higher yields and insurance proceeds related to a construction center ground settling claim. These items were partially offset by higher interest expense and bond issuance costs associated with the Series 2023 and 2022 Gas Revenue Bonds.

Capital grant revenue increased \$0.5 million in 2024 compared to zero in 2023. The District earned \$0.5 million in 2024 to replace a portion of its gas main infrastructure.

The District contracts with Central Plains Energy Project (CPEP) for a significant portion of its gas purchases. CPEP is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Under the current agreements, the District anticipates taking approximately 90% of the combined CPEP gas acquired in these transactions under four 30-year gas purchase agreements, one entered into in 2009 (CPEP #2), one in 2012 (CPEP #3), one in 2018 (CPEP #4) and one in 2022 (CPEP #5). In 2024, the CPEP prepaid gas purchase agreements accounted for approximately 60% of the District's annual natural gas requirements.

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

## METROPOLITAN UTILITIES DISTRICT

## Management's Discussion and Analysis

December 31, 2024 and 2023

In 2012 the District participated in CPEP Project 3 Series Transaction (CPEP #3). This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017 CPEP issued crossover refunding bonds to refinance this transaction. The refinancing increased the District's savings from and after the September 1, 2022 refinancing date.

In November 2018, the District entered into a 30-year gas supply contract with CPEP (CPEP #4) with gas flows commencing on August 1, 2019. This agreement expires on March 1, 2054. In 2023, the District refinanced the 30-yr gas supply contract with CPEP (Project 4). With this refinance, volumes were extended out to 30-years and an Asset Management Agreement (AMA) was entered into with CPEP/J.Aron. Under this AMA agreement, J.Aron will manage transportation demand charges associated with gas purchases. The AMA increased the available gas discount for the District. This agreement is for an additional 6-year term and subject to refinancing before October 31, 2029. The District is not required to purchase gas after the initial 6-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In 2022, the District entered into a 30-year gas supply contract with CPEP (CPEP #5). In addition to the prepaid gas included in this agreement, the District also entered into an Asset Management Agreement (AMA) with CPEP/J.Aron to manage the transportation demand charges associated with gas purchased under this agreement. This additional AMA increased the available gas discount for the District. This agreement is for an initial 7-year term and subject to refinancing at the end of this term. After this initial term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial 7-year term unless the discount to market is \$.25 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In addition to the aforementioned activity with CPEP, the District is party to three other significant gas supply agreements, discussed below, which accounted for approximately 12% of the District's annual natural gas requirements in 2024. Including CPEP, prepaid transactions accounted for approximately 72% of the District's annual gas supply in 2024.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. In 2023, the District refinanced this transaction for an additional 5-year term. Part of this refinance extended volumes out to 30-years. After the additional 5-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial 5-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In February 2018, the District entered into a 30-year gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately five percent of our annual gas requirements. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of \$1.7 million vs. market prices over the initial 5-year term of the deal. In 2023, the District and PEAK worked to refinance the agreement for an additional 7-year term. This agreement is currently scheduled to expire in 2053. After the additional 7-year term, PEAK, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after this extension 7-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. In 2023 the District refinanced the transaction through December 31, 2028. After this additional 5-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial 5-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

***Gas Department Summary Financial Position***

|  | <u>2024</u>             | <u>2023</u>             | <u>2022</u>           |
|--|-------------------------|-------------------------|-----------------------|
| Capital assets, net  | \$ 689,545,813          | \$ 616,420,719          | \$ 555,731,054        |
| Noncurrent assets  | 55,797,585              | 110,361,442             | 81,476,590            |
| Current assets   | <u>310,497,456</u>      | <u>277,266,335</u>      | <u>272,243,440</u>    |
| Total assets   | <u>1,055,840,854</u>    | <u>1,004,048,496</u>    | <u>909,451,084</u>    |
| Deferred outflows of resources                                     |                         |                         |                       |
| Pension amounts  | 5,069,832               | 15,938,198              | 37,815,008            |
| OPEB amounts   | <u>3,337,927</u>        | <u>1,392,310</u>        | <u>5,435,868</u>      |
| Total deferred outflows of resources                               | <u>8,407,759</u>        | <u>17,330,508</u>       | <u>43,250,876</u>     |
| Total assets and deferred outflows of resources                    | <u>\$ 1,064,248,613</u> | <u>\$ 1,021,379,004</u> | <u>\$ 952,701,960</u> |
| Deferred inflows of resources                                      |                         |                         |                       |
| Pension amounts  | \$ —                    | \$ 1,628,796            | \$ 4,072,807          |
| OPEB amounts   | 7,732,257               | 10,165,709              | 17,542,373            |
| Lease amounts  | 2,631,357               | 2,687,542               | 2,743,728             |
| Contributions in aid of construction                               | <u>42,631,048</u>       | <u>41,830,029</u>       | <u>41,960,602</u>     |
| Total deferred inflows of resources                                | <u>52,994,662</u>       | <u>56,312,076</u>       | <u>66,319,510</u>     |
| Current liabilities  | 114,149,652             | 90,321,203              | 109,576,418           |
| Noncurrent liabilities   | <u>280,499,536</u>      | <u>299,469,472</u>      | <u>247,618,852</u>    |
| Total liabilities  | <u>394,649,188</u>      | <u>389,790,675</u>      | <u>357,195,270</u>    |
| Net position:  |                         |                         |                       |
| Net investment in capital assets                                   | 470,344,142             | 442,054,853             | 424,502,370           |
| Restricted   | 1,642,710               | 1,529,636               | 893,724               |
| Unrestricted   | <u>144,617,911</u>      | <u>131,691,763</u>      | <u>103,791,086</u>    |
| Total net position   | <u>616,604,763</u>      | <u>575,276,252</u>      | <u>529,187,180</u>    |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 1,064,248,613</u> | <u>\$ 1,021,379,003</u> | <u>\$ 952,701,960</u> |

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

**Gas Department Long-Term Debt Activity**

The following table summarizes the long-term debt of the Gas Department at December 31, 2024 and 2023.

|                          | <u>Balance at<br/>December 31, 2023</u> | <u>Increases</u> | <u>Decreases</u>    | <u>Balance at<br/>December 31, 2024</u> |
|--------------------------|---|------------------|---------------------|---|
| Gas Revenue Bonds        |   |                  |                     |   |
| Series 2018              | \$ 25,850,000                           | \$ -             | \$ 1,330,000        | \$ 24,520,000                           |
| Plus unamortized premium | 777,808                                 | -                | 91,089              | 686,719                                 |
| Gas Revenue Bonds        |   |                  |                     |   |
| Series 2022              | 109,120,000                             | -                | 3,695,000           | 105,425,000                             |
| Plus unamortized premium | 13,769,212                              | -                | 1,367,096           | 12,402,116                              |
| Gas Revenue Bonds        |   |                  |                     |   |
| Series 2023              | 83,985,000                              | -                | 2,290,000           | 81,695,000                              |
| Plus unamortized premium | 5,160,272                               | -                | 450,238             | 4,710,034                               |
|                          | <u>\$ 238,662,292</u>                   | <u>\$ -</u>      | <u>\$ 9,223,423</u> | <u>\$ 229,438,869</u>                   |

On November 8, 2023, the District issued \$83,985,000 of Gas System Revenue Bonds, Series 2023; the True Interest Cost associated with the offering is 4.336 percent. The proceeds of the sale of the 2023 bonds are being used, together with other available funds, to finance the continued expansion of and improvements to the District’s liquified natural gas plant. The proceeds will also be used to finance a portion of a new construction center and the remodel of the existing construction center and related infrastructure improvements. At December 31, 2024 and 2023, the District’s long-term debt included \$81,695,000 and \$83,985,000, respectively of Series 2023 gas revenue bonds outstanding. During 2024 the District made principal payments of \$2,290,000 towards its outstanding Series 2023 gas revenue bonds. During 2023 the District did not have scheduled principal payments towards its outstanding Series 2023 gas revenue bonds. At December 31, 2024, \$75.2 million of the net bond proceeds remained.

At December 31, 2024 and 2023, the District’s long-term debt included \$105,425,000 and \$109,120,000, respectively of Series 2022 gas revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$3,695,000 and \$3,515,000 towards its outstanding Series 2022 gas revenue bonds. At December 31, 2024, \$4.0 million of the bond proceeds remained.

At December 31, 2024 and 2023, the District’s long-term debt included \$24,520,000 and \$25,850,000, respectively of Series 2018 gas revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of \$1,330,000 and \$1,265,000 towards its outstanding Series 2018 gas revenue bonds.



METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

***Gas Department Long-Term Debt Covenant Compliance***

**Series 2018, Series 2022 and Series 2023 Gas Revenue Bonds**

The District was in compliance with the provisions of the Series 2018, 2022 and 2023 gas revenue bond covenants at December 31, 2024, 2023 and 2022. Relative to these bond offerings, the District covenants that it will fix, establish, and maintain rates or charges for natural gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately \$50.5 million, \$47.6 million and \$51.1 million for 2023, 2022 and 2021, respectively. Please see the chart below for debt service coverage ratio information:

|                                    | 2024  | 2023  | 2022  |
|------------------------------------|-------|-------|-------|
| Debt service coverage ratios       | 4.33x | 4.20x | 6.42x |
| Debt service coverage requirements | 1.20x | 1.20x | 1.20x |

***Credit Ratings and Liquidity***

In October 2023, Moody’s Investors Service rated the Series 2023 Gas Revenue Bonds Aa2 and affirmed the Aa2 rating of the District’s gas enterprise system, citing a “growing and diverse service area and consistently strong operating performance that supports strong liquidity and healthy debt service coverage.” In October 2023, Fitch Ratings rated the Series 2023 Gas Revenue Bonds AA+ and affirmed the District’s AA+ Issuer Default Rating, citing the District’s “very strong financial profile, as demonstrated by its strong operating cash flow...”. In May 2022, S&P Global Ratings affirmed its AA+ rating of the District’s gas system as part of the District’s obligations under certain of its gas purchase contracts, citing “an enterprise profile highlighted by a deep and diverse customer base.”

The District continues to focus on maintaining strong liquidity for the Gas Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by “days cash on hand” of 421 days at year end 2024, as compared with 330 days at year-end 2023 and 174 days at year end 2022. The increase in days cash on hand at year end 2024 is primarily due to the lower cost of natural gas, partially offset with increased capital expenditures, a portion of which will be reimbursed from bond proceeds. Consistent with the increase in “days cash on hand” from 2023 to 2024, unrestricted cash balances increased by \$6.3 million, to \$187.9 million.

The Gas Department’s liquidity is further enhanced by a \$10,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current unsecured line of credit matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the “U.S. Prime Rate” less 2.63 percentage

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

points, with a minimum rate of 1.95%. As of December 31, 2024, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2024, 2023 or 2022.

***Gas Department Capital Asset Activity***

The District remains committed to expending the funds necessary to allow for continued safe and reliable delivery of natural gas to the District's customers. A key component of this commitment is addressing the District's aging infrastructure, as evidenced by the District's ongoing efforts to replace all remaining cast iron gas mains, approximately 73 miles, over the next five years; the District expended \$19.0 million to improve infrastructure and replace cast iron gas mains in 2024, \$18.1 million in 2023 and \$15.6 million in 2022. Significant projects in 2024 and 2023 are as follows:

In 2024, capital and construction-related costs totaled \$104.2 million, consisting of:

- 1) Cast iron infrastructure replacement: \$19.0 million (discussed above);
- 2) Other gas mains and distribution: \$22.7 million;
- 3) Liquefied natural gas plant improvements: \$15.8 million;
- 4) Construction center improvements: \$2.5 million;
- 5) New construction center: \$18.4 million;
- 6) Other buildings, land and equipment: \$0.4 million;
- 7) Vehicles: \$9.5 million;
- 8) Information technology-related: \$5.2 million;
- 9) Furniture, equipment and all other general plant: \$10.7 million.

In 2023, capital and construction-related costs totaled \$91.9 million, consisting of:

- 1) Cast iron infrastructure replacement: \$18.1 million (discussed above);
- 2) Other gas mains and distribution: \$15.7 million;
- 3) Liquefied natural gas plant improvements: \$34.2 million;
- 4) Other buildings, land and equipment: \$4.5 million;
- 5) Vehicles: \$8.6 million;
- 6) Information technology-related: \$1.6 million;
- 7) Furniture, equipment and all other general plant: \$9.2 million.

## METROPOLITAN UTILITIES DISTRICT

## Management's Discussion and Analysis

December 31, 2024 and 2023

**Water Department**

|                               | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------|-------------|-------------|-------------|
| Water sales (million gallons) | 32,015.8    | 32,381.8    | 31,667.0    |

In 2024, the volume of water sales decreased 365.9 million gallons vs. prior year, or 1.1%, due in part to full year precipitation levels that were approximately 1.1 inches, or 3.4%, above normal annual precipitation levels of 31.9 inches (2024 precipitation was 33.0 inches for the year), partially offset by the fact that full year precipitation totals for 2023 were 7.0 inches below normal (25.0 inches for the year). In 2023, the volume of water sales increased 714.8 million gallons vs. prior year, or 2.3%, due in part to full year precipitation levels that were approximately 7 inches, or 21.6%, below normal annual precipitation levels of 31.9 inches (2023 precipitation was 25.0 inches for the year), partially offset by the fact that full year precipitation totals for 2022 were 9 inches below normal (22.5 inches for the year).

|                         | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------|-------------|-------------|-------------|
| Customers (December 31) | 229,270     | 227,433     | 225,028     |

The number of customers at the end of 2024 increased 1,837, or 0.8%, over 2023. The number of customers at the end of 2023 increased 2,405, or 1.1%, over 2022.

**Water Department Summary of Results of Operations**

|                                 | <u>2024</u>           |             | <u>2023</u>           |             | <u>2022</u>           |             |
|---------------------------------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| Operating revenues:             |                       |             |                       |             |                       |             |
| Water sales                     | \$ 148,060,282        | 87%         | \$ 141,509,672        | 87%         | \$ 133,276,451        | 86%         |
| Infrastructure charge           | 18,577,324            | 11          | 17,215,116            | 11          | 15,324,431            | 11          |
| Other                           | 4,459,141             | 2           | 4,081,462             | 2           | 4,338,282             | 3           |
| Less bad debt expense           | (188,214)             | —           | (246,758)             | —           | (291,355)             | —           |
| Total operating revenues, net   | <u>170,908,533</u>    | <u>100%</u> | <u>162,559,492</u>    | <u>100%</u> | <u>152,647,809</u>    | <u>100%</u> |
| Operating expenses              | 116,681,892           |             | 106,663,577           |             | 104,034,166           |             |
| Nonoperating expenses net       | <u>2,877,104</u>      |             | <u>3,426,776</u>      |             | <u>6,347,228</u>      |             |
| Income before capital grants    | 51,349,537            |             | 52,469,139            |             | 42,266,415            |             |
| Capital grants                  | <u>2,076,446</u>      |             | —                     |             | —                     |             |
| Change in net position          | 53,425,983            |             | 52,469,139            |             | 42,266,415            |             |
| Net position, beginning of year | <u>522,565,414</u>    |             | <u>470,096,275</u>    |             | <u>427,829,860</u>    |             |
| Net position, end of year       | <u>\$ 575,991,397</u> |             | <u>\$ 522,565,414</u> |             | <u>\$ 470,096,275</u> |             |

## METROPOLITAN UTILITIES DISTRICT

## Management's Discussion and Analysis

December 31, 2024 and 2023

Operating revenues, net, increased 5.1% in 2024 as compared with 2023 due to an increase to the Commodity Component of rates of 8.5% for residential, commercial, large volume industrial and sprinkling customers and 9.5% for wholesale customers effective January 2, 2024, a 5.6% increase to the Infrastructure Charge effective January 2, 2024, partially offset by decreased usage associated with precipitation levels that were 1.1 inches above normal in 2024. Operating revenues, net, increased 6.5% in 2023 as compared with 2022 due to an increase to the Commodity Component of rates of 7.1% for residential, commercial, large volume industrial and sprinkling customers and 8.1% for wholesale customers effective January 2, 2023, a 12.5% increase to the Infrastructure Charge effective January 2, 2023, coupled with increased usage associated with precipitation levels that were 7 inches below normal in 2023.

Total operating expenses in 2024 were up by \$10.0 million as compared with 2023, or 9.4%, due primarily to increased pension and Other Post Employment Benefit (OPEB) expense due to changes in investment returns, increased water purification costs driven by higher cost of chemicals, increased distribution expense driven by higher locating related costs and increased depreciation and amortization expense. These increases were partially offset by decreased costs related to water service reconnections and service replacements. Total operating expenses in 2023 were up by \$2.6 million as compared with 2022, or 2.5%, due primarily to by increased distribution expense driven by higher locating related costs, increased pumping expense, largely due to the higher volume of water sales and increased depreciation and amortization expense. These increases were partially offset by decreased pension and Other Post Employment Benefit (OPEB) expense due to investment returns that were well above expectations.

Net non-operating expenses in 2024 decreased by \$0.5 million as compared with 2023, or 16.0%, due primarily to lower interest expense, partially offset by insurance proceeds related to a construction center ground settling claim and a flood claim in 2023. Net non-operating expenses in 2023 decreased by \$2.9 million as compared with 2022, or 46.0%, due primarily to increased investment earnings on Water Department cash balances due to increased investable balances and higher yields and insurance proceeds related to a construction center ground settling claim and a flood claim. These items were partially offset by higher interest expense associated with the 2022 Water Revenue Bonds.

Capital grant revenue increased \$2.1 million in 2024 compared to zero in 2023. The District earned \$1.8 million related to lead service line replacement and \$0.3 million from the state Department of Natural Resources.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

***Water Summary Financial Position***

|   | <u>2024</u>             | <u>2023</u>             | <u>2022</u>             |
|---|-------------------------|-------------------------|-------------------------|
| Plant in service, net   | \$ 1,179,664,080        | \$ 1,093,211,593        | \$ 1,033,228,040        |
| Current assets  | 162,745,631             | 188,819,088             | 155,133,407             |
| Noncurrent assets   | <u>24,924,959</u>       | <u>24,867,312</u>       | <u>57,040,512</u>       |
| Total assets  | <u>1,367,334,670</u>    | <u>1,306,897,993</u>    | <u>1,245,401,959</u>    |
| Deferred outflows of resources  |                         |                         |                         |
| Pension amounts   | 4,551,926               | 13,939,522              | 32,575,320              |
| OPEB amounts  | 2,921,558               | 1,232,270               | 4,676,780               |
| Debt refunding  | <u>1,276,931</u>        | <u>1,598,872</u>        | <u>1,959,771</u>        |
| Total deferred outflows of resources                                  | <u>8,750,415</u>        | <u>16,770,664</u>       | <u>39,211,871</u>       |
| Total assets and deferred outflows<br>of resources                    | <u>\$ 1,376,085,085</u> | <u>\$ 1,323,668,657</u> | <u>\$ 1,284,613,830</u> |
| Deferred inflows of resources   |                         |                         |                         |
| Pension amounts   | \$ —                    | \$ 1,308,849            | \$ 3,390,786            |
| OPEB amounts  | 6,519,030               | 8,148,438               | 14,432,264              |
| Lease amounts   | 1,153,438               | 818,218                 | 869,802                 |
| Contributions in aid of construction                                  | <u>416,598,612</u>      | <u>391,700,124</u>      | <u>370,233,553</u>      |
| Total deferred inflows of resources                                   | <u>424,271,080</u>      | <u>401,975,629</u>      | <u>388,926,405</u>      |
| Current liabilities   | 118,905,319             | 111,633,485             | 95,875,142              |
| Noncurrent liabilities  | <u>256,917,289</u>      | <u>287,494,129</u>      | <u>329,716,008</u>      |
| Total liabilities   | <u>375,822,608</u>      | <u>399,127,614</u>      | <u>425,591,150</u>      |
| Net position:   |                         |                         |                         |
| Net investment in capital assets                                      | 570,987,403             | 495,656,856             | 459,060,877             |
| Restricted  | 2,956,574               | 2,712,450               | 2,891,581               |
| Unrestricted  | <u>2,047,420</u>        | <u>24,196,108</u>       | <u>8,143,817</u>        |
| Total net position  | <u>575,991,397</u>      | <u>522,565,414</u>      | <u>470,096,275</u>      |
| Total liabilities, deferred inflows<br>of resources, and net position | <u>\$ 1,376,085,085</u> | <u>\$ 1,323,668,657</u> | <u>\$ 1,284,613,830</u> |

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

**Water Department Long-Term Debt Activity**

The following table summarizes the long-term debt of the Water Department at December 31, 2024 and 2023:

|                          | <u>Balance at<br/>December 31, 2023</u> | <u>Increases</u> | <u>Decreases</u>     | <u>Balance at<br/>December 31, 2024</u> |
|--------------------------|---|------------------|----------------------|---|
| Water Revenue Bonds      |   |                  |                      |   |
| Series 2022              | \$ 61,535,000                           | \$ -             | \$ 2,025,000         | \$ 59,510,000                           |
| Plus unamortized premium | 3,159,401                               | -                | 285,461              | 2,873,940                               |
| Water Revenue Bonds      |   |                  |                      |   |
| Series 2022              | 30,545,000                              | -                | 1,570,000            | 28,975,000                              |
| Plus unamortized premium | 715,623                                 | -                | 85,696               | 629,927                                 |
| Water Revenue Bonds      |   |                  |                      |   |
| Series 2015              | 120,030,000                             | -                | 10,680,000           | 109,350,000                             |
| Plus unamortized premium | 4,258,915                               | -                | 807,911              | 3,451,004                               |
| Water Revenue Bonds      |   |                  |                      |   |
| Series 2012              | 22,120,000                              | -                | 2,095,000            | 20,025,000                              |
| Plus unamortized premium | 1,161,005                               | -                | 129,513              | 1,031,492                               |
| NDEQ Note Payable #2     | 2,447,082                               | -                | 305,641              | 2,141,441                               |
|                          | <u>\$ 245,972,026</u>                   | <u>\$ -</u>      | <u>\$ 17,984,222</u> | <u>\$ 227,987,804</u>                   |

On October 13, 2022, the District issued \$63,085,000 of Water System Revenue Bonds Series 2022. The proceeds of the sale of the 2022 bonds are being used, together with other available funds, to finance the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisitions for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2024 and 2023, the District’s long-term debt included \$59,510,000 and \$61,535,000, respectively of Series 2022 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$2,025,000 and \$1,550,000 towards its outstanding Series 2022 water revenue bonds. At December 31, 2024, \$27.2 million of the bond proceeds remained.

At December 31, 2024 and 2023, the District’s long-term debt included \$28,975,000 and \$30,545,000, respectively, of Series 2018 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$1,570,000 and \$1,495,000 towards its outstanding Series 2018 water revenue bonds.

At December 31, 2024 and 2023, the District’s long-term debt included \$109,350,000 and \$120,030,000 respectively, of Series 2015 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$10,680,000 and \$10,155,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2024 and 2023, the District’s long-term debt included \$20,025,000 and \$22,120,000, respectively, of Series 2012 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$2,095,000 and \$2,020,000 towards its outstanding Series 2012 water revenue bonds.

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Management’s Discussion and Analysis

December 31, 2024 and 2023

In 2009, the District entered into an American Recovery and Reinvestment Act loan agreement with the NDEQ for the construction of a contact basin located near its Platte South Water Treatment Plant; the loan is at a 2% interest rate per annum (NDEQ Note Payable #2). This loan provided for \$1,089,775 in loan forgiveness in the form of a grant, at project completion. At December 31, 2024 and 2023, long term obligations for this note were \$2,141,441 and \$2,447,082 respectively. During 2024 and 2023, the District made principal payments of \$305,641 and \$299,618 respectively pursuant to this note payable.

***Water Department Long-Term Debt Covenant Compliance***

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

The District was in compliance with the provisions of the Series 2012, 2015, 2018 and 2022 water revenue bond covenants at December 31, 2024, 2023 and 2022. Relative to these bond offerings, the District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately \$49.7 million, \$50.3 million and \$42.7 million for 2024, 2023 and 2022, respectively. Please see the chart below for debt service coverage ratio information:

|                                    | 2024  | 2023  | 2022  |
|------------------------------------|-------|-------|-------|
| Debt service coverage ratios       | 4.32x | 4.27x | 3.78x |
| Debt service coverage requirements | 1.20x | 1.20x | 1.20x |

***Credit Ratings and Liquidity***

In December 2024, S&P Global Ratings raised its ratings on the District’s water revenue bonds to AA+ from AA, citing the District’s “strong revenue generation.” In October 2023, Moody’s Investors Service affirmed the Aa2 rating of the District’s water enterprise system, citing a “growing customer base and solid financial performance.”

The District continues to focus on maintaining strong liquidity for the Water Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by the number of “days cash on hand”, with 353 days at year-end 2024 as compared with 453 days at year-end 2023 and 415 days at year-end 2022. The decrease to “days cash on hand” between 2023 and 2024 is driven by a \$20.1 million decrease in unrestricted cash balances, primarily due to increased capital expenditures. The unrestricted cash balances were \$101.5 million at year-end 2024.

The Water Department’s liquidity is further enhanced by a \$10,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the “U.S. Prime Rate” less 2.63 percentage points,

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

with a minimum rate of 1.95%. As of December 31, 2023, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2024, 2023 or 2022.

***Water Department Capital Asset Activity***

Significant projects in 2024 and 2023 are as follows:

- In 2024, capital and construction-related costs totaled \$114.2 million; significant expenditures for projects completed or in process included:
  - 1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$31.0 million;
  - 2) Other water mains and distribution: \$58.6 million;
  - 3) Florence water treatment plant – Basin 6 refurbishment: \$5.8 million;
  - 4) Platte South Administration building and security upgrades: \$4.7 million;
  - 5) Platte South Electrical building construction: \$2.7 million;
  - 6) Land acquisition for future reservoir and pump station: \$2.1 million;
  - 7) Other buildings, land and equipment: \$2.5 million;
  - 8) Construction machines: \$4.2 million;
  - 9) Furniture, equipment and all other general plant: \$2.6 million.
  
- In 2023, capital and construction-related costs totaled \$86.2 million; significant expenditures for projects completed or in process included:
  - 1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$23.7 million;
  - 2) Other water mains and distribution: \$38.4 million;
  - 3) Florence water treatment plant – Basin 6 refurbishment: \$12.9 million;
  - 4) West Dodge pump station– Design and construction: \$1.7 million;
  - 5) Other buildings, land and equipment: \$4.4 million;
  - 6) Construction machines: \$3.5 million.
  - 7) Furniture, equipment and all other general plant: \$1.6 million.

**Economic Factors and Going Forward**

In December 2024, the Board of Directors approved the District’s 2025 budget. Also approved was an increase to gas rate commodity charges and an increase in the monthly Gas Infrastructure Rate fee. Despite these increases to rates, the 2025 budget projects 6.1% overall annual decrease in the average residential gas bill as compared with 2024 budget assumptions driven by the lower cost of natural gas passed through to customers. In addition, an approved increase to water rate commodity charges and an increase to the monthly Water Infrastructure Rate fee will result in a 5.0% overall annual increase to the average residential water bill as compared with 2024 budget assumptions. These gas and water rate increases became effective on January 2, 2025.

The District estimates 2025 revenues of \$254.7 million for the Gas Department and \$183.9 million for the Water Department. The revenues, combined with modest spend-down of cash reserves by the Gas and Water Departments, will be used to fund the District’s operating expenditures, natural gas purchases and debt service costs.



## METROPOLITAN UTILITIES DISTRICT

### Management's Discussion and Analysis

December 31, 2024 and 2023

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

Work is nearly complete to expand the District's liquefied natural gas plant, an on-site storage facility. The vaporization and liquefaction equipment are currently operational and final commissioning activities are underway. Financed with revenue bonds, the project will positively impact customer-owners for many years to come by doubling output capacity and providing a hedge against spikes in the market price of natural gas.

Proceeds from gas revenue bonds issued in 2023 are being used to finance a portion of a new construction center and the remodel of an existing construction center. Renovations are underway at the existing construction center and significant progress has been made on the new construction center during 2024. This facility will improve reliability and business continuity and provide additional space for District employees for generations to come.

System improvements also continue at the District's three water production facilities. These large long-term capital improvement plans are largely financed with bond issuances to spread the costs over time, as the associated benefits will be realized over many years and many generations of our customer-owners.

Work to remove lead water service lines became a significant focus for the District and other water utilities across the nation. Fewer than 16,000 lead service lines have been identified in the Omaha metropolitan area. In 2024, the District initiated a program to replace these customer-owned service lines over the next ten years. For the initial phase, the District is leveraging state and federal grants and loans rather than rates to fund the program.

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

#### **Contact Information**

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

**METROPOLITAN UTILITIES DISTRICT**

Statements of Net Position

December 31, 2024 and 2023

|   | 2024                    |                      |                    |                                | 2023                    |                      |                  |                                |
|---|-------------------------|----------------------|--------------------|--------------------------------|-------------------------|----------------------|------------------|--------------------------------|
|   | Gas Department          | Water Department     | Eliminations       | Business-type Activities Total | Gas Department          | Water Department     | Eliminations     | Business-type Activities Total |
| <b>Assets and Deferred Outflows of Resources</b>                                    |                         |                      |                    |                                |                         |                      |                  |                                |
| Capital assets:   |                         |                      |                    |                                |                         |                      |                  |                                |
| Utility plant in service  | \$ 798,515,026          | 1,473,574,728        | —                  | 2,272,089,754                  | \$ 755,488,019          | 1,404,660,992        | —                | 2,160,149,011                  |
| Less accumulated depreciation   | 266,153,262             | 421,085,918          | —                  | 687,239,180                    | 252,872,621             | 395,684,111          | —                | 648,556,732                    |
| Right-to-use lease assets   | 1,047,211               | —                    | —                  | 1,047,211                      | 1,047,211               | —                    | —                | 1,047,211                      |
| Less accumulated amortization   | 733,048                 | —                    | —                  | 733,048                        | 523,606                 | —                    | —                | 523,606                        |
| Right-to-use SBITA assets   | 18,461,708              | —                    | —                  | 18,461,708                     | 8,365,575               | —                    | —                | 8,365,575                      |
| Less accumulated amortization   | 8,072,336               | —                    | —                  | 8,072,336                      | 4,058,230               | —                    | —                | 4,058,230                      |
|   | <u>543,065,299</u>      | <u>1,052,488,810</u> | <u>—</u>           | <u>1,595,554,109</u>           | <u>507,446,348</u>      | <u>1,008,976,881</u> | <u>—</u>         | <u>1,516,423,229</u>           |
| Construction in progress  | 146,480,514             | 127,175,270          | —                  | 273,655,784                    | 108,974,371             | 84,234,712           | —                | 193,209,083                    |
| Net capital assets  | <u>689,545,813</u>      | <u>1,179,664,080</u> | <u>—</u>           | <u>1,869,209,893</u>           | <u>616,420,719</u>      | <u>1,093,211,593</u> | <u>—</u>         | <u>1,709,632,312</u>           |
| Noncurrent assets:  |                         |                      |                    |                                |                         |                      |                  |                                |
| Cash and cash equivalents – restricted  | 32,348,675              | 22,060,327           | —                  | 54,409,002                     | 90,615,719              | 22,406,789           | —                | 113,022,508                    |
| Investments - restricted  | 13,834,946              | —                    | —                  | 13,834,946                     | 14,460,550              | —                    | —                | 14,460,550                     |
| Lease receivable  | 2,636,342               | 1,154,663            | —                  | 3,791,005                      | 2,655,405               | 839,777              | —                | 3,495,182                      |
| Other noncurrent assets   | 2,860,957               | 1,688,959            | —                  | 4,549,916                      | 2,629,768               | 1,620,745            | —                | 4,250,513                      |
| Total noncurrent assets   | <u>51,680,920</u>       | <u>24,903,949</u>    | <u>—</u>           | <u>76,584,869</u>              | <u>110,361,442</u>      | <u>24,867,311</u>    | <u>—</u>         | <u>135,228,753</u>             |
| Current assets:   |                         |                      |                    |                                |                         |                      |                  |                                |
| Cash and cash equivalents   | 187,877,604             | 101,494,139          | —                  | 289,371,743                    | 181,611,958             | 121,568,713          | —                | 303,180,671                    |
| Cash and cash equivalents – restricted  | 5,759,375               | 2,800,610            | —                  | 8,559,985                      | 1,926,625               | 2,537,246            | —                | 4,463,871                      |
| Investments - restricted  | 28,881,226              | 8,490,422            | —                  | 37,371,648                     | 10,546,671              | 21,611,257           | —                | 32,157,928                     |
| Accounts receivable – customers and others,<br>less allowance for doubtful accounts | 62,859,192              | 36,004,093           | —                  | 98,863,285                     | 51,838,841              | 31,913,416           | —                | 83,752,257                     |
| Interdepartmental receivable  | —                       | 2,341,114            | (2,341,114)        | —                              | —                       | 592,365              | (592,365)        | —                              |
| Natural gas in storage  | 5,895,625               | —                    | —                  | 5,895,625                      | 8,808,480               | —                    | —                | 8,808,480                      |
| Propane in storage  | 7,511,683               | —                    | —                  | 7,511,683                      | 7,150,940               | —                    | —                | 7,150,940                      |
| Lease receivable  | 19,063                  | 71,919               | —                  | 90,982                         | 18,499                  | 31,592               | —                | 50,091                         |
| Interest receivable   | 13,489                  | 13,490               | —                  | 26,979                         | 13,583                  | 14,341               | —                | 27,924                         |
| Materials and supplies  | 5,550,378               | 8,391,042            | —                  | 13,941,420                     | 5,540,133               | 6,942,862            | —                | 12,482,995                     |
| Construction materials  | 8,389,924               | 2,728,267            | —                  | 11,118,191                     | 8,385,769               | 3,218,930            | —                | 11,604,699                     |
| Prepayments   | 1,856,562               | 431,545              | —                  | 2,288,107                      | 1,424,836               | 388,366              | —                | 1,813,202                      |
| Total current assets  | <u>314,614,121</u>      | <u>162,766,641</u>   | <u>(2,341,114)</u> | <u>475,039,648</u>             | <u>277,266,335</u>      | <u>188,819,088</u>   | <u>(592,365)</u> | <u>465,493,058</u>             |
| Total assets  | <u>1,055,840,854</u>    | <u>1,367,334,670</u> | <u>(2,341,114)</u> | <u>2,420,834,410</u>           | <u>1,004,048,496</u>    | <u>1,306,897,992</u> | <u>(592,365)</u> | <u>2,310,354,123</u>           |
| Deferred Outflows of Resources  |                         |                      |                    |                                |                         |                      |                  |                                |
| Pension amounts   | 5,069,832               | 4,551,926            | —                  | 9,621,758                      | 15,938,198              | 13,939,522           | —                | 29,877,720                     |
| OPEB amounts  | 3,337,927               | 2,921,558            | —                  | 6,259,485                      | 1,392,310               | 1,232,270            | —                | 2,624,580                      |
| Deferred charge on refunding  | —                       | 1,276,931            | —                  | 1,276,931                      | —                       | 1,598,872            | —                | 1,598,872                      |
| Total deferred outflows of resources  | <u>8,407,759</u>        | <u>8,750,415</u>     | <u>—</u>           | <u>17,158,174</u>              | <u>17,330,508</u>       | <u>16,770,664</u>    | <u>—</u>         | <u>34,101,172</u>              |
| Total assets and deferred outflows of resources                                     | <u>\$ 1,064,248,613</u> | <u>1,376,085,085</u> | <u>(2,341,114)</u> | <u>2,437,992,584</u>           | <u>\$ 1,021,379,004</u> | <u>1,323,668,656</u> | <u>(592,365)</u> | <u>2,344,455,295</u>           |

See accompanying notes to basic financial statements.

|  | 2024             |                  |              |                                | 2023             |                  |              |                                |
|--|------------------|------------------|--------------|--------------------------------|------------------|------------------|--------------|--------------------------------|
|  | Gas Department   | Water Department | Eliminations | Business-type Activities Total | Gas Department   | Water Department | Eliminations | Business-type Activities Total |
| <b>Liabilities, Deferred Inflows and Net Position</b>              |                  |                  |              |                                |                  |                  |              |                                |
| Net position:  |                  |                  |              |                                |                  |                  |              |                                |
| Net investment in capital assets                                   | \$ 470,344,142   | 570,987,403      | —            | 1,041,331,545                  | \$ 442,054,853   | 495,656,856      | —            | 937,711,709                    |
| Restricted:  |                  |                  |              |                                |                  |                  |              |                                |
| Environmental  | —                | 176,974          | —            | 176,974                        | —                | 175,204          | —            | 175,204                        |
| Debt service requirements-sinking fund                             | 1,642,710        | 2,779,600        | —            | 4,422,310                      | 1,529,636        | 2,537,246        | —            | 4,066,882                      |
| Unrestricted   | 144,617,911      | 2,047,420        | —            | 146,665,331                    | 131,691,763      | 24,196,108       | —            | 155,887,871                    |
| Total net position   | 616,604,763      | 575,991,397      | —            | 1,192,596,160                  | 575,276,252      | 522,565,414      | —            | 1,097,841,666                  |
| Deferred inflows of resources                                      |                  |                  |              |                                |                  |                  |              |                                |
| Pension amounts  | —                | —                | —            | —                              | 1,628,796        | 1,308,849        | —            | 2,937,645                      |
| OPEB amounts   | 7,732,257        | 6,519,030        | —            | 14,251,287                     | 10,165,709       | 8,148,438        | —            | 18,314,147                     |
| Lease amounts  | 2,631,357        | 1,153,438        | —            | 3,784,795                      | 2,687,542        | 818,218          | —            | 3,505,760                      |
| Contributions in aid of construction                               | 42,631,048       | 416,598,612      | —            | 459,229,660                    | 41,830,029       | 391,700,124      | —            | 433,530,153                    |
| Total deferred inflows of resources                                | 52,994,662       | 424,271,080      | —            | 477,265,742                    | 56,312,076       | 401,975,629      | —            | 458,287,705                    |
| Noncurrent liabilities:  |                  |                  |              |                                |                  |                  |              |                                |
| Long-term debt, excluding current installments                     | 221,493,869      | 210,516,020      | —            | 432,009,889                    | 231,347,291      | 229,296,386      | —            | 460,643,677                    |
| Lease liability  | 116,364          | —                | —            | 116,364                        | 341,563          | —                | —            | 341,563                        |
| SBITA liability  | 6,522,495        | —                | —            | 6,522,495                      | 1,675,559        | —                | —            | 1,675,559                      |
| Self-insured risks   | 1,000,527        | 1,098,272        | —            | 2,098,799                      | 606,445          | 682,187          | —            | 1,288,632                      |
| Net pension liability  | 15,324,426       | 13,206,800       | —            | 28,531,226                     | 25,206,838       | 21,557,619       | —            | 46,764,457                     |
| Net OPEB liability   | 33,980,087       | 29,948,300       | —            | 63,928,387                     | 38,463,036       | 34,051,193       | —            | 72,514,229                     |
| Other accrued expenses   | 2,061,768        | 2,147,897        | —            | 4,209,665                      | 1,828,740        | 1,906,745        | —            | 3,735,485                      |
| Total noncurrent liabilities                                       | 280,499,536      | 256,917,289      | —            | 537,416,825                    | 299,469,472      | 287,494,130      | —            | 586,963,602                    |
| Current liabilities:   |                  |                  |              |                                |                  |                  |              |                                |
| Accounts payable   | 50,906,725       | 10,493,369       | —            | 61,400,094                     | 37,382,504       | 10,634,244       | —            | 48,016,748                     |
| Customer deposits  | 36,209,701       | 5,262,675        | —            | 41,472,376                     | 29,814,690       | 8,624,186        | —            | 38,438,876                     |
| Customer advances for construction                                 | 355,953          | 49,138,706       | —            | 49,494,659                     | 152,912          | 41,896,621       | —            | 42,049,533                     |
| Interdepartmental payable  | 2,341,114        | —                | (2,341,114)  | —                              | 592,365          | —                | (592,365)    | —                              |
| Sewer fee collection due to municipalities                         | —                | 27,680,726       | —            | 27,680,726                     | —                | 25,900,478       | —            | 25,900,478                     |
| Statutory payment due to municipalities                            | 1,117,979        | 830,562          | —            | 1,948,541                      | 1,268,933        | 728,194          | —            | 1,997,127                      |
| Other accrued expenses   | 3,556,129        | 3,704,524        | —            | 7,260,653                      | 3,549,906        | 3,701,153        | —            | 7,251,059                      |
| Current installments of long-term debt                             | 7,945,000        | 17,471,784       | —            | 25,416,784                     | 7,315,000        | 16,675,640       | —            | 23,990,640                     |
| Current installments of lease liability                            | 225,199          | —                | —            | 225,199                        | 213,963          | —                | —            | 213,963                        |
| Current installments of SBITA liability                            | 3,285,775        | —                | —            | 3,285,775                      | 1,739,644        | —                | —            | 1,739,644                      |
| Unearned revenue - firm service agreement                          | 2,198,019        | —                | —            | 2,198,019                      | 2,191,907        | —                | —            | 2,191,907                      |
| Accrued interest on revenue bonds                                  | 761,436          | 684,434          | —            | 1,445,870                      | 814,272          | 750,897          | —            | 1,565,169                      |
| Accrued interest on leases   | —                | —                | —            | —                              | —                | —                | —            | —                              |
| Accrued interest on SBITA's  | 102,652          | —                | —            | 102,652                        | 28,284           | —                | —            | 28,284                         |
| Self-insured risks   | 1,251,558        | 3,638,539        | —            | 4,890,097                      | 1,431,583        | 2,722,070        | —            | 4,153,653                      |
| Other liabilities  | 3,892,412        | —                | —            | 3,892,412                      | 3,825,241        | —                | —            | 3,825,241                      |
| Total current liabilities  | 114,149,652      | 118,905,319      | (2,341,114)  | 230,713,857                    | 90,321,204       | 111,633,483      | (592,365)    | 201,362,322                    |
| Total liabilities  | 394,649,188      | 375,822,608      | (2,341,114)  | 768,130,682                    | 389,790,676      | 399,127,613      | (592,365)    | 788,325,924                    |
| Total liabilities, deferred inflows of resources, and net position | \$ 1,064,248,613 | 1,376,085,085    | (2,341,114)  | 2,437,992,584                  | \$ 1,021,379,004 | 1,323,668,656    | (592,365)    | 2,344,455,295                  |

See accompanying notes to basic financial statements

**METROPOLITAN UTILITIES DISTRICT**  
 Statements of Revenues, Expenses, and Changes in Net Position  
 December 31, 2024 and 2023

|  | <u>2024</u>               |                             |   | <u>2023</u>               |                             |   |
|--|---------------------------|-----------------------------|---|---------------------------|-----------------------------|---|
|  | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Business-type<br/>Activities<br/>Total</u> | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Business-type<br/>Activities<br/>Total</u> |
| Operating revenues:                            |                           |                             |   |                           |                             |   |
| Charges for services                           | \$ 218,186,059            | 171,096,747                 | 389,282,806                                   | \$ 256,878,069            | 162,806,250                 | 419,684,319                                   |
| Less bad debt expense                          | 530,081                   | 188,214                     | 718,295                                       | 944,894                   | 246,758                     | 1,191,652                                     |
| Charges for services, net                      | <u>217,655,978</u>        | <u>170,908,533</u>          | <u>388,564,511</u>                            | <u>255,933,175</u>        | <u>162,559,492</u>          | <u>418,492,667</u>                            |
| Operating expenses:                            |                           |                             |   |                           |                             |   |
| Cost of natural gas                            | 104,022,598               | —                           | 104,022,598                                   | 143,384,526               | —                           | 143,384,526                                   |
| Operating and maintenance                      | 55,760,800                | 97,025,005                  | 152,785,805                                   | 49,333,188                | 87,703,107                  | 137,036,295                                   |
| Depreciation and amortization                  | 20,279,378                | 17,350,402                  | 37,629,780                                    | 19,677,699                | 16,740,538                  | 36,418,237                                    |
| Payment in lieu of taxes                       | 3,258,538                 | 2,306,485                   | 5,565,023                                     | 4,532,955                 | 2,219,932                   | 6,752,887                                     |
| Total operating expenses                       | <u>183,321,314</u>        | <u>116,681,892</u>          | <u>300,003,206</u>                            | <u>216,928,368</u>        | <u>106,663,577</u>          | <u>323,591,945</u>                            |
| Operating income                               | <u>34,334,664</u>         | <u>54,226,641</u>           | <u>88,561,305</u>                             | <u>39,004,807</u>         | <u>55,895,915</u>           | <u>94,900,722</u>                             |
| Nonoperating revenues (expenses):              |                           |                             |   |                           |                             |   |
| Investment income, net                         | 14,436,868                | 5,370,722                   | 19,807,590                                    | 10,820,569                | 5,409,640                   | 16,230,209                                    |
| Other income (expense)                         | 110,539                   | (219,038)                   | (108,499)                                     | 767,778                   | (11,186)                    | 756,592                                       |
| Interest expense, net                          | (8,019,917)               | (8,028,788)                 | (16,048,705)                                  | (4,504,082)               | (8,825,230)                 | (13,329,312)                                  |
| Total nonoperating revenues<br>(expenses), net | <u>6,527,490</u>          | <u>(2,877,104)</u>          | <u>3,650,386</u>                              | <u>7,084,265</u>          | <u>(3,426,776)</u>          | <u>3,657,489</u>                              |
| Income before capital grants                   | 40,862,154                | 51,349,537                  | 92,211,691                                    | 46,089,072                | 52,469,139                  | 98,558,211                                    |
| Capital grants                                 | 466,357                   | 2,076,446                   | 2,542,803                                     | —                         | —                           | —   |
| Change in net position                         | 41,328,511                | 53,425,983                  | 94,754,494                                    | 46,089,072                | 52,469,139                  | 98,558,211                                    |
| Net position, beginning of year                | <u>575,276,252</u>        | <u>522,565,414</u>          | <u>1,097,841,666</u>                          | <u>529,187,180</u>        | <u>470,096,275</u>          | <u>999,283,455</u>                            |
| Net position, end of year                      | <u>\$ 616,604,763</u>     | <u>575,991,397</u>          | <u>1,192,596,160</u>                          | <u>\$ 575,276,252</u>     | <u>522,565,414</u>          | <u>1,097,841,666</u>                          |

See accompanying notes to basic financial statements.

**METROPOLITAN UTILITIES DISTRICT**

Statements of Cash Flows  
December 31, 2024 and 2023

|   | 2024           |                  |                                | 2023           |                  |                                |
|---|----------------|------------------|--------------------------------|----------------|------------------|--------------------------------|
|   | Gas Department | Water Department | Business-type Activities Total | Gas Department | Water Department | Business-type Activities Total |
| Cash flows from operating activities:   |                |                  |                                |                |                  |                                |
| Receipts from customers   | \$ 207,233,312 | 167,006,069      | 374,239,381                    | \$ 301,186,311 | 159,351,403      | 460,537,714                    |
| Payments to suppliers   | (94,083,147)   | (70,491,588)     | (164,574,735)                  | (165,927,294)  | (64,180,232)     | (230,107,526)                  |
| Cash collections on behalf of other government  | —              | 229,149,654      | 229,149,654                    | —              | 217,159,800      | 217,159,800                    |
| Cash disbursements to other governments   | —              | (219,939,982)    | (219,939,982)                  | —              | (209,755,032)    | (209,755,032)                  |
| Payments to employees   | (49,864,953)   | (42,059,775)     | (91,924,728)                   | (46,091,386)   | (39,803,366)     | (85,894,752)                   |
| Payments in lieu of taxes   | (3,258,538)    | (2,306,485)      | (5,565,023)                    | (4,532,955)    | (2,219,932)      | (6,752,887)                    |
| Net cash provided by operating activities   | 60,026,674     | 61,357,893       | 121,384,567                    | 84,634,676     | 60,552,641       | 145,187,317                    |
| Cash flows from noncapital financing activities:  |                |                  |                                |                |                  |                                |
| Interdepartmental loans and advances  | 1,963,018      | (1,963,018)      | —                              | (3,385,637)    | 3,385,637        | —                              |
| Net cash provided by (used in) noncapital financing activities                          | 1,963,018      | (1,963,018)      | —                              | (3,385,637)    | 3,385,637        | —                              |
| Cash flows from capital and related financing activities:                               |                |                  |                                |                |                  |                                |
| Plant additions   | (96,951,500)   | (116,965,400)    | (213,916,900)                  | (87,010,157)   | (85,425,598)     | (172,435,755)                  |
| Plant removal/retirement costs  | (1,842,085)    | 1,663,666        | (178,419)                      | (1,340,500)    | 425,559          | (914,941)                      |
| Debt issuance costs   | (78,000)       | —                | (78,000)                       | (512,354)      | —                | (512,354)                      |
| Payments on long-term debt  | (7,315,000)    | (16,675,639)     | (23,990,639)                   | (4,780,000)    | (15,519,619)     | (20,299,619)                   |
| Change in SBITA liabilities   | 6,665,232      | —                | 6,665,232                      | (544,447)      | —                | (544,447)                      |
| Payments on lease liabilities   | (213,963)      | —                | (213,963)                      | (563,398)      | —                | (563,398)                      |
| Proceeds from issuance of debt  | —              | —                | —                              | 89,183,062     | —                | 89,183,062                     |
| Proceeds from capital grants  | 466,357        | 2,076,446        | 2,542,803                      | —              | —                | —                              |
| Customer advances/CIAC  | 2,100,877      | 40,937,865       | 43,038,742                     | 806,383        | 42,083,518       | 42,889,901                     |
| Interest paid   | (9,906,807)    | (9,081,894)      | (18,988,701)                   | (5,704,340)    | (10,232,005)     | (15,936,345)                   |
| Net cash used in capital and related financing activities                               | (107,074,889)  | (98,044,956)     | (205,119,845)                  | (10,465,751)   | (68,668,145)     | (79,133,896)                   |
| Cash flows from investing activities:   |                |                  |                                |                |                  |                                |
| Interest received   | 14,625,501     | 5,371,573        | 19,997,074                     | 12,100,793     | 5,407,709        | 17,508,502                     |
| Sales of investment securities  | 144,977,049    | 96,568,835       | 241,545,884                    | 52,263,564     | 64,658,142       | 116,921,706                    |
| Purchase of investments   | (162,686,000)  | (83,448,000)     | (246,134,000)                  | (3,400,000)    | (34,475,000)     | (37,875,000)                   |
| Net cash flows provided by (used in) investing activities                               | (3,083,450)    | 18,492,408       | 15,408,958                     | 60,964,357     | 35,590,851       | 96,555,208                     |
| Net increase (decrease) in cash and cash equivalents                                    | (48,168,647)   | (20,157,673)     | (68,326,320)                   | 131,747,645    | 30,860,984       | 162,608,629                    |
| Cash and cash equivalents, beginning of year  | 274,154,301    | 146,512,749      | 420,667,050                    | 142,406,656    | 115,651,765      | 258,058,421                    |
| Cash and cash equivalents, end of year  | \$ 225,985,654 | 126,355,076      | 352,340,730                    | \$ 274,154,301 | 146,512,749      | 420,667,050                    |
| Reconciliation of operating income to net cash provided by operating activities:        |                |                  |                                |                |                  |                                |
| Operating income  | \$ 34,334,664  | 54,226,641       | 88,561,305                     | \$ 39,004,807  | 55,895,915       | 94,900,722                     |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                |                  |                                |                |                  |                                |
| Depreciation and amortization   |                |                  |                                |                |                  |                                |
| Depreciation charged to depreciation and amortization                                   | 20,099,092     | 17,350,402       | 37,449,494                     | 19,495,269     | 16,740,538       | 36,235,807                     |
| Depreciation charged to operating and maintenance                                       | 5,201,725      | 1,607,996        | 6,809,721                      | 4,647,620      | 1,430,266        | 6,077,886                      |
| Amortization charged to depreciation and amortization                                   | 180,286        | —                | 180,286                        | 182,430        | —                | 182,430                        |
| Amortization charged to operating and maintenance                                       | 4,474,119      | 493,174          | 4,967,293                      | 3,147,989      | 531,044          | 3,679,033                      |
| Cash flows impacted by changes in   |                |                  |                                |                |                  |                                |
| Amounts due from customers and other:   | (11,001,852)   | (4,445,890)      | (15,447,742)                   | 41,485,188     | (3,424,190)      | 38,060,998                     |
| Natural gas, propane, materials, supplies, and prepayment                               | 2,110,141      | 1,491,359        | 618,782                        | 9,423,586      | (1,768,166)      | 7,655,420                      |
| Other noncurrent assets   | (231,190)      | (68,214)         | (299,404)                      | 817,654        | (72,534)         | 745,120                        |
| Accounts payable and other  | 7,734,682      | 3,072,540        | 10,807,222                     | (30,985,242)   | 1,537,723        | (29,447,519)                   |
| Customer deposits   | 6,404,824      | (3,361,511)      | 3,043,313                      | 8,339,954      | 890,532          | 9,230,486                      |
| Self-insurance and other liabilities:   | 281,228        | 1,332,554        | 1,613,782                      | 615,110        | (1,095,757)      | (480,647)                      |
| Net pension liability (asset)   | (9,882,412)    | (8,350,818)      | (18,233,230)                   | (21,401,726)   | (18,231,099)     | (39,632,825)                   |
| Deferred inflows pension  | (1,628,796)    | (1,308,849)      | (2,937,645)                    | (2,444,011)    | (2,081,937)      | (4,525,948)                    |
| Deferred outflows pension   | 10,868,366     | 9,387,596        | 20,255,962                     | 21,876,810     | 18,635,798       | 40,512,608                     |
| Net OPEB liability  | (4,482,949)    | (4,102,893)      | (8,585,842)                    | (6,181,470)    | (5,544,592)      | (11,726,062)                   |
| Deferred inflows OPEB   | (2,433,452)    | (1,629,408)      | (4,062,860)                    | (7,376,664)    | (6,283,826)      | (13,660,490)                   |
| Deferred outflows OPEB  | (1,945,617)    | (1,689,288)      | (3,634,905)                    | 4,043,558      | 3,444,510        | 7,488,068                      |
| Deferred inflows leases   | (56,185)       | 335,220          | 279,035                        | (56,186)       | (51,584)         | (107,770)                      |
| Net cash provided by operating activities   | \$ 60,026,674  | 61,357,893       | 121,384,567                    | \$ 84,634,676  | 60,552,641       | 145,187,317                    |
| Supplemental schedules of noncash capital and related financing items:                  |                |                  |                                |                |                  |                                |
| Subscription based information technology arrangements                                  | \$ 6,665,232   | —                | 6,665,232                      | \$ (544,447)   | —                | (544,447)                      |
| Construction in accounts payable  | \$ 13,689,893  | 4,238,023        | 17,927,916                     | \$ 7,815,757   | 5,324,301        | 13,140,058                     |

See accompanying notes to basic financial statements.

**METROPOLITAN UTILITIES DISTRICT**  
 Statements of Fiduciary Net Position  
 Pension and Other Post Employment Benefits  
 December 31, 2024 and 2023

|  | <b>2024</b>        | <b>2023</b>        |
|--|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |
| Cash and cash equivalents  | \$ 6,233,045       | \$ 1,655,108       |
| Investments at fair value:   |                    |                    |
| Mutual funds:  |                    |                    |
| Fixed income funds   | 212,053,202        | 190,641,628        |
| Domestic equity funds  | 307,604,201        | 284,792,128        |
| International equity funds   | 172,798,896        | 152,479,870        |
| Total investments  | 692,456,299        | 627,913,626        |
| Total assets   | \$ 698,689,344     | \$ 629,568,734     |
| <br><b>Liabilities</b>   |                    |                    |
| Accrued expense and benefits payable   | -                  | -                  |
| Total liabilities  | -                  | -                  |
| <br><b>Net position held in trust for pension and<br/>other post employment benefits</b> | <br>\$ 698,689,344 | <br>\$ 629,568,734 |

See accompanying notes to basic financial statements

**METROPOLITAN UTILITIES DISTRICT**  
 Statements of Changes in Fiduciary Net Position  
 Pension and Other Post Employment Benefits  
 December 31, 2024 and 2023

|   | <b>2024</b>           | <b>2023</b>           |
|---|-----------------------|-----------------------|
| <b>Additions:</b>   |                       |                       |
| Investment income, net appreciation in the fair value of pooled<br>separate accounts, interest and dividends, net of investment expense | \$ 69,192,987         | \$ 88,339,198         |
| Employer contributions  | 24,887,501            | 22,911,205            |
| Employee contributions  | 7,498,276             | 6,991,643             |
| <b>Total additions</b>  | <b>101,578,764</b>    | <b>118,242,046</b>    |
| <b>Deductions:</b>  |                       |                       |
| Benefit payments  | 32,353,009            | 30,878,983            |
| Administrative expenses   | 105,145               | 103,477               |
| <b>Total deductions</b>   | <b>32,458,154</b>     | <b>30,982,460</b>     |
| <b>Net increase</b>   | <b>69,120,610</b>     | <b>87,259,586</b>     |
| <b>Net position held in trust for pension and OPEB benefits</b>   |                       |                       |
| Beginning of year   | 629,568,734           | 542,309,148           |
| End of year   | <b>\$ 698,689,344</b> | <b>\$ 629,568,734</b> |

See accompanying notes to basic financial statements

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

**(1) Summary of Significant Accounting Policies*****(a) Nature of Operations***

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

***(b) Basis of Presentation***

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

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

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

***(c) Fiduciary Fund Type***

The District also includes a pension trust fund and other postemployment benefits (OPEB) trust fund as a fiduciary fund type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs or operations. Pension and OPEB trust funds are accounted for in essentially the same manner as the enterprise funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. The Pension Trust Fund accounts for the assets of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The OPEB Trust Fund accounts for the assets of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha. These plans are included in the reporting



## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

entity because the District controls the assets of each of these trust funds, as defined by GASB Statement No. 84, *Fiduciary Activities*.

**(d) Leases**

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

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

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

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

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

**(e) Subscription-Based Information Technology Arrangements**

The District follows GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which recognizes a right to use subscription asset (intangible asset) and corresponding liability.

The SBITA's, a contract that defines the right to use another party's information technology software, are measured at the net present value of subscription payments over the subscription term at inception using the incremental borrowing rate. The subscription term will include periods in which the District has a noncancellable right to use the asset and may include periods covered by an option to extend or terminate the contract.

**(f) Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding,

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

**(g) Utility Plant**

Utility plant is stated at cost. Cost includes direct charges such as labor, material, and related overhead. Expenditures for ordinary maintenance and repairs are charged to operations.

Depreciation of utility plant is computed primarily on the straight-line method over its estimated useful life. The weighted average composite depreciation rates, expressed as a percentage of the beginning of the year cost of depreciable plant in service, were:

|                  | <u>2024</u> | <u>2023</u> |
|------------------|-------------|-------------|
| Water Department | 2.1 %       | 2.2 %       |
| Gas Department   | 3.4         | 3.4         |

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

## METROPOLITAN UTILITIES DISTRICT

### Notes to Basic Financial Statements

December 31, 2024 and 2023

#### **(h) Net Position**

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

- Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation, plus unspent bond proceeds and reduced by the outstanding balance of debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for environmental funds represent net position whose use is restricted through external constraints imposed by the Nebraska Department of Environmental Quality and the Nebraska Game and Parks Commission. Restricted for debt service requirements represent net position whose use is restricted per the provisions of the Series 2012, Series 2015, Series 2018 and Series 2022 water revenue bonds, and the Series 2018, Series 2022 and Series 2023 gas revenue bonds.
- Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted for environmental, debt reserve funds, debt service requirements, or capital.

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

#### **(i) Bond Premium and Discounts**

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

#### **(j) Cash and Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, bank demand accounts, overnight repurchase agreements, and short term liquid investments purchased with an original maturity of 90 days or less. At December 31, 2024, the Gas Department held \$46.2 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2023, the Gas Department held \$105.1 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of \$15.8 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements; and \$89.3 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

At December 31, 2024, the Gas Department held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$34.6 million which is comprised of \$1.6 million pursuant to various bond resolutions, \$4.0 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements and \$29.0 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2023, the Gas Department held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$12.5 million which is comprised of \$1.9 million pursuant to various bond resolutions and \$10.6 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements.

At December 31, 2024, the Water Department held \$22.1 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.2 million pursuant to various bond resolutions, and \$18.7 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2023, the Water Department held \$22.4 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.1 million pursuant to various bond resolutions, and \$19.1 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

At December 31, 2024, the Water Department also held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$11.3 million which is made up of \$2.8 million pursuant to various bond resolutions and \$8.5 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2023, the Water Department also held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$24.1 million which is made up of \$2.5 million pursuant to various bond resolutions and \$21.6 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

**(k) Accounts Receivable and Unbilled Revenue**

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

**(l) Inventories**

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

**(m) Compensated Absences**

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

**(n) Revenues**

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

|       | <u>2024</u>          | <u>2023</u>          |
|-------|----------------------|----------------------|
| Gas   | \$ 44,179,961        | \$ 35,197,063        |
| Water | <u>4,846,814</u>     | <u>4,146,326</u>     |
|       | <u>\$ 49,026,775</u> | <u>\$ 39,343,389</u> |

**(o) Interdepartmental Transactions**

Most routine disbursement transactions of the District are paid by the Gas Department, due in part to the fact that the Gas Department collects virtually all billings for the District in combined Gas/Water invoices; balancing between the departments occurs via maintenance of interdepartmental receivable and payable accounts. At December 31, 2024, the Gas Department reflected a payable to the Water

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

Department and the Water Department reflected a receivable from the Gas Department of \$2,341,114. At December 31, 2023, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of \$592,365. The receivable and payable have been eliminated in the business-type activities total column.

**(p) Billing and Collection Agent Services**

The District serves as the billing and collection agent for fees related to sewer services provided by certain political subdivisions, including the City of Omaha. Separate accounting records are maintained by the District for these collection services. Fees billed but not yet remitted by the District to the applicable entities totaled \$27,680,726 and \$25,900,478 as of December 31, 2024 and 2023, respectively. These fees have been reflected in the District's statement of net position and amounts collected were remitted to the cities subsequent to year-end. Processing fees billed to the cities for billing and collection services provided by the District totaled approximately \$5.3 million in both 2024 and 2023. These processing fees have been reflected as a reduction to operating and maintenance expenses in the District's statement of revenue, expenses, and changes in net position. The cities' fees reflect only the expenses incurred by the District to bill and collect the cities' charges.

**(q) Pensions**

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

**(r) Other Postemployment Benefits**

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

**(s) Use of Estimates**

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

## METROPOLITAN UTILITIES DISTRICT

### Notes to Basic Financial Statements

December 31, 2024 and 2023

#### **(t) Recent Accounting Pronouncements**

GASB Statement No. 102, *Certain Risk Disclosures*, issued in December 2023, for fiscal years beginning after June 15, 2024. This Statement will improve financial reporting by providing information related to risks not required to be disclosed. This Statement requires an assessment of a concentration or constraint vulnerable to a substantial impact. The disclosure will be required to include (1) the concentration or constraint; (2) event associated with the concentration or constraint that could cause a substantial impact; and (3) actions taken to mitigate the risk. The District is currently assessing the impact of this Statement.

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued in April 2024, will be effective beginning with fiscal year December 31, 2026. This Statement's objective is to improve components of the financial reporting model to enhance effectiveness in providing essential information for decision making and to assess a government's accountability. The District is currently assessing the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued in September 2024, will be effective beginning with fiscal year December 31, 2026. This Statement requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The District is currently assessing the impact of this Statement.

#### **(2) Impact of Adoption of New Accounting Standard**

The District has implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, for the fiscal year December 31, 2024. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. There was no impact to the District's financial statements related to this Statement.

The District has implemented GASB Statement No. 101, *Compensated Absences*, for the fiscal year December 31, 2024. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. There was no impact to the District's financial statements related to this statement.

#### **(3) Deposits and Investments**

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be returned. At December 31, 2024 and 2023, all bank balances were covered by federal depository insurance or collateralized with securities.

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

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

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

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

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

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

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

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

As of December 31, 2024 and 2023, the District had the following investments and maturities:

| Investment Type                      | Fair Value    | Investment in Maturities in Years |            | Hierarchy Level | Rating Standard & Poors |
|--------------------------------------|---------------|-----------------------------------|------------|-----------------|-------------------------|
|                                      |               | Less Than One                     | 1-5        |                 |                         |
| 2024                                 |               |                                   |            |                 |                         |
| U.S. Treasury and agency obligations | \$ 51,206,594 | 37,371,648                        | 13,834,946 | 1               | AA+                     |
|                                      | \$ 51,206,594 | 37,371,648                        | 13,834,946 |                 |                         |
| 2023                                 |               |                                   |            |                 |                         |
| U.S. Treasury and agency obligations | \$ 38,860,636 | 24,400,086                        | 14,460,550 | 1               | AA+ to AAA              |
| State & Municipal                    | 7,161,617     | 7,161,617                         | -          | 1               | AA- to AA               |
| Corporate Bonds and notes            | 596,226       | 596,226                           | -          | 1               | AA-                     |
|                                      | \$ 46,618,478 | 32,157,928                        | 14,460,550 |                 |                         |



METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

As of December 31, 2024 and 2023, the District’s fiduciary funds had the following investments.

| <u>Investment Type</u>     | <u>Fair Value</u>     |                    |                    | <u>Hierarchy Level</u> |
|----------------------------|-----------------------|--------------------|--------------------|------------------------|
|                            | <u>Pension Plan</u>   | <u>OPEB</u>        | <u>Total</u>       |                        |
| 2024                       |                       |                    |                    |                        |
| Mutual Funds:              |                       |                    |                    |                        |
| Fixed Income Funds         | \$ 184,550,360        | 27,502,842         | 212,053,202        | 1                      |
| Domestic Equity Funds      | 254,716,026           | 52,888,175         | 307,604,201        | 1                      |
| International Equity Funds | 142,521,564           | 30,277,332         | 172,798,896        | 1                      |
|                            | <u>\$ 581,787,950</u> | <u>110,668,349</u> | <u>692,456,299</u> |                        |
| 2023                       |                       |                    |                    |                        |
| Mutual Funds:              |                       |                    |                    |                        |
| Fixed Income Funds         | \$ 168,236,192        | 22,405,436         | 190,641,628        | 1                      |
| Domestic Equity Funds      | 240,038,198           | 44,753,930         | 284,792,128        | 1                      |
| International Equity Funds | 127,454,873           | 25,024,997         | 152,479,870        | 1                      |
|                            | <u>\$ 535,729,263</u> | <u>92,184,363</u>  | <u>627,913,626</u> |                        |

**Credit risk:** Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy over credit risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The pension and OPEB plans’ investments in mutual funds are not rated. Purchases of fixed income investments must be rated BBB by Standard and Poor’s or Baa by Moody’s or higher. The investment policy statements of the pension and OPEB plans define fixed income investments as U.S. government and agency securities, corporate notes and bonds and private and agency residential and commercial mortgage-backed securities.

**Interest rate risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal policy over interest rate risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, investments other than those in the pension and OPEB plans are generally short-term, reducing exposure to fair value losses arising from increasing interest rates. The investment policy statements of the pension and OPEB plans do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Mutual funds (debt and equity funds) are not subject to interest rate risk given they have no maturity dates.

**Concentration of credit risk:** The District does not have a formal policy over concentration of credit risk for investments, other than pension and OPEB investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The investment policy statements of the pension and OPEB plans apply the prudent investor guidelines. Consistent with prudent standards for the preservation of capital and maintenance of liquidity, the goal of the plans is to earn the highest possible rate of return consistent with the plans’ tolerance for risk. It is the policy of the pension and OPEB plans that the portfolios should be well diversified in an attempt to reduce the overall risk of the portfolios. The investment policy statements of the pension and

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

OPEB plans limit the amount invested in a single investment security to 5 percent of the total portfolio, with the exception of investments guaranteed by the U.S. government. The investment policy statements also limit the amount invested in a single investment pool or company (mutual fund) to 20 percent of the total portfolio, with the exception of passively-managed investment vehicles seeking to match the returns on a broadly-diversified market index.

**Rate of return:** For the years ended December 31, 2024 and 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 10.8% and 16.2%, respectively. For the years ended December 31, 2024 and 2023, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 11.7% and 17.0%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Asset allocation:** The investment policy statements of the pension and OPEB plans have the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

| Asset Class                       | Target Allocation |         |
|-----------------------------------|-------------------|---------|
|                                   | Pension Plan      | OPEB    |
| Domestic (U.S.) Equities          | 36.0 %            | 40.0 %  |
| International (Non-U.S.) Equities | 24.0              | 27.0    |
| U.S. Aggregate Bonds              | 15.0              | 11.0    |
| International Bonds               | 3.0               | 3.0     |
| Intermediate Term Credit          | 11.0              | 9.0     |
| Short Term Credit                 | 3.0               | 2.0     |
| REITS                             | 8.0               | 8.0     |
| Total                             | 100.0 %           | 100.0 % |

Mutual funds may be used for these asset classes. Investments in mutual funds are not subject to concentration of credit risk.

**Custodial credit risk:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District and the pension and OPEB plans do not have a policy for custodial credit risk. As of December 31, 2024 and 2023, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

**(4) Capital Assets**

Capital assets at December 31, 2024 and 2023 is summarized as follows:

|  | <u>Gas Department</u> | <u>Water Department</u> | <u>Total</u>            |
|--|-----------------------|-------------------------|-------------------------|
| 2024   |                       |                         |                         |
| Capital assets:                                |                       |                         |                         |
| Utility Plant - Depreciable                    | \$ 791,906,481        | \$ 1,458,089,738        | \$ 2,249,996,219        |
| Utility Plant - Nondepreciable (land)          | 6,608,545             | 15,484,990              | 22,093,535              |
| Right-to-use (RTU) lease assets (buildings)    | 1,047,211             | -                       | 1,047,211               |
| Right-to-use (RTU) subscription assets (SBITA) | 18,461,708            | -                       | 18,461,708              |
| Total  | <u>818,023,945</u>    | <u>1,473,574,728</u>    | <u>2,291,598,673</u>    |
| Construction in progress<br>(nondepreciable)   | <u>146,480,514</u>    | <u>127,175,270</u>      | <u>273,655,784</u>      |
|  | 964,504,459           | 1,600,749,998           | 2,565,254,457           |
| Less:  |                       |                         |                         |
| Utility Plant - Accumulated depreciation       | (266,153,261)         | (421,085,918)           | (687,239,179)           |
| RTU - Lease accumulated amortization           | (733,048)             | -                       | (733,048)               |
| RTU - SBITA accumulated amortization           | (8,072,337)           | -                       | (8,072,337)             |
| Total capital assets, net                      | <u>\$ 689,545,813</u> | <u>\$ 1,179,664,080</u> | <u>\$ 1,869,209,893</u> |
| 2023   |                       |                         |                         |
| Capital assets:                                |                       |                         |                         |
| Utility Plant - Depreciable                    | \$ 750,844,386        | \$ 1,389,176,002        | \$ 2,140,020,388        |
| Utility Plant - Nondepreciable (land)          | 4,643,633             | 15,484,990              | 20,128,623              |
| Right-to-use (RTU) lease assets (buildings)    | 1,047,211             | -                       | 1,047,211               |
| Right-to-use (RTU) subscription assets (SBITA) | 8,365,575             | -                       | 8,365,575               |
| Total  | <u>764,900,805</u>    | <u>1,404,660,992</u>    | <u>2,169,561,797</u>    |
| Construction in progress<br>(nondepreciable)   | <u>108,974,371</u>    | <u>84,234,712</u>       | <u>193,209,083</u>      |
|  | 873,875,176           | 1,488,895,704           | 2,362,770,880           |
| Less:  |                       |                         |                         |
| Utility Plant - Accumulated depreciation       | (252,872,621)         | (395,684,111)           | (648,556,732)           |
| RTU - Lease accumulated amortization           | (523,606)             | -                       | (523,606)               |
| RTU - SBITA accumulated amortization           | (4,058,230)           | -                       | (4,058,230)             |
| Total capital assets, net                      | <u>\$ 616,420,719</u> | <u>\$ 1,093,211,593</u> | <u>\$ 1,709,632,312</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The provision for depreciation expense is as follows:

The provision for depreciation and amortization expense is as follows:

|  | 2024                 |                      |                      | 2023                 |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Gas<br>Department    | Water<br>Department  | Total                | Gas<br>Department    | Water<br>Department  | Total                |
| Charged to depreciation and amortization | \$ 20,279,378        | \$ 17,350,402        | \$ 37,629,780        | \$ 19,677,699        | \$ 16,740,538        | \$ 36,418,237        |
| Charged to operating and maintenance     | 9,675,844            | 2,101,170            | 11,777,014           | 7,795,609            | 1,961,310            | 9,756,919            |
|  | <u>\$ 29,955,222</u> | <u>\$ 19,451,572</u> | <u>\$ 49,406,794</u> | <u>\$ 27,473,308</u> | <u>\$ 18,701,848</u> | <u>\$ 46,175,156</u> |

The depreciation expense presented above includes a reduction of expense of \$9,894,109 and \$7,460,732 for the year ended December 31, 2024 and 2023, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2024 and 2023 is as follows:

|  | Balance,<br>beginning of<br>year | Increases          | Decreases            | Balance,<br>end<br>of year |
|--|----------------------------------|--------------------|----------------------|----------------------------|
| <b>2024</b>                              |                                  |                    |                      |                            |
| Gas Department:                          |                                  |                    |                      |                            |
| Utility plant in service                 | \$ 755,488,019                   | 55,244,365         | (12,217,358)         | 798,515,026                |
| Construction in progress                 | 108,974,371                      | 92,727,814         | (55,221,671)         | 146,480,514                |
| Utility Plant - Accumulated depreciation | (252,872,621)                    | (26,295,412)       | 13,014,771           | (266,153,262)              |
| Right-of-use lease assets                | 1,047,211                        | -                  | -                    | 1,047,211                  |
| RTU - Lease accumulated amortization     | (523,606)                        | (209,442)          | -                    | (733,048)                  |
| Right-of-use subscription assets (SBITA) | 8,365,575                        | 10,559,133         | (463,000)            | 18,461,708                 |
| RTU - SBITA accumulated amortization     | (4,058,230)                      | (4,014,107)        | -                    | (8,072,337)                |
|  | <u>\$ 616,420,719</u>            | <u>128,012,351</u> | <u>(54,887,258)</u>  | <u>689,545,812</u>         |
| Water Department:                        |                                  |                    |                      |                            |
| Utility plant in service                 | \$ 1,404,660,992                 | 73,429,227         | (4,515,491)          | 1,473,574,728              |
| Construction in progress                 | 84,234,712                       | 117,813,318        | (74,872,760)         | 127,175,270                |
| Accumulated depreciation                 | (395,684,111)                    | (27,810,856)       | 2,409,049            | (421,085,918)              |
|  | <u>\$ 1,093,211,593</u>          | <u>163,431,689</u> | <u>(76,979,202)</u>  | <u>1,179,664,080</u>       |
|  | <u>\$ 1,709,632,312</u>          | <u>291,444,040</u> | <u>(131,866,460)</u> | <u>1,869,209,892</u>       |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

|  | <u>Balance,<br/>beginning of<br/>year</u> | <u>Increases</u>   | <u>Decreases</u>     | <u>Balance,<br/>end<br/>of year</u> |
|--|---|--------------------|----------------------|-------------------------------------|
| <b>2023</b>                              |   |                    |                      |                                     |
| Gas Department:                          |   |                    |                      |                                     |
| Utility plant in service                 | 721,035,585                               | 45,569,042         | (11,116,608)         | 755,488,019                         |
| Construction in progress                 | 68,480,230                                | 86,096,183         | (45,602,043)         | 108,974,371                         |
| Utility Plant - Accumulated depreciation | (239,178,461)                             | (24,810,769)       | 11,116,609           | (252,872,621)                       |
| Right-of-use lease assets                | 1,347,737                                 | -                  | (300,526)            | 1,047,211                           |
| RTU - Lease accumulated amortization     | (544,551)                                 | -                  | 20,945               | (523,606)                           |
| Right-of-use subscription assets (SBITA) | 6,364,024                                 | 2,001,551          | -                    | 8,365,575                           |
| RTU - SBITA accumulated amortization     | (1,756,534)                               | (2,301,696)        | -                    | (4,058,230)                         |
|  | <u>\$ 555,748,031</u>                     | <u>106,554,311</u> | <u>(45,881,623)</u>  | <u>616,420,719</u>                  |
| Water Department:                        |   |                    |                      |                                     |
| Utility plant in service                 | 1,336,765,056                             | 73,230,450         | (5,334,514)          | 1,404,660,992                       |
| Construction in progress                 | 70,287,897                                | 87,177,333         | (73,230,518)         | 84,234,712                          |
| Accumulated depreciation                 | (373,824,913)                             | (26,523,657)       | 4,664,459            | (395,684,111)                       |
|  | <u>\$ 1,033,228,040</u>                   | <u>133,884,126</u> | <u>(73,900,573)</u>  | <u>1,093,211,593</u>                |
|  | <u>\$ 1,588,976,071</u>                   | <u>240,438,437</u> | <u>(119,782,196)</u> | <u>1,709,632,312</u>                |

**(5) Lease Receivable**

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

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

|                 | <u>2024</u>               |                             |              | <u>2023</u>               |                             |              |
|-----------------|---------------------------|-----------------------------|--------------|---------------------------|-----------------------------|--------------|
|                 | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Total</u> | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Total</u> |
| Lease Revenue   | \$ 56,187                 | 51,584                      | 107,771      | 56,186                    | 51,584                      | 107,770      |
| Interest Income | 81,407                    | 25,689                      | 107,096      | 81,957                    | 29,407                      | 111,364      |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**(6) Long-Term Obligations**

Activity in long-term obligations for the year ended December 31, 2024 and 2023 is as follows:

|  | <b>Balance,<br/>beginning<br/>of year</b> | <b>Increases</b>  | <b>Decreases</b>  | <b>Balance,<br/>end<br/>of year</b> | <b>Due within<br/>one year</b> |
|--|---|-------------------|-------------------|-------------------------------------|--------------------------------|
| <b>2024:</b>   |   |                   |                   |                                     |                                |
| Water Revenue Bonds                                    |   |                   |                   |                                     |                                |
| Series 2022  | \$ 61,535,000                             | —                 | 2,025,000         | 59,510,000                          | 2,125,000                      |
| Plus unamortized premium                               | 3,159,401                                 | —                 | 285,461           | 2,873,940                           | —                              |
| Water Revenue Bonds                                    |   |                   |                   |                                     |                                |
| Series 2018  | 30,545,000                                | —                 | 1,570,000         | 28,975,000                          | 1,645,000                      |
| Plus unamortized premium                               | 715,623                                   | —                 | 85,696            | 629,927                             | —                              |
| Water Revenue Bonds                                    |   |                   |                   |                                     |                                |
| Series 2015  | 120,030,000                               | —                 | 10,680,000        | 109,350,000                         | 11,220,000                     |
| Plus unamortized premium                               | 4,258,915                                 | —                 | 807,911           | 3,451,004                           | —                              |
| Water Revenue Bonds                                    |   |                   |                   |                                     |                                |
| Series 2012  | 22,120,000                                | —                 | 2,095,000         | 20,025,000                          | 2,170,000                      |
| Plus unamortized premium                               | 1,161,005                                 | —                 | 129,513           | 1,031,492                           | —                              |
| Gas Revenue Bonds                                      |   |                   |                   |                                     |                                |
| Series 2023  | 83,985,000                                | —                 | 2,290,000         | 81,695,000                          | 2,675,000                      |
| Plus unamortized premium                               | 5,160,271                                 | —                 | 450,237           | 4,710,034                           | —                              |
| Gas Revenue Bonds                                      |   |                   |                   |                                     |                                |
| Series 2022  | 109,120,000                               | —                 | 3,695,000         | 105,425,000                         | 3,875,000                      |
| Plus unamortized premium                               | 13,769,212                                | —                 | 1,367,096         | 12,402,116                          | —                              |
| Gas Revenue Bonds                                      |   |                   |                   |                                     |                                |
| Series 2018  | 25,850,000                                | —                 | 1,330,000         | 24,520,000                          | 1,395,000                      |
| Plus unamortized premium                               | 777,808                                   | —                 | 91,089            | 686,719                             | —                              |
| Notes from Direct Borrowings and<br>Direct Placements: |   |                   |                   |                                     |                                |
| NDEQ note payable                                      | 2,447,082                                 | —                 | 305,641           | 2,141,441                           | 311,784                        |
| Lease liability  | 555,526                                   | —                 | 213,963           | 341,563                             | 225,199                        |
| SBITA liability  | 3,415,203                                 | 9,484,019         | 3,090,952         | 9,808,270                           | 3,285,775                      |
| Net OPEB liability                                     | 72,514,229                                | —                 | 8,585,842         | 63,928,387                          | —                              |
| Net pension liability                                  | 46,764,457                                | —                 | 18,233,231        | 28,531,226                          | —                              |
| Self-insured risks                                     | 5,442,285                                 | 6,172,644         | 4,626,033         | 6,988,896                           | 4,890,097                      |
| Other accrued expenses                                 | 10,986,544                                | 7,720,500         | 7,236,726         | 11,470,318                          | 7,260,653                      |
|  | <u>\$ 624,312,561</u>                     | <u>23,377,163</u> | <u>69,194,391</u> | <u>578,495,333</u>                  | <u>41,078,508</u>              |

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

|  | <b>Balance,<br/>beginning<br/>of year,<br/>as restated</b> | <b>Increases</b>   | <b>Decreases</b>  | <b>Balance,<br/>end<br/>of year</b> | <b>Due within<br/>one year</b> |
|--|--|--------------------|-------------------|-------------------------------------|--------------------------------|
| <b>2023:</b>   |  |                    |                   |                                     |                                |
| Water Revenue Bonds                                    |  |                    |                   |                                     |                                |
| Series 2022  | \$ 63,085,000  | —                  | 1,550,000         | 61,535,000                          | 2,025,000                      |
| Plus unamortized premium                               | 3,465,080  | —                  | 305,679           | 3,159,401                           | —                              |
| Water Revenue Bonds                                    |  |                    |                   |                                     |                                |
| Series 2018  | 32,040,000   | —                  | 1,495,000         | 30,545,000                          | 1,570,000                      |
| Plus unamortized premium                               | 807,430  | —                  | 91,807            | 715,623                             | —                              |
| Water Revenue Bonds                                    |  |                    |                   |                                     |                                |
| Series 2015  | 130,185,000  | —                  | 10,155,000        | 120,030,000                         | 10,680,000                     |
| Plus unamortized premium                               | 5,164,591  | —                  | 905,676           | 4,258,915                           | —                              |
| Water Revenue Bonds                                    |  |                    |                   |                                     |                                |
| Series 2012  | 24,140,000   | —                  | 2,020,000         | 22,120,000                          | 2,095,000                      |
| Plus unamortized premium                               | 1,290,517  | —                  | 129,512           | 1,161,005                           | —                              |
| Gas Revenue Bonds                                      |  |                    |                   |                                     |                                |
| Series 2023  | —  | 83,985,000         | —                 | 83,985,000                          | 2,290,000                      |
| Plus unamortized premium                               | —  | 5,198,061          | 37,790            | 5,160,271                           | —                              |
| Gas Revenue Bonds                                      |  |                    |                   |                                     |                                |
| Series 2022  | 112,635,000  | —                  | 3,515,000         | 109,120,000                         | 3,695,000                      |
| Plus unamortized premium                               | 15,191,515   | —                  | 1,422,303         | 13,769,212                          | —                              |
| Gas Revenue Bonds                                      |  |                    |                   |                                     |                                |
| Series 2018  | 27,115,000   | —                  | 1,265,000         | 25,850,000                          | 1,330,000                      |
| Plus unamortized premium                               | 875,239  | —                  | 97,431            | 777,808                             | —                              |
| Notes from Direct Borrowings and<br>Direct Placements: |  |                    |                   |                                     |                                |
| NDEQ note payable                                      | 2,746,700  | —                  | 299,618           | 2,447,082                           | 305,640                        |
| Lease liability  | 840,402  | —                  | 284,876           | 555,526                             | 213,963                        |
| SBITA liability  | 3,959,650  | 1,344,363          | 1,888,810         | 3,415,203                           | 1,739,644                      |
| Net OPEB liability                                     | 84,240,291   | —                  | 11,726,062        | 72,514,229                          | —                              |
| Net pension liability                                  | 86,397,281   | —                  | 39,632,824        | 46,764,457                          | —                              |
| Self-insured risks                                     | 8,748,236  | 2,726,046          | 6,031,997         | 5,442,285                           | 4,153,653                      |
| Other accrued expenses                                 | 9,851,313  | 7,267,762          | 6,132,531         | 10,986,544                          | 7,251,059                      |
|  | <u>\$ 612,778,245</u>                                      | <u>100,521,232</u> | <u>88,986,916</u> | <u>624,312,561</u>                  | <u>37,348,959</u>              |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Water Revenue Bonds

**Water Revenue Bonds Series 2012**

On December 17, 2012, the District issued Water Revenue Bonds Series 2012 for a par value of \$40,745,000. The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual<br/>installment</u> | <u>Principal outstanding</u> |             |
|--------------------|----------------------|-------------------------------|------------------------------|-------------|
|                    |                      |                               | <u>2024</u>                  | <u>2023</u> |
| Series 2012 bonds: |                      |                               |                              |             |
| Serial             | 2.000% - 4.000%      | \$ 1,185,000 - 2,335,000      | 6,750,000                    | 8,845,000   |
| Term               | 3.0                  | 2,455,000 - 2,865,000         | 13,275,000                   | 13,275,000  |

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

|             | <u>Principal</u>     | <u>Interest</u>  | <u>Total</u>      |
|-------------|----------------------|------------------|-------------------|
| 2025        | \$ 2,170,000         | 684,844          | 2,854,844         |
| 2026        | 2,245,000            | 598,044          | 2,843,044         |
| 2027        | 2,335,000            | 508,244          | 2,843,244         |
| 2028        | 2,455,000            | 414,844          | 2,869,844         |
| 2029        | 2,550,000            | 338,125          | 2,888,125         |
| 2030 – 2032 | 8,270,000            | 523,594          | 8,793,594         |
|             | <u>\$ 20,025,000</u> | <u>3,067,694</u> | <u>23,092,694</u> |

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the Water Revenue Bonds Series 2012. Proceeds from the bonds were used to finance a portion of the costs of improvements to the District’s Water System including multiple projects undertaken to upgrade the District’s Platte South Plant and Florence Plant in part to comply with current regulatory requirements. The Water Revenue Bonds Series 2012 are payable solely from water revenues and are payable through 2032. Principal and interest payments of \$2,095,000 and \$768,644, respectively, were paid on these bonds in 2024. Principal and interest payments of \$2,020,000 and \$849,444, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.



METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Water Revenue Bonds Series 2015**

On December 8, 2015, the District issued Water System Improvement and Refunding Revenue Bonds, Series 2015 (the 2015 Bonds) for a par value of \$188,895,000. The 2015 Bonds were issued for the purpose of financing a portion of the costs of improvements to the District’s Water System including multiple projects undertaken to upgrade the District’s Florence Water Treatment Plant, and to refund \$153,780,000 aggregate principal amount of the District’s outstanding 2006A Bonds and 2006B Bonds.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the 2015 Bonds. The 2015 Bonds are payable solely from water revenues and are payable through 2035. Principal and interest payments of \$10,680,000 and \$4,258,505, respectively, were paid on these bonds in 2024. Principal and interest payments of \$10,155,000 and \$4,766,255, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

|                    | <u>Interest rate</u> | <u>Annual installment</u> | <u>Principal outstanding</u> |             |
|--------------------|----------------------|---------------------------|------------------------------|-------------|
|                    |                      |                           | <u>2024</u>                  | <u>2023</u> |
| Series 2015 bonds: |                      |                           |                              |             |
| Serial             | 2.850% - 5.000%      | \$ 7,330,000 - 14,115,000 | 101,530,000                  | 112,210,000 |
| Term               | 3.500                | 2,520,000 - 2,695,000     | 7,820,000                    | 7,820,000   |

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

|             | <u>Principal</u>      | <u>Interest</u>   | <u>Total</u>       |
|-------------|-----------------------|-------------------|--------------------|
| 2025        | \$ 11,220,000         | 3,724,505         | 14,944,505         |
| 2026        | 11,790,000            | 3,163,505         | 14,953,505         |
| 2027        | 12,125,000            | 2,827,490         | 14,952,490         |
| 2028        | 12,480,000            | 2,451,615         | 14,931,615         |
| 2029        | 12,855,000            | 2,052,255         | 14,907,255         |
| 2030 – 2034 | 46,185,000            | 3,996,878         | 50,181,878         |
| 2035        | 2,695,000             | 94,325            | 2,789,325          |
|             | <u>\$ 109,350,000</u> | <u>18,310,573</u> | <u>127,660,573</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Water Revenue Bonds Series 2018**

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

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

The District has pledged future water revenues to repay the 2018 Water Bonds. The 2018 Water Bonds are payable solely from water revenues and are payable through 2038. Principal and interest payments of \$1,570,000 and \$1,059,019, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,495,000 and \$1,133,769, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual<br/>installment</u> | <u>Principal outstanding</u> |             |
|--------------------|----------------------|-------------------------------|------------------------------|-------------|
|                    |                      |                               | <u>2024</u>                  | <u>2023</u> |
| Series 2018 bonds: |                      |                               |                              |             |
| Serial             | 2.500% - 5.000%      | \$ 1,255,000 - 2,540,000      | 28,975,000                   | 30,545,000  |

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

|             | <u>Principal</u>     | <u>Interest</u>  | <u>Total</u>      |
|-------------|----------------------|------------------|-------------------|
| 2025        | \$ 1,645,000         | 980,519          | 2,625,519         |
| 2026        | 1,690,000            | 939,394          | 2,629,394         |
| 2027        | 1,775,000            | 854,894          | 2,629,894         |
| 2028        | 1,845,000            | 783,894          | 2,628,894         |
| 2029        | 1,900,000            | 728,544          | 2,628,544         |
| 2030 - 2034 | 10,435,000           | 2,703,413        | 13,138,413        |
| 2035 - 2038 | 9,685,000            | 827,538          | 10,512,538        |
|             | <u>\$ 28,975,000</u> | <u>7,818,195</u> | <u>36,793,195</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Water Revenue Bonds Series 2022**

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

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2022 Water Bonds will be used to finance a portion of the costs to improve the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The District has pledged future water revenues to repay the 2022 Water Bonds. The 2022 Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$2,025,000 and \$2,924,594, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,550,000 and \$3,402,373, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual installment</u> | <u>Principal outstanding<br/>2024</u> | <u>2023</u> |
|--------------------|----------------------|---------------------------|---------------------------------------|-------------|
| Series 2022 bonds: |                      |                           |                                       |             |
| Serial             | 4.250% - 5.000%      | \$ 1,550,000 - 4,740,000  | 59,510,000                            | 61,535,000  |

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

|             | <u>Principal</u>     | <u>Interest</u>   | <u>Total</u>      |
|-------------|----------------------|-------------------|-------------------|
| 2025        | \$ 2,125,000         | 2,823,344         | 4,948,344         |
| 2026        | 2,235,000            | 2,717,094         | 4,952,094         |
| 2027        | 2,345,000            | 2,605,344         | 4,950,344         |
| 2028        | 2,460,000            | 2,488,094         | 4,948,094         |
| 2029        | 2,585,000            | 2,365,094         | 4,950,094         |
| 2030 - 2034 | 15,000,000           | 9,752,219         | 24,752,219        |
| 2035 - 2039 | 19,115,000           | 5,637,794         | 24,752,794        |
| 2040 - 2042 | 13,645,000           | 1,205,112         | 14,850,112        |
|             | <u>\$ 59,510,000</u> | <u>29,594,094</u> | <u>89,104,094</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

|             | <u>Principal</u>      | <u>Interest</u>   | <u>Total</u>       |
|-------------|-----------------------|-------------------|--------------------|
| 2025        | \$ 17,160,000         | 8,213,211         | 25,373,211         |
| 2026        | 17,960,000            | 7,418,036         | 25,378,036         |
| 2027        | 18,580,000            | 6,795,971         | 25,375,971         |
| 2028        | 19,240,000            | 6,138,446         | 25,378,446         |
| 2029        | 19,890,000            | 5,484,018         | 25,374,018         |
| 2030 – 2034 | 79,890,000            | 16,976,104        | 96,866,104         |
| 2035 – 2039 | 31,495,000            | 6,559,657         | 38,054,657         |
| 2040 – 2042 | 13,645,000            | 1,205,112         | 14,850,112         |
|             | <u>\$ 217,860,000</u> | <u>58,790,556</u> | <u>276,650,556</u> |

The District has pledged future water revenues to repay the Water Bonds. The aggregate Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$16,370,000 and \$9,010,761, respectively, were paid on these bonds in 2024. Principal and interest payments of \$15,220,000 and \$10,151,841, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

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

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

Charges and assessments exceeded amounts required by covenants by approximately \$49.7 million for 2024; funds available for debt service were equal to 4.3 times average debt service costs in 2024.

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

The Series 2012, 2015, 2018 and 2022 water revenue bond agreements contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**(a) Gas Revenue Bonds**

**Gas Revenue Bonds Series 2018**

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

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

The District has pledged future gas revenues to repay the 2018 Gas Bonds. The 2018 Gas Bonds are payable solely from gas revenues and are payable through 2038. Principal and interest payments of \$1,330,000 and \$917,679, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,265,000 and \$980,929, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual installment</u> | <u>Principal outstanding<br/>2024</u> | <u>2023</u> |
|--------------------|----------------------|---------------------------|---------------------------------------|-------------|
| Series 2018 bonds: |                      |                           |                                       |             |
| Serial             | 2.750% - 5.000%      | \$ 1,040,000 - 2,175,000  | 15,115,000                            | 16,445,000  |
| Term               | 3.500% - 4.000%      | \$ 1,650,000 - 2,095,000  | 9,405,000                             | 9,405,000   |

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

|             | <u>Principal</u>     | <u>Interest</u>  | <u>Total</u>      |
|-------------|----------------------|------------------|-------------------|
| 2025        | \$ 1,395,000         | 851,179          | 2,246,179         |
| 2026        | 1,435,000            | 812,816          | 2,247,816         |
| 2027        | 1,490,000            | 755,416          | 2,245,416         |
| 2028        | 1,550,000            | 695,816          | 2,245,816         |
| 2029        | 1,605,000            | 645,441          | 2,250,441         |
| 2030 - 2034 | 8,825,000            | 2,414,196        | 11,239,196        |
| 2035 - 2038 | 8,220,000            | 772,750          | 8,992,750         |
|             | <u>\$ 24,520,000</u> | <u>6,947,615</u> | <u>31,467,615</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Gas Revenue Bonds Series 2022**

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

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2022 Gas Bonds will be used to finance the continued replacement of cast iron mains throughout the District’s gas system, expansion of and improvements to the District’s liquified natural gas plant and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2022 Gas Bonds. The 2022 Gas Bonds are payable solely from gas revenues and are payable through 2042. Principal and interest payments of \$3,695,000 and \$4,386,050, respectively, were paid on these bonds in 2024. Principal and interest payments of \$3,515,000 and \$4,561,800, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual installment</u> | <u>Principal outstanding<br/>2024</u> | <u>2023</u> |
|--------------------|----------------------|---------------------------|---------------------------------------|-------------|
| Series 2022 bonds: |                      |                           |                                       |             |
| Serial             | 3.000% - 5.000%      | \$ 2,405,000 - 7,845,000  | 105,425,000                           | 109,120,000 |

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

|             | <u>Principal</u>      | <u>Interest</u>   | <u>Total</u>       |
|-------------|-----------------------|-------------------|--------------------|
| 2025        | \$ 3,875,000          | 4,201,300         | 8,076,300          |
| 2026        | 4,070,000             | 4,007,550         | 8,077,550          |
| 2027        | 4,275,000             | 3,804,050         | 8,079,050          |
| 2028        | 4,490,000             | 3,590,300         | 8,080,300          |
| 2029        | 4,715,000             | 3,365,800         | 8,080,800          |
| 2030 - 2034 | 27,345,000            | 13,049,000        | 40,394,000         |
| 2035 - 2039 | 33,800,000            | 6,597,300         | 40,397,300         |
| 2040 - 2042 | 22,855,000            | 1,384,800         | 24,239,800         |
|             | <u>\$ 105,425,000</u> | <u>40,000,100</u> | <u>145,425,100</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Gas Revenue Bonds Series 2023**

On November 8, 2023, the District issued Gas System Revenue Bonds, Series 2023 (the 2023 Gas Bonds) for a par value of \$83,985,000. The 2023 Gas Bonds were issued for the purpose of financing a portion of the continued expansion of and improvements to the District’s liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2023 Gas Bonds will be used to finance a portion of the continued expansion of and improvements to the District’s liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2023 Gas Bonds. The 2023 Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$2,290,000 and \$4,467,535, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

|                    | <u>Interest rate</u> | <u>Annual installment</u> | <u>Principal outstanding</u> |             |
|--------------------|----------------------|---------------------------|------------------------------|-------------|
|                    |                      |                           | <u>2024</u>                  | <u>2023</u> |
| Series 2023 bonds: |                      |                           |                              |             |
| Serial             | 5.000%               | \$ 2,290,000 - 6,440,000  | 81,695,000                   | 83,985,000  |

At the option of the District, the Gas Revenue Bonds Series 2023 are subject to optional redemption prior to maturity on and after December 1, 2033. Principal and interest payments are as follows:

|             |    | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>       |
|-------------|----|-------------------|-------------------|--------------------|
| 2025        | \$ | 2,675,000         | 4,084,750         | 6,759,750          |
| 2026        |    | 2,810,000         | 3,951,000         | 6,761,000          |
| 2027        |    | 2,950,000         | 3,810,500         | 6,760,500          |
| 2028        |    | 3,095,000         | 3,663,000         | 6,758,000          |
| 2029        |    | 3,250,000         | 3,508,250         | 6,758,250          |
| 2030 - 2034 |    | 18,865,000        | 14,934,000        | 33,799,000         |
| 2035 - 2039 |    | 24,080,000        | 9,721,500         | 33,801,500         |
| 2040 - 2043 |    | 23,970,000        | 3,069,500         | 27,039,500         |
|             | \$ | <u>81,695,000</u> | <u>46,742,500</u> | <u>128,437,500</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Series 2018, Series 2022 and Series 2023 Debt Service Requirements**

The total principal and interest payments for the Series 2018, 2022 and 2023 gas revenue bonds are as follows:

|             | <u>Principal</u>      | <u>Interest</u>   | <u>Total</u>       |
|-------------|-----------------------|-------------------|--------------------|
| 2025        | \$ 7,945,000          | 9,137,229         | 17,082,229         |
| 2026        | 8,315,000             | 8,771,366         | 17,086,366         |
| 2027        | 8,715,000             | 8,369,966         | 17,084,966         |
| 2028        | 9,135,000             | 7,949,116         | 17,084,116         |
| 2029        | 9,570,000             | 7,519,491         | 17,089,491         |
| 2030 - 2034 | 55,035,000            | 30,397,196        | 85,432,196         |
| 2035 - 2039 | 66,100,000            | 17,091,550        | 83,191,550         |
| 2040 - 2043 | 46,825,000            | 4,454,300         | 51,279,300         |
|             | <u>\$ 211,640,000</u> | <u>93,690,215</u> | <u>305,330,215</u> |

The District has pledged future gas revenues to repay the Gas Bonds. The aggregate Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$7,315,000 and \$9,771,264, respectively, were paid on these bonds in 2024. Principal and interest payments of \$4,780,000 and \$5,542,729, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

**Series 2018, Series 2022 and Series 2023 Debt Covenant Compliance**

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

Charges and assessments exceeded amounts required by covenants by approximately \$50.5 million for 2024; funds available for debt service were equal to 4.3 times average debt service costs in 2024.

**Series 2018, Series 2022 and Series 2023 Remedies for Default**

The Series 2018 and 2022 gas revenue bond agreement contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

**(b) Direct Borrowings and Direct Placements**

**NDEQ Note Payable**

Included in long-term debt in the Water Department is a note payable, bearing a 2% interest rate, to the Nebraska Department of Environmental Quality (NDEQ). This note payable relates to construction of



METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

the Platte South contact basin project. The District’s loan agreement was based on a budgeted project cost of \$7,049,000; if actual project costs equal budget, the agreement results in a loan amount of \$5,959,225 with the NDEQ, and principal forgiveness of \$1,089,775, in the form of a grant. The Platte South contact basin project was completed in late 2012, with total direct project costs of \$6,886,837, resulting in total committed loan funds of \$5,797,062.

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

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

During 2024 and 2023, the District paid back \$305,641 and \$299,618, respectively, as principal. The note payable requirements to maturity, June 15, 2031, for the NDEQ note payable are as follows:

|           | <u>Principal</u>    | <u>Interest</u> | <u>Administrative<br/>fee</u> | <u>Total</u>     |
|-----------|---------------------|-----------------|-------------------------------|------------------|
| 2025      | \$ 311,784          | 41,278          | 20,639                        | 373,700          |
| 2026      | 318,051             | 35,011          | 17,505                        | 370,567          |
| 2027      | 324,444             | 28,618          | 14,309                        | 367,371          |
| 2028      | 330,965             | 22,097          | 11,048                        | 364,110          |
| 2029      | 337,617             | 15,444          | 7,722                         | 360,783          |
| 2030-2031 | 518,581             | 10,400          | 5,200                         | 534,181          |
|           | <u>\$ 2,141,441</u> | <u>152,847</u>  | <u>76,424</u>                 | <u>2,370,712</u> |

**(c) Lease Liability**

The District leases facilities from others. This lease has a term of three years requiring monthly payments.

**Building Lease - 14242 C Circle**

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

As of December 31, 2024, the District had outstanding principal and interest of \$349,899 related to this lease.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2024 were as follows:

|      | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>   |
|------|-------------------|-----------------|----------------|
| 2025 | \$ 225,199        | 7,300           | 232,499        |
| 2026 | 116,364           | 1,036           | 117,400        |
|      | <u>\$ 341,563</u> | <u>8,336</u>    | <u>349,899</u> |

**(d) SBITA Liability**

The District has entered into subscription-based information technology arrangements with various vendors for the right to use the vendor’s software as a service, as a platform, or as infrastructure. These arrangements have subscription terms between three years and five years requiring monthly, quarterly or annual payments. The subscriptions are measured at a discount rate of 2.890%, 3.048%, 3.177% or 3.298% depending on the year the agreement was initiated. Any variable payments made to vendor that were determined to be performance or usage-based were not included in the measurement of the liability.

As of December 31, 2024, the District had outstanding principal and interest of \$10,330,670 related to these subscriptions.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of December 31, 2024 were as follows:

|      | <u>Principal</u>    | <u>Interest</u> | <u>Total</u>      |
|------|---------------------|-----------------|-------------------|
| 2025 | \$ 3,285,775        | 254,960         | 3,540,735         |
| 2026 | 2,703,648           | 157,106         | 2,860,754         |
| 2027 | 1,967,777           | 86,210          | 2,053,987         |
| 2028 | 1,851,070           | 24,124          | 1,875,194         |
|      | <u>\$ 9,808,270</u> | <u>522,400</u>  | <u>10,330,670</u> |

**(7) Line of Credit**

The District has an unsecured line of credit for \$10,000,000. The current Loan Agreement matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the U.S. Prime Rate less 2.63 percentage points with a minimum rate of 1.95%. As of December 31, 2024, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2024 or 2023.

## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

**(8) Defined-Benefit Pension Plan****General Information about the Pension Plan****(a) Plan Description**

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

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

**(b) Benefits Provided**

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**(c) Employees Covered by Benefit Terms**

As of January 1, 2024, membership of the Plan consisted of the following:

|  |       |
|--|-------|
| Inactive members or their beneficiaries currently receiving benefits | 728   |
| Disabled members   | 14    |
| Inactive members entitled to but not yet receiving benefits          | 60    |
| Inactive non-vested members  | 5     |
| Active members   | 888   |
| Total  | 1,695 |

**(d) Contributions**

Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District’s policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual required contribution. At times, the District has contributed in excess of the full annual required contribution.

For calendar year 2024, each member contributed 9.0% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March 2023 and effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2026. District contributions to the Plan totaled \$12,912,828 for the fiscal year ending December 31, 2024 and \$11,055,924 for the fiscal year ending December 31, 2023.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Pension Plan Fiduciary Net Position**

Financial information about the pension plan’s fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2024 and 2023 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2024 and 2023

|                                      | <u>2024</u>           | <u>2023</u>        |
|--------------------------------------|-----------------------|--------------------|
| Assets                               |                       |                    |
| Cash and cash equivalents            | \$ 5,833,991          | 1,655,108          |
| Investments at fair value            |                       |                    |
| Mutual funds:                        |                       |                    |
| Fixed income funds                   | 184,550,360           | 168,236,192        |
| Domestic equity funds                | 254,716,026           | 240,038,198        |
| International equity funds           | <u>142,521,564</u>    | <u>127,454,873</u> |
| Total investments                    | <u>581,787,950</u>    | <u>535,729,263</u> |
| Total assets                         | <u>587,621,941</u>    | <u>537,384,371</u> |
| Net position restricted for pensions | <u>\$ 587,621,941</u> | <u>537,384,371</u> |

Statements of Changes in the Fiduciary Net Position  
for the Years Ended December 31, 2024 and 2023

|                                       | <u>2024</u>           | <u>2023</u>        |
|---------------------------------------|-----------------------|--------------------|
| Additions:                            |                       |                    |
| Employer contributions                | \$ 12,912,828         | 11,055,924         |
| Employee contributions                | <u>7,498,276</u>      | <u>6,991,643</u>   |
| Total contributions                   | 20,411,104            | 18,047,567         |
| Net investment income                 | <u>58,052,663</u>     | <u>75,376,746</u>  |
| Total additions                       | <u>78,463,767</u>     | <u>93,424,313</u>  |
| Deductions:                           |                       |                    |
| Service benefits                      | 28,131,942            | 26,553,746         |
| Administrative expenses               | <u>94,255</u>         | <u>92,954</u>      |
| Total deductions                      | <u>28,226,197</u>     | <u>26,646,700</u>  |
| Net increase                          | 50,237,570            | 66,777,613         |
| Net position restricted for pensions: |                       |                    |
| Beginning of year                     | <u>537,384,371</u>    | <u>470,606,758</u> |
| End of year                           | <u>\$ 587,621,941</u> | <u>537,384,371</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Net Pension Liability**

All of the District’s pension assets are available to pay member’s benefit. The net pension liability as of December 31, 2024 and 2023 was as follows:

|  | <u>2024</u>        | <u>2023</u>        |
|--|--------------------|--------------------|
| Total pension liability                                  | \$ 616,153,168     | 584,148,828        |
| Fiduciary net position                                   | <u>587,621,941</u> | <u>537,384,372</u> |
| Net pension liability                                    | 28,531,227         | 46,764,456         |
| Fiduciary net position as a % of total pension liability | 95.37%             | 91.99%             |
| Covered payroll  | \$ 83,387,029      | 77,757,044         |
| Net pension liability as a % of covered payroll          | 34.22%             | 60.14%             |

**(a) Actuarial Assumptions**

The District’s net pension asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2024, rolled forward one year to December 31, 2024.

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

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated October 25, 2021. In November 2021, the Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.75%. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan’s investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Projected future benefit payments for all current plan members were projected through 2123.

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

| <b>Asset Class</b>                | <b>Target<br/>Allocation</b> | <b>Long-Term<br/>Expected Real<br/>Rate of Return</b> |
|-----------------------------------|------------------------------|---|
| Domestic (U.S.) equities          | 36.0 %                       | 3.7 %   |
| International (Non-U.S.) equities | 24.0                         | 6.3   |
| U.S. aggregate bonds              | 15.0                         | 1.4   |
| International bonds               | 3.0                          | 0.9   |
| Intermediate term credit          | 11.0                         | 1.8   |
| Short term credit                 | 3.0                          | 1.7   |
| REITS                             | 8.0                          | 3.4   |
| Total                             | 100.0 %                      |   |

**(b) Discount Rate**

The discount rate used to measure the total pension liability at December 31, 2024 and 2023 was 6.75%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the measurement date:

- a. Employee contribution rate: 9.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March 2023 and effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2026.
- b. District contribution: The actuarial contribution rate less the employee contribution rate times expected pensionable payroll for the plan year.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

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

The following presents the net pension liability of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District’s net pension (asset)/liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

|         | <b>1% Decrease<br/>(5.75%)</b> | <b>Current<br/>Discount Rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|---------|--------------------------------|--|--------------------------------|
|         | <hr/>                          | <hr/>  | <hr/>                          |
| 2024 \$ | 107,460,949                    | 28,531,227                                   | (37,379,612)                   |

The following presents the net pension liability of the District as of December 31, 2023, calculated using the discount rate of 6.75%, as well as the District’s net pension (asset)/liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

|         | <b>1% Decrease<br/>(5.75%)</b> | <b>Current<br/>Discount Rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|---------|--------------------------------|--|--------------------------------|
|         | <hr/>                          | <hr/>  | <hr/>                          |
| 2023 \$ | 121,506,164                    | 46,764,457                                   | (15,673,947)                   |



METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**(d) Changes in Net Pension Liability**

|  | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a) - (b)</b> |
|--|--|--|--|
| <b>Balances at December 31, 2022</b>               | \$ 557,004,039                             | 470,606,758                                    | 86,397,281                                     |
| <b>Changes for the year:</b>                       |  |  |  |
| Service cost                                       | 14,685,921                                 | -  | 14,685,921                                     |
| Interest on total pension liability                | 36,716,217                                 | -  | 36,716,217                                     |
| Differences between expected and actual experience | 2,296,397                                  | -  | 2,296,397                                      |
| Assumption changes                                 | -  | -  | -  |
| Employer contributions                             | -  | 11,055,924                                     | (11,055,924)                                   |
| Employee contributions                             | -  | 6,991,643                                      | (6,991,643)                                    |
| Net investment income                              | -  | 75,376,746                                     | (75,376,746)                                   |
| Benefit payments, including member refunds         | (26,553,746)                               | (26,553,746)                                   | -  |
| Administrative expenses                            | -  | (92,954)                                       | 92,954   |
| <b>Net changes</b>                                 | <u>27,144,789</u>                          | <u>66,777,613</u>                              | <u>(39,632,824)</u>                            |
| <b>Balances at December 31, 2023</b>               | \$ <u>584,148,828</u>                      | <u>537,384,371</u>                             | <u>46,764,457</u>                              |
| <b>Changes for the year:</b>                       |  |  |  |
| Service cost                                       | 15,812,155                                 | -  | 15,812,155                                     |
| Interest on total pension liability                | 38,496,096                                 | -  | 38,496,096                                     |
| Differences between expected and actual experience | 5,828,031                                  | -  | 5,828,031                                      |
| Assumption changes                                 | -  | -  | -  |
| Employer contributions                             | -  | 12,912,828                                     | (12,912,828)                                   |
| Employee contributions                             | -  | 7,498,276                                      | (7,498,276)                                    |
| Net investment income                              | -  | 58,052,663                                     | (58,052,663)                                   |
| Benefit payments, including member refunds         | (28,131,942)                               | (28,131,942)                                   | -  |
| Administrative expenses                            | -  | (94,254)                                       | 94,254   |
| <b>Net changes</b>                                 | <u>32,004,340</u>                          | <u>50,237,571</u>                              | <u>(18,233,231)</u>                            |
| <b>Balances at December 31, 2024</b>               | \$ <u>616,153,168</u>                      | <u>587,621,942</u>                             | <u>28,531,226</u>                              |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The District recognized pension expense of \$11,997,914 and \$7,409,761 for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                            | \$ 3,633,981                              | -  |
| Changes of assumptions  | 2,383,476                                 | -  |
| Differences between projected and actual earnings on pension plan investments | <u>3,604,301</u>                          | <u>-</u>                                 |
| Total   | <u>\$ 9,621,758</u>                       | <u>-</u>                                 |

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                            | \$ -                                      | 2,937,645                                |
| Changes of assumptions  | 4,138,456                                 | -  |
| Differences between projected and actual earnings on pension plan investments | <u>25,739,264</u>                         | <u>-</u>                                 |
| Total   | <u>\$ 29,877,720</u>                      | <u>2,937,645</u>                         |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

| <u>Year ended December 31:</u> | <u>Net Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2025                           | \$ 7,313,558  |
| 2026                           | 14,827,391  |
| 2027                           | (11,721,000)  |
| 2028                           | (2,954,444)   |
| 2029                           | 1,128,489   |
| Thereafter                     | 1,027,764   |
|                                | <u>\$ 9,621,758</u>   |

**(9) Postemployment Benefits**

**General Information about the OPEB Plan**

**(a) Plan Description**

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**(b) Plan Membership**

As of January 1, 2023, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

|  |                     |
|--|---------------------|
| Inactive members or their beneficiaries currently receiving benefits | 861                 |
| Inactive members entitled to but not yet receiving benefits          | 20                  |
| Active members   | 865                 |
| Total  | <u><u>1,746</u></u> |

**(c) Contributions**

The contribution requirements of plan members and the District are established and can be amended by the Board. Contributions are made to the plan based on a pay-as-you-go basis, with an additional amount to prefund benefits through an OPEB trust created in 2016, as determined annually by the Board. For the years ended December 31, 2024 and 2023, the following payments were made:

|                        | <u>2024</u>                 | <u>2023</u>                 |
|------------------------|-----------------------------|-----------------------------|
| Water retirees         | \$ 3,209,161                | \$ 3,140,604                |
| Gas retirees           | <u>3,767,275</u>            | <u>3,686,797</u>            |
| Total claims/fees paid | \$ 6,976,436                | \$ 6,827,401                |
| Prefunded benefits     | 7,753,606                   | 7,530,044                   |
| Retiree contributions  | <u>(2,755,369)</u>          | <u>(2,502,164)</u>          |
| Total                  | <u><u>\$ 11,974,673</u></u> | <u><u>\$ 11,855,281</u></u> |

Retiree health premiums are calculated based on a three-year rolling average, with 2024 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2024. Retirees contribute to the cost of retiree health care at varying rates based on their age, as follows: 1) ages 59 and older: 33% of the full premium, 2) age 58: 50% of the full premium and 3) ages 55 through 57: 100% of the full premium. The rates in effect as of April 1, 2024 are as follows: 1) ages 59 and older: \$284.05 per month, 2) age 58: \$426.08 per month and 3) ages 55 through 57: \$852.15 per month. If spousal coverage is purchased, the same age-based monthly rates apply based on the retiree's age, meaning that the cost for spousal coverage is the same as the cost for the retiree's coverage (i.e. in the case of a married couple comprised of a retiree who is 59 and a spouse who is 55; each would pay \$284.05 per month).

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**OPEB Plan Fiduciary Net Position**

Financial information about the OPEB plan’s fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2024 and 2023 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2024 and 2023

|   | <u>2024</u>           | <u>2023</u>       |
|---|-----------------------|-------------------|
| Assets  |                       |                   |
| Cash and cash equivalents                                 | \$ 399,054            | -                 |
| Investments at fair value                                 |                       |                   |
| Mutual funds:   |                       |                   |
| Fixed income funds  | 27,502,842            | 22,405,436        |
| Domestic equity funds                                     | 52,888,175            | 44,753,930        |
| International equity funds                                | <u>30,277,332</u>     | <u>25,024,997</u> |
| Total investments   | <u>110,668,349</u>    | <u>92,184,363</u> |
| Total assets  | <u>111,067,403</u>    | <u>92,184,363</u> |
| Net position restricted for other postemployment benefits | <u>\$ 111,067,403</u> | <u>92,184,363</u> |

Statements of Changes in the Fiduciary Net Position

For the Years Ended December 31, 2024 and 2023

|  | <u>2024</u>           | <u>2023</u>       |
|--|-----------------------|-------------------|
| Additions:   |                       |                   |
| Employer contributions                                     | \$ 11,974,673         | 11,855,281        |
| Net investment income                                      | <u>11,140,324</u>     | <u>12,962,452</u> |
| Total additions  | <u>23,114,997</u>     | <u>24,817,733</u> |
| Deductions:  |                       |                   |
| Benefit payments   | 4,221,067             | 4,325,237         |
| Administrative expenses                                    | <u>10,890</u>         | <u>10,523</u>     |
| Total deductions   | <u>4,231,957</u>      | <u>4,335,760</u>  |
| Net increase   | 18,883,040            | 20,481,973        |
| Net position restricted for other postemployment benefits: |                       |                   |
| Beginning of year  | <u>92,184,363</u>     | <u>71,702,390</u> |
| End of year  | <u>\$ 111,067,403</u> | <u>92,184,363</u> |

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

**Net OPEB Liability**

The net OPEB liability as of December 31, 2024 and 2023 was as follows:

|   | <u>2024</u>        | <u>2023</u>       |
|---|--------------------|-------------------|
| Total OPEB liability                                  | \$ 174,995,790     | 164,698,591       |
| Fiduciary net position                                | <u>111,067,403</u> | <u>92,184,362</u> |
| Net OPEB liability                                    | 63,928,387         | 72,514,229        |
| Fiduciary net position as a % of total OPEB liability | 63.47%             | 55.97%            |

**(a) Actuarial Assumptions**

The District’s net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2023 rolled forward using standard actuarial techniques to December 31, 2024.

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

|  |                        |
|--|------------------------|
| Inflation  | 2.50%                  |
| Salary increases, including inflation  | 3.65% to 10.4%         |
| Long-term investment rate of return, net of OPEB plan investment expenses, including inflation | 6.75%                  |
| Healthcare cost trend rates:   |                        |
| Medical trend assumptions (under age 65)   | 7.00% - 4.50%          |
| Medical trend assumptions (Ages 65 and older)  | 5.50% - 4.50%          |
| Year of ultimate trend rate  | Fiscal Year Ended 2033 |

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

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

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

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

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

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Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

| <u>Asset Class</u>                | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-----------------------------------|------------------------------|---|
| Domestic (U.S.) equities          | 40.0 %                       | 3.7 %   |
| International (Non-U.S.) equities | 27.0                         | 6.3   |
| U.S. aggregate bonds              | 11.0                         | 1.4   |
| International bonds               | 3.0                          | 0.9   |
| Intermediate term credit          | 9.0                          | 1.8   |
| Short term credit                 | 2.0                          | 1.7   |
| REITS                             | 8.0                          | 3.4   |
| Total                             | <u>100.0 %</u>               |   |

**(b) Discount Rate**

The discount rate used to measure the total OPEB liability at December 31, 2024 and 2023 was 6.75%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of January 1, 2023 with some adjusted assumptions regarding election of coverage. In addition to the actuarial methods and assumptions, the following actuarial methods and assumptions were used in the projection of cash flows:

- a. The District is currently paying benefits on a pay-as-you-go basis and has established a trust to pay future benefits. The trust is still growing and has not yet begun to pay benefit payments. The long-term intent is to eventually pay benefits from the trust.
- b. Based on the funding policy adopted on August 1, 2018, the District intends to contribute, at a minimum, the Actuarially Determined Contribution (ADC) for all years beginning in 2019. The ADC is calculated under funding assumptions, not under GASB 74 or GASB 75 assumptions. There is a separate January 1, 2023 funding report, issued July 20, 2023, that describes the assumptions and methods used to determine the ADC.
- c. Because there is a formal funding policy, the amount contributed in future years follows the funding policy: 100% of the ADC.

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

Based on these assumptions, the plan’s FNP was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of a single equivalent interest rate (SEIR). The long-term expected rate of return of 6.75% on Plan investments was applied to all periods, resulting in a SEIR of 6.75%.

**(c) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District’s net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| <b>2024</b>        | <b>1% Decrease<br/>(5.75%)</b> | <b>Discount Rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|--------------------|--------------------------------|----------------------------------|--------------------------------|
| Net OPEB Liability | \$ 86,535,182                  | 63,928,387                       | 45,263,429                     |

The following presents the net OPEB liability of the District as of December 31, 2023, calculated using the discount rate of 6.75%, as well as the District’s net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| <b>2023</b>        | <b>1% Decrease<br/>(5.75%)</b> | <b>Discount Rate<br/>(6.75%)</b> | <b>1% Increase<br/>(7.75%)</b> |
|--------------------|--------------------------------|----------------------------------|--------------------------------|
| Net OPEB Liability | \$ 94,597,267                  | 72,514,229                       | 54,310,057                     |

**(d) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.50% decreasing to 4.50% for Medicare eligible, as well as the District’s net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

| <b>2024</b>        | <b>1% Decrease</b> | <b>Current<br/>Trend Rates</b> | <b>1% Increase</b> |
|--------------------|--------------------|--------------------------------|--------------------|
| Net OPEB Liability | \$ 41,748,819      | 63,928,387                     | 91,251,639         |



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The following presents the net OPEB liability of the District as of December 31, 2023, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.25% decreasing to 4.50% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

| <b>2023</b>        | <u><b>1% Decrease</b></u> | <u><b>Current<br/>Trend Rates</b></u> | <u><b>1% Increase</b></u> |
|--------------------|---------------------------|---------------------------------------|---------------------------|
| Net OPEB Liability | \$ 52,256,243             | 72,514,229                            | 97,446,528                |

*(e) Changes in Net OPEB Liability*

|  | <u><b>Total OPEB<br/>Liability<br/>(a)</b></u> | <u><b>Plan Fiduciary<br/>Net Position<br/>(b)</b></u> | <u><b>Net OPEB<br/>(Asset) Liability<br/>(a) - (b)</b></u> |
|--|--|---|--|
| <b>Balances at December 31,2022</b>                | \$ 155,942,681                                 | 71,702,390  | 84,240,291   |
| <b>Changes for the year:</b>                       |  |   |  |
| Service cost                                       | 3,263,676                                      | -   | 3,263,676  |
| Interest on total OPEB liability                   | 10,382,538                                     | -   | 10,382,538   |
| Differences between expected and actual experience | (6,509,765)                                    | -   | (6,509,765)  |
| Assumption changes                                 | 5,944,698                                      | -   | 5,944,698  |
| Employer contributions                             | -  | 11,855,281  | (11,855,281)   |
| Net investment income                              | -  | 12,962,452  | (12,962,452)   |
| Benefit payments                                   | (4,325,237)                                    | (4,325,237)   | -  |
| Administrative expenses                            | -  | (10,524)  | 10,524   |
| <b>Net changes</b>                                 | <u>8,755,910</u>                               | <u>20,481,972</u>                                     | <u>(11,726,062)</u>  |
| <b>Balances at December 31,2023</b>                | \$ <u>164,698,591</u>                          | <u>92,184,362</u>                                     | <u>72,514,229</u>  |
| <b>Changes for the year:</b>                       |  |   |  |
| Service cost                                       | 3,541,247                                      | -   | 3,541,247  |
| Interest on total OPEB liability                   | 10,977,019                                     | -   | 10,977,019   |
| Employer contributions                             | -  | 11,974,673  | (11,974,673)   |
| Net investment income                              | -  | 11,140,324  | (11,140,324)   |
| Benefit payments                                   | (4,221,067)                                    | (4,221,067)   | -  |
| Administrative expenses                            | -  | (10,889)  | 10,889   |
| <b>Net changes</b>                                 | <u>10,297,199</u>                              | <u>18,883,041</u>                                     | <u>(8,585,842)</u>   |
| <b>Balances at December 31,2024</b>                | \$ <u>174,995,790</u>                          | <u>111,067,403</u>                                    | <u>63,928,387</u>  |

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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District recognized OPEB (income)/expense of (\$4,308,932) and (\$6,043,204) for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

|   | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflow<br/>of Resources</u> |
|---|--|---|
| Difference between expected and actual experience                         | \$ -                                     | 12,637,185                              |
| Changes of assumptions  | 6,259,485                                | -                                       |
| Difference between projected and actual earnings on OPEB plan investments | -  | 1,614,102                               |
| Total   | <u>\$ 6,259,485</u>                      | <u>14,251,287</u>                       |

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

|   | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflow<br/>of Resources</u> |
|---|--|---|
| Difference between expected and actual experience                         | \$ -                                     | 17,659,284                              |
| Changes of assumptions  | -  | 654,863                                 |
| Difference between projected and actual earnings on OPEB plan investments | 2,624,580                                | -                                       |
| Total   | <u>\$ 2,624,580</u>                      | <u>18,314,147</u>                       |

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The net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense in future years as follows:

| <u>Year ended December 31:</u> | <u>Net Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2025                           | \$ (2,629,858)  |
| 2026                           | (1,555,310)   |
| 2027                           | (2,737,483)   |
| 2028                           | (1,017,781)   |
| 2029                           | (51,370)  |
| \$                             | <u>(7,991,802)</u>  |

**(10) Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. Prior to April 1, 2023, for bargaining employees, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for bargaining employees, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Prior to April 1, 2023, for employees not covered by the collective bargaining agreement, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for employees not covered by the collective bargaining agreement, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Beginning January 1, 2024, for bargaining employees, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date. For employees not covered by the collective bargaining agreement, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date.

“Matching” contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled \$1,213,783 and \$893,369 for 2024 and 2023, respectively. Management has determined the criteria established in GASB Statements No. 84 and 97 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

METROPOLITAN UTILITIES DISTRICT

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**(11) Self-Insured Risks**

The District is exposed to various risk of loss related to torts, theft of and destruction of assets, errors and omissions, and natural disasters. In addition, the District is exposed to risks of loss due to injuries to, and illnesses of, its employees. The District provides its employees with two health insurance options, both of which are primarily self-insured: a Health Maintenance Organization (HMO) and a preferred provider Organization (PPO). The District utilizes an “Administrative Services Only” contract under which the District reimburses the HMO/PPO for actual claims paid, a monthly administrative fee, and stop-loss protection for individual claims. Individual stop-loss coverage is effective when annual individual claims exceed \$425,000, and when aggregate claims exceed 125% of projected levels. A liability for claims is recorded in accounts payable, and was \$1,908,758 and \$1,688,883 at December 31, 2024 and 2023, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2024 and 2023 are as follows:

|                   | <b>Business-type Activities Total</b> |                  |
|-------------------|---------------------------------------|------------------|
|                   | <b>2024</b>                           | <b>2023</b>      |
| Beginning balance | \$ 1,688,883                          | 1,909,267        |
| Expenses          | 34,473,842                            | 31,972,166       |
| Payments          | (34,253,967)                          | (32,192,550)     |
| Ending balance    | <u>\$ 1,908,758</u>                   | <u>1,688,883</u> |

The District carries commercial insurance coverage for property with deductibles ranging from \$40,000 to \$500,000. The District is also self-insured for workers’ compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2024. Effective June 15, 2023, the District is also self-insured for auto physical damage. In 2024 and 2023, the insurance policies in effect have adequately covered all settlements of claims against the District. No claims have exceeded the limits of property or liability insurance in any of the past three years. Liabilities are recorded for these self-insured risks. The liabilities are based on a combination of loss experience and estimates by the District’s in-house legal department.

Changes in the District’s self-insured risk balances for workers’ compensation and general liabilities during 2024 and 2023 are as follows:

|                   | <b>Gas Department</b> |                  | <b>Water Department</b> |                  |
|-------------------|-----------------------|------------------|-------------------------|------------------|
|                   | <b>2024</b>           | <b>2023</b>      | <b>2024</b>             | <b>2023</b>      |
| Beginning balance | \$ 2,038,028          | 4,248,222        | 3,404,257               | 4,500,014        |
| Expenses          | 1,105,196             | 2,098,470        | 5,067,448               | 627,577          |
| Payments          | (891,139)             | (4,308,664)      | (3,734,894)             | (1,723,334)      |
| Ending balance    | <u>\$ 2,252,085</u>   | <u>2,038,028</u> | <u>4,736,811</u>        | <u>3,404,257</u> |

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**(12) Allowance for Doubtful Accounts and Accounts Receivable Write-offs**

The allowance for doubtful accounts provides for the potential write-off of uncollectible account balances. An estimate is made for the Allowance for Doubtful Accounts based on an analysis of the aging of Accounts Receivable and historical write-offs. The District’s policy is to write off receivable balances that are over five years old. During 2024, the Water Department and Gas Department wrote off receivables totaling \$708,714 and \$700,003, respectively. During 2023, the Water Department and Gas Department wrote off receivables totaling \$711,015 and \$666,571, respectively. The allowance consists of the following at December 31:

|                  | <u>2024</u>         | <u>2023</u>      |
|------------------|---------------------|------------------|
| Water Department | \$ 1,623,932        | 1,716,623        |
| Gas Department   | <u>3,667,298</u>    | <u>3,804,876</u> |
|                  | <u>\$ 5,291,230</u> | <u>5,521,499</u> |

**(13) Commitments**

**(a) Central Plains Energy Project (CPEP)**

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

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

In 2012, the District participated in CPEP Project 3 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 86% of the gas acquired in this agreement or 15% of the District’s annual gas requirements. This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017, CPEP issued crossover refunding bonds to refinance this transaction. The refinancing increased the District’s savings from and after the September 1, 2022 crossover date.

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In 2018, the District participated in CPEP Project 4 Series Transaction. This agreement is for a 30-year supply of gas that the district is taking approximately 76% of the gas acquired in this agreement or 17% of the District’s annual gas requirements. In 2023, CPEP and MUD refinanced this agreement for another 6-year term, and it. As part of this refinance, an Asset Management Agreement (AMA) was added for CPEP/J.Aron to manage the demand transportation component of the gas purchased on this transaction. This AMA increased the available gas discount for the District. After this additional 6-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In 2022, the District participated in CPEP Project 5 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 79% of the gas acquired in this agreement or 8.7% of the District’s annual gas requirements. This agreement is currently scheduled to expire in 2053. In addition to the prepaid gas included in this agreement, the District also entered into an Asset Management Agreement (AMA) with CPEP/J.Aron to manage the transportation demand charges associated with gas purchased under this agreement. This additional AMA increased the available gas discount for the District. This agreement is for an initial 7-year term and subject to refinancing at the end of this term. After this initial term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial seven-year term unless the discount to market is \$.25 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

At December 31, 2024, the District owed CPEP \$10,429,492 for gas purchases under these agreements, which is recorded within “Accounts payable” in the statements of net position. During the year ended December 31, 2024, billings from CPEP to the District for services provided under these agreements were \$39,981,411.

The District has contracted to purchase the following volumes of gas from CPEP, through 2054, at a discount to market-based pricing on a pay-as-you-go basis:

|           | <u><b>DTH</b></u>         |
|-----------|---------------------------|
| 2025      | 18,862,293                |
| 2026      | 18,862,293                |
| 2027      | 18,862,293                |
| 2028      | 18,950,366                |
| 2029      | 18,862,293                |
| 2030-2054 | <u>446,391,947</u>        |
|           | <u><u>540,791,485</u></u> |

In 2024, the District purchased 18,950,366 DTH of gas under these agreements, representing 60% of the District’s annual gas requirements.

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**(b) Other Gas Supply Agreements**

The District has various other gas supply contracts with a variety of suppliers, which consist of contracts that expire March 31, 2025 and October 31, 2025 and are generally renewed on an annual basis. The District has a gas supply contract that expires March 31, 2027 that was purchased based off market conditions and is not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of \$1.4 million vs. market prices over the initial five-year term of the deal. In 2023, the District worked with TEAC to refinance the agreement into a new five-year term. This agreement is currently scheduled to expire in 2053. After the additional five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from TEAC, through 2053, at a discount to market-based pricing on a pay-as-you-go basis:

|             | <u><b>DTH</b></u>        |
|-------------|--------------------------|
| 2025        | 1,063,400                |
| 2026        | 1,401,600                |
| 2027        | 1,358,500                |
| 2028        | 1,571,300                |
| 2029        | 1,566,200                |
| 2030 – 2053 | <u>36,645,500</u>        |
|             | <u><u>43,606,500</u></u> |

In February 2018, the District entered into a 30-year gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately five percent of our annual gas requirements. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of \$1.7 million vs. market prices over the initial five-year term of the deal. In 2023, the District and PEAK worked to refinance the agreement for an additional seven-year term. This agreement is currently scheduled to expire in 2053. After the additional seven-year term, PEAK, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

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The District has contracted to purchase the following volumes of gas from PEAK, through 2053, at a discount to market-based pricing on a pay-as-you-go basis:

|             | <u>DTH</u>        |
|-------------|-------------------|
| 2025        | 1,554,305         |
| 2026        | 1,554,305         |
| 2027        | 1,315,481         |
| 2028        | 1,638,960         |
| 2029        | 1,663,057         |
| 2030 – 2053 | <u>44,322,067</u> |
|             | <u>52,048,175</u> |

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. Gas flows commenced on November 1, 2018, and the District will achieve total gas cost savings of \$1.8 million vs. market prices over the initial five-year term of the deal. In 2023, the District and Black Belt worked to refinance the agreement for an additional five-year term. After the additional five-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

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

|             | <u>DTH</u>        |
|-------------|-------------------|
| 2025        | 1,004,200         |
| 2026        | 1,319,795         |
| 2027        | 1,443,640         |
| 2028        | 1,715,640         |
| 2029        | 1,707,140         |
| 2030 – 2048 | <u>32,031,060</u> |
|             | <u>39,221,475</u> |

**(c) Gas Transportation Agreement**

On November 7, 2012, the District's entered into a twenty (20) year firm transportation agreement with Northern Natural Gas; the term of the agreement runs from November 1, 2016 to October 31, 2036. Under this agreement, NNG will provide 198,975 Dth/day of firm transportation service during the months of November through March and 139,283 Dth/day of firm transportation service during the months of April through October. Per the terms of the agreement, 61% of the transportation volumes are priced at a discounted rate below NNG's maximum tariff rate with the remaining 39% priced at NNG's maximum tariff rates. The District's annual pipeline demand and storage demand fees under this agreement are capped at a maximum of \$20 million until October 31, 2026 and \$21.3 million until October 31, 2036.



## METROPOLITAN UTILITIES DISTRICT

## Notes to Basic Financial Statements

December 31, 2024 and 2023

In June 2019, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates by over 90%. NNG and its shippers agreed to a settlement in June 2020 with higher rates effective January 1, 2020. The District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of \$20 million. After settlement, all of the District's transportation rates are now discounted below their proposed rates. Since the settlement rates were higher than our discounted rates with our contract cap we did not receive any refunds from the interim rates in effect until settlement. The District did have some additional commodity fees from the settlement period that were refunded to the District. The rate cap of \$20 million in our contract is approximately \$8 million lower than the annual settlement demand rates.

In June 2022, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates. NNG and its shippers agreed to a settlement in 2023 with higher rates effective January 1, 2023. Due to the rate cap, as explained above, the rate increase has no impact on the District's annual transportation and storage demand charges paid to NNG by the District. Our annual rate cap of \$20 million is approximately \$16.9 million lower than the new transportation and storage demand rates that went into effect on January 1, 2023.

***(d) Construction***

At December 31, 2024, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately \$13.0 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2022. For the Gas Department, obligations amounted to approximately \$40.5 million at December 31, 2024, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2022 and Series 2023.

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

|   | 2024           | 2023        | 2022         | 2021         | 2020        | 2019        | 2018         | 2017        |
|---|----------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|
| <b>Total OPEB Liability</b>   |                |             |              |              |             |             |              |             |
| Service cost  | \$ 3,541,247   | 3,263,676   | 3,168,618    | 3,937,556    | 3,804,402   | 4,185,594   | 7,514,662    | 7,150,328   |
| Interest  | 10,977,019     | 10,382,538  | 9,825,208    | 10,554,294   | 9,825,558   | 9,923,893   | 9,748,668    | 9,806,106   |
| Differences between expected and actual experience                      | -              | (6,509,765) | -            | (23,900,067) | -           | (513,787)   | -            | -           |
| Assumption changes  | -              | 5,944,698   | -            | 6,340,679    | -           | (9,717,898) | (64,476,519) | (4,130,520) |
| Benefit payments  | (4,221,067)    | (4,325,237) | (5,135,713)  | (3,558,023)  | (2,595,146) | (3,879,157) | (4,253,765)  | (4,015,207) |
| Net change in total OPEB liability                                      | 10,297,199     | 8,755,910   | 7,858,113    | (6,625,561)  | 11,034,814  | (1,355)     | (51,466,954) | 8,810,707   |
| Total OPEB liability, beginning   | 164,698,591    | 155,942,681 | 148,084,568  | 154,710,129  | 143,675,315 | 143,676,670 | 195,143,624  | 186,332,917 |
| Total OPEB liability, ending (a)  | \$ 174,995,790 | 164,698,591 | 155,942,681  | 148,084,568  | 154,710,129 | 143,675,315 | 143,676,670  | 195,143,624 |
| <b>Plan Fiduciary Net Position</b>                                      |                |             |              |              |             |             |              |             |
| Employer contributions  | \$ 11,974,673  | 11,855,281  | 11,277,253   | 13,250,226   | 14,242,079  | 14,254,367  | 16,704,020   | 11,015,207  |
| Net investment income (loss)  | 11,140,324     | 12,962,452  | (14,114,823) | 9,692,659    | 7,319,380   | 6,541,647   | (1,616,178)  | 1,407,980   |
| Benefit payments  | (4,221,067)    | (4,325,237) | (5,135,713)  | (3,558,023)  | (2,595,146) | (3,879,157) | (4,253,765)  | (4,015,207) |
| Administrative expenses   | (10,889)       | (10,524)    | (9,746)      | (9,001)      | (6,132)     | (3,367)     | (3,194)      | (1,491)     |
| Net change in plan fiduciary net position                               | 18,883,041     | 20,481,972  | (7,983,029)  | 19,375,861   | 18,960,181  | 16,913,490  | 10,830,883   | 8,406,489   |
| Plan fiduciary net position, beginning                                  | 92,184,362     | 71,702,390  | 79,685,419   | 60,309,558   | 41,349,377  | 24,435,887  | 13,605,004   | 5,198,515   |
| Plan fiduciary net position, ending (b)                                 | \$ 111,067,403 | 92,184,362  | 71,702,390   | 79,685,419   | 60,309,558  | 41,349,377  | 24,435,887   | 13,605,004  |
| Net OPEB liability, ending (a) - (b)                                    | \$ 63,928,387  | 72,514,229  | 84,240,291   | 68,399,149   | 94,400,571  | 102,325,938 | 119,240,783  | 181,538,620 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 63.47%         | 55.97%      | 45.98%       | 53.81%       | 38.98%      | 28.78%      | 17.01%       | 6.97%       |
| Covered payroll   | 92,549,569     | 86,492,121  | 78,036,221   | 74,635,409   | 73,975,548  | 69,759,343  | 68,704,312   | 67,761,364  |
| Net OPEB liability as a percentage of covered payroll                   | 69.07%         | 83.84%      | 107.95%      | 91.64%       | 127.61%     | 146.68%     | 173.56%      | 267.91%     |

**Notes to Schedule:**

Changes in actuarial assumptions and methods

1/1/23 valuation (assumptions used for measuring total OPEB liability as of December 31, 2023):

1. Per capita health care costs and rates of health care inflation used to project the per capita costs were updated
2. Health care cost trend rates and retiree claim costs were updated.
3. Monthly retiree premiums were updated.

1/1/21 valuation (assumptions used for measuring total OPEB liability as of December 31, 2021):

1. The discount rate was held at 6.75%.
2. Mortality rates to be based on Pub-2010 tables and projections using the MP-2020
3. Withdrawal and Retirement rates were unchanged
4. Salary scale was held at 3.40%
5. The spousal coverage assumption was held at 60%
6. Price inflation assumption was at 2.50%

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, as such, only eight years are presented. Additional years will be reported as they become available.

**METROPOLITAN UTILITIES DISTRICT**

Required Supplementary Information  
 Schedule of Employer Contributions - Other Post Employment Benefits  
 January 1, 2015 Through December 31, 2024  
 (\$ in Thousands)

| <b>Fiscal Year<br/>Ending<br/>December 31</b> | <b>Actuarial<br/>Determined<br/>Contribution</b> | <b>Actual<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered<br/>Payroll</b> | <b>Actual Contribution<br/>as a % of<br/>Covered Payroll</b> |
|---|--|--------------------------------|---|----------------------------|--|
| 2015  | \$ 16,874  | \$ 3,935                       | \$ 12,939                                       | \$ 63,385                  | 6.21%  |
| 2016  | 16,874   | 8,167                          | 8,707   | 66,054                     | 12.36%   |
| 2017  | 15,950   | 11,015                         | 4,935   | 67,761                     | 16.26%   |
| 2018  | 15,950   | 16,704                         | (754)   | 67,761                     | 24.65%   |
| 2019  | 13,545   | 14,254                         | (709)   | 69,759                     | 20.43%   |
| 2020  | 13,545   | 14,242                         | (697)   | 73,975                     | 19.25%   |
| 2021  | 10,565   | 13,250                         | (2,685)   | 74,635                     | 17.75%   |
| 2022  | 10,565   | 11,277                         | (712)   | 78,036                     | 14.45%   |
| 2023  | 11,790   | 11,855                         | (65)  | 86,492                     | 13.71%   |
| 2024  | 11,790   | 11,975                         | (185)   | 92,550                     | 12.94%   |

Beginning Fiscal Year ending December 31, 2017, the Actuarial Determined Contribution (ADC) is calculated in accordance with the District's funding policy, if one exists.

Prior to Fiscal Year ending December 31, 2017, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Standards No. 45.

**Notes to Schedule**

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method                      Entry Age Normal  
 Amortization method                      Level Dollar  
 Remaining amortization period           20 years  
 Asset valuation method                    Market value  
 Long-term investment rate of return      6.75%  
 Inflation                                      2.50%

Healthcare cost trend rates:

    Under age 65                              7.00% - 4.50%  
     65 and Older                             5.50% - 4.50%

Mortality                                      Pub-2010 Mortality Tables projected generationally using Scale MP-2020.

**METROPOLITAN UTILITIES DISTRICT**  
 Required Supplementary Information  
 Schedule of Annual Money-Weighted Rate of Return on OPEB Plan Investments  
 Fiscal Years ended December 31

| <b>Fiscal Year<br/>Ending<br/>December 31</b> | <b>Annual<br/>Money-Weighted<br/>Rate of Return</b> |
|---|---|
| 2024  | 11.7%   |
| 2023  | 17.0%   |
| 2022  | -17.0%  |
| 2021  | 14.8%   |
| 2020  | 15.8%   |
| 2019  | 21.4%   |
| 2018  | -8.0%   |
| 2017  | 16.2%   |
| 2016  | 6.3%  |

Note: Schedule is intended to show 10-year trend. The OPEB trust was created in 2016, as such, only nine years are presented. Additional years will be reported as they become available.

**METROPOLITAN UTILITIES DISTRICT**

Required Supplementary Information  
Schedule of Changes in Net Pension (Asset) Liability and Related Ratio  
Fiscal Years ended December 31

|   | 2024           | 2023         | 2022          | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|----------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Pension Liability</b>  |                |              |               |              |              |              |              |              |              |              |
| Service cost  | \$ 15,812,155  | 14,685,921   | 13,490,074    | 13,007,768   | 12,718,417   | 11,710,809   | 11,863,654   | 11,137,854   | 10,857,017   | 10,160,376   |
| Interest on total pension liability                                   | 38,496,096     | 36,716,217   | 34,985,031    | 34,269,868   | 33,306,797   | 31,734,106   | 30,304,199   | 29,552,506   | 28,076,211   | 26,596,785   |
| Differences between expected and actual experience                    | 5,828,031      | 2,296,397    | 3,108,808     | (6,869,382)  | (9,512,053)  | 1,714,570    | (1,597,520)  | (5,835,431)  | (1,578,237)  | -            |
| Assumption changes  | -              | -            | -             | 5,498,608    | -            | 5,751,024    | -            | 8,713,229    | -            | -            |
| Benefit payments, including member refunds                            | (28,131,942)   | (26,553,746) | (25,339,507)  | (23,236,403) | (21,897,160) | (21,204,786) | (19,116,693) | (17,445,020) | (16,555,144) | (16,154,435) |
| Net change in total pension liability                                 | 32,004,340     | 27,144,789   | 26,244,406    | 22,670,459   | 14,616,001   | 29,705,723   | 21,453,640   | 26,123,138   | 20,799,847   | 20,602,726   |
| Total pension liability, beginning                                    | 584,148,828    | 557,004,039  | 530,759,633   | 508,089,174  | 493,473,173  | 463,767,450  | 442,313,810  | 416,190,672  | 395,390,825  | 374,788,099  |
| Total pension liability, ending (a)                                   | \$ 616,153,168 | 584,148,828  | 557,004,039   | 530,759,633  | 508,089,174  | 493,473,173  | 463,767,450  | 442,313,810  | 416,190,672  | 395,390,825  |
| <b>Plan Fiduciary Net Position</b>                                    |                |              |               |              |              |              |              |              |              |              |
| Employer contributions  | \$ 12,912,828  | 11,055,924   | 10,500,000    | 11,600,000   | 12,300,000   | 12,300,000   | 11,606,179   | 11,193,821   | 10,300,000   | 10,301,268   |
| Employee contributions  | 7,498,276      | 6,991,643    | 5,994,641     | 5,374,956    | 5,021,423    | 4,413,137    | 3,805,373    | 3,757,444    | 3,895,899    | 2,820,596    |
| Net investment income   | 58,052,663     | 75,376,746   | (97,597,177)  | 69,875,660   | 66,226,054   | 78,431,581   | (20,727,828) | 52,812,850   | 25,696,348   | (748,921)    |
| Benefit payments, including member refunds                            | (28,131,942)   | (26,553,746) | (25,339,507)  | (23,236,403) | (21,897,160) | (21,204,786) | (19,116,693) | (17,445,020) | (16,555,144) | (16,154,435) |
| Administrative expenses   | (94,255)       | (92,954)     | (100,218)     | (103,969)    | (92,241)     | (70,123)     | (94,940)     | (94,161)     | (85,186)     | (92,250)     |
| Net change in plan fiduciary net position                             | 50,237,570     | 66,777,613   | (106,542,261) | 63,510,244   | 61,558,076   | 73,869,809   | (24,527,909) | 50,224,934   | 23,251,917   | (3,873,742)  |
| Plan fiduciary net position, beginning                                | 537,384,371    | 470,606,758  | 577,149,019   | 513,638,775  | 452,080,699  | 378,210,890  | 402,738,799  | 352,513,865  | 329,261,948  | 333,135,690  |
| Plan fiduciary net position, ending (b)                               | \$ 587,621,941 | 537,384,371  | 470,606,758   | 577,149,019  | 513,638,775  | 452,080,699  | 378,210,890  | 402,738,799  | 352,513,865  | 329,261,948  |
| Net pension (asset) liability, ending (a) - (b)                       | \$ 28,531,227  | 46,764,457   | 86,397,281    | (46,389,386) | (5,549,601)  | 41,392,474   | 85,556,560   | 39,575,011   | 63,676,807   | 66,128,877   |
| Fiduciary net position as a percentage of the total pension liability | 95.37%         | 91.99%       | 84.49%        | 108.74%      | 101.09%      | 91.61%       | 81.55%       | 91.05%       | 84.70%       | 83.28%       |
| Covered payroll*  | \$ 83,387,029  | 77,757,044   | 70,609,770    | 67,274,914   | 66,588,665   | 63,272,421   | 62,865,829   | 62,624,066   | 61,064,398   | 63,384,548   |
| Net pension (asset) liability as a percentage of covered payroll      | 34.22%         | 60.14%       | 122.36%       | -68.95%      | -8.33%       | 65.42%       | 136.09%      | 63.19%       | 104.28%      | 104.33%      |

**Notes to Schedule:**

Changes to benefit terms and funding terms:

- 2023: The member contribution rate increased from 8.50% to 9.00% of total pay, as schedule
- 2022: The member contribution rate increased from 8.00% to 8.50% of total pay, as schedule
- 2021: The member contribution rate increased from 7.50% to 8.00% of total pay, as scheduled
- 2020: The member contribution rate increased from 7.00% to 7.50% of total pay, as scheduled
- 2019: The member contribution rate increased from 6.50% to 7.00% of total pay, as scheduled
- 2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.
- 2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.
- 2015: The member contribution rate increased from 4.32% to 4.88% of total pay, as scheduled.

Changes in actuarial assumptions and methods:

- 1/1/2022 valuation (assumptions used for measuring 12/31/221 total pension liability)
  - 1. The investment return assumption was decreased from 6.90% to 6.75%.
  - 2. The price inflation assumption was lowered from 2.60% to 2.50%.
  - 3. The cost of living adjustment assumption was lowered from 2.60% to 2.50%
  - 4. The general wage growth assumption was lowered from 3.50% to 3.40%.
  - 5. The covered payroll increase assumption was lowered from 3.50% to 3.00%.
  - 6. The salary merit scale was adjusted to better reflect actual experience.
  - 7. The mortality assumption was modified by moving to the Pub-2010 General Employees Median Mortality Table, projected generationally using Scale MP-2020.
  - 8. Assumed retirement rates were adjusted to better reflect actual experience.
  - 9. Assumed termination rates were adjusted to better reflect actual experience.
- 1/1/2020 valuation (assumptions used for measuring 12/31/19 total pension liability)
  - The investment return assumption was decreased from 7.00% to 6.90%.
- 1/1/2018 valuation (assumptions used for measuring 12/31/17 total pension liability):
  - 1. The investment return assumption was decreased from 7.25% to 7.00%.
  - 2. The price inflation assumption was lowered from 3.10% to 2.60%.
  - 3. The cost of living adjustment assumption was lowered from 3.00% to 2.60%
  - 4. The general wage growth assumption was lowered from 4.00% to 3.50%.
  - 5. The covered payroll increase assumption was lowered from 4.00% to 3.50%.
  - 6. The mortality assumption was modified by moving to the RP-2014 Mortality Table, adjusted to 2006, with a one-year set forward for females and projected generationally using Scale MP-2016.
  - 7. Assumed retirement rates were adjusted to better reflect actual experience.
  - 8. Assumed termination rates were adjusted to better reflect actual experience.

\* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

Note: Schedule to show 10-year trend.

**METROPOLITAN UTILITIES DISTRICT**

Required Supplementary Information  
 Schedule of Employer Contributions - Defined Benefit Pension Plan  
 January 1, 2015 Through December 31, 2024  
 (\$ in Thousands)

| <b>Fiscal Year<br/>Ending<br/>December 31</b> | <b>Actuarial<br/>Determined<br/>Contribution</b> | <b>Actual<br/>Contribution</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>Covered*<br/>Payroll</b> | <b>Actual Contribution<br/>as a % of<br/>Covered Payroll</b> |
|---|--|--------------------------------|---|-----------------------------|--|
| 2015  | \$ 9,956   | \$ 10,301                      | \$ (345)  | \$ 63,385                   | 16.25%   |
| 2016  | 10,215   | 10,300                         | (85)  | 61,064                      | 16.87%   |
| 2017  | 10,273   | 11,194                         | (921)   | 62,624                      | 17.87%   |
| 2018  | 11,198   | 11,606                         | (408)   | 62,866                      | 18.46%   |
| 2019  | 11,270   | 12,300                         | (1,030)   | 63,272                      | 19.44%   |
| 2020  | 11,036   | 12,300                         | (1,264)   | 66,589                      | 18.47%   |
| 2021  | 9,481  | 11,600                         | (2,119)   | 67,275                      | 17.24%   |
| 2022  | 8,588  | 10,500                         | (1,912)   | 70,610                      | 14.87%   |
| 2023  | 10,204   | 11,056                         | (852)   | 77,757                      | 14.22%   |
| 2024  | 11,437   | 12,913                         | (1,476)   | 83,387                      | 15.49%   |

\* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

**Notes to Schedule**

Valuation date: January 1, 2024  
 Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution is made.

Methods and assumptions used to determine contribution rates:

|                                     |   |
|-------------------------------------|---|
| Actuarial cost method               | Entry age normal  |
| Amortization method                 | Level percentage of payroll, closed   |
| Remaining amortization period       | Range from 11 to 22 years (single equivalent amortization period is 22 years) |
| Asset valuation method              | Expected Value + 25% of (market - expected values)                            |
| Inflation                           | 2.50%   |
| Salary increases                    | 3.65% to 11.40%, depending on years of service                                |
| Long-term investment rate of return | 6.75%   |
| Retirement                          | Service-based table of rates.   |
| Mortality                           | Pub-2010 Mortality Tables projected generationally using Scale MP-2020.       |
| Cost of living adjustments          | 2.50% per year  |

**METROPOLITAN UTILITIES DISTRICT**

Required Supplementary Information  
 Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments  
 Fiscal Years ended December 31

| <b>Fiscal Year<br/>Ending<br/>December 31</b> | <b>Annual<br/>Money-Weighted<br/>Rate of Return</b> |
|---|---|
| 2024  | 10.8%   |
| 2023  | 16.2%   |
| 2022  | -17.1%  |
| 2021  | 13.7%   |
| 2020  | 14.7%   |
| 2019  | 21.0%   |
| 2018  | -5.2  |
| 2017  | 15.2  |
| 2016  | 7.9   |
| 2015  | -0.2  |

Note: Schedule to show 10-year trend.

**METROPOLITAN UTILITIES DISTRICT**

Water Department

Schedule of Insurance Coverage

December 31, 2024

(Unaudited)

| <u>Coverage</u>                | <u>Description</u>  | <u>Name of insurer</u>   | <u>Deductible or coinsurance amounts</u> | <u>Expiration date</u> |
|--------------------------------|---|--|--|------------------------|
| Buildings (including contents) | Fire and extended coverage                                    | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |
| Data Processing Equipment      | Equipment, media and extra expense                            | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |
| Contractors Equipment floater  | Construction equipment and communication equipment            | CNA Financial Corporation  | \$40,000 deductible                      | 6-15-2025              |
| Travel Insurance               | All employees and directors while on a bonafide business trip | Reliance Std. Life Ins. Co.  | \$200,000 per loss                       | 2-7-2025               |



**METROPOLITAN UTILITIES DISTRICT**

Water Department

Statutory Information Required by Chapter 14,  
Section 2145 of the Revised Statutes of Nebraska of 1943

Year ended December 31, 2024

(Unaudited)

|   |                |
|---|----------------|
| Operating revenues, net   | \$ 170,908,533 |
| Thousands of gallons of water supplied to mains   | 36,384,720     |
| Thousands of gallons of water sold  | 32,015,811     |
| Maintenance   | \$ 36,416,966  |
| Gross additions to utility plant in service, exclusive of land  | \$ 73,429,227  |
| Land purchased  | \$ 2,134,632   |
| Depreciation charged to operations and other accounts   | \$ 18,958,398  |
| Cost per thousand gallons of water sold (schedule A)  | \$ 3.90        |
| Collected for sale and rent of meters, net  | \$ 245,041     |
| Assessments against property for extension of mains   | \$ 110,987     |
| Operating expenses (schedule B)   | \$ 116,681,892 |
| Average number of employees for the year  | 421            |
| Compensation of employees for the year  | \$ 42,059,775  |
| Direct taxes levied against property at request of District for fire protection service (in lieu of hydrant rental)     | \$ —           |
| All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant | —              |

**Schedule A**

**METROPOLITAN UTILITIES DISTRICT**

Water Department

Cost per Thousand Gallons of Water Sold

Year ended December 31, 2024

(Unaudited)

|  |                       |
|--|-----------------------|
| Operating expenses:                                |                       |
| Operations   | \$ 60,608,039         |
| Maintenance  | 36,416,966            |
| Depreciation and amortization                      | 17,350,402            |
| Provision for statutory payments to municipalities | <u>2,306,485</u>      |
| Total operating expenses                           | \$ 116,681,892        |
| Other deductions:                                  |                       |
| Interest   | <u>8,028,788</u>      |
| Total operating expenses and other deductions      | <u>\$ 124,710,680</u> |
| Thousands of gallons of water sold                 | <u>32,015,811</u>     |
| Cost per thousand gallons of water sold            | \$ 3.90               |

**Schedule B**

**METROPOLITAN UTILITIES DISTRICT**

Water Department  
 Operating Expenses  
 Year ended December 31, 2024  
 (Unaudited)

Operating expenses:

Operations:

|                     |                      |
|---------------------|----------------------|
| Primary pumping     | \$ 10,621,175        |
| Purification        | 15,112,954           |
| Booster pumping     | 3,523,313            |
| Distribution        | 12,278,152           |
| Customer accounting | 7,900,938            |
| Marketing           | 1,477,709            |
| Administrative      | <u>9,693,798</u>     |
| Total operating     | <u>\$ 60,608,039</u> |

Maintenance:

|                   |                      |
|-------------------|----------------------|
| Primary pumping   | 3,432,608            |
| Purification      | 4,957,623            |
| Booster pumping   | 2,416,399            |
| Distribution      | <u>25,610,336</u>    |
| Total maintenance | <u>\$ 36,416,966</u> |

|  |                              |
|--|------------------------------|
| Depreciation and amortization                      | <u>17,350,402</u>            |
| Provision for statutory payments to municipalities | <u>2,306,485</u>             |
| Total operating expenses                           | <u><u>\$ 116,681,892</u></u> |

**METROPOLITAN UTILITIES DISTRICT**

Gas Department  
 Schedule of Insurance Coverage  
 December 31, 2024  
 (Unaudited)

| <b>Coverage</b>                                  | <b>Description</b>  | <b>Name of insurer</b>   | <b>Deductible or coinsurance amounts</b> | <b>Expiration date</b> |
|--|---|--|--|------------------------|
| Buildings (including contents)                   | Fire and extended coverage  | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |
| Data Processing Equipment                        | Equipment, media and extra expense                                  | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |
| Contractors Equipment floater nonowner liability | Construction equipment and communication equipment                  | CNA Financial Corporation  | \$40,000 deductible                      | 6-15-2025              |
| Travel Insurance                                 | All employees and directors while on a bonafide business trip       | Reliance Std. Life Ins. Co.  | \$200,000 per loss                       | 2-7-2025               |
| Cyber Liability                                  | Privacy, data, and network exposures                                | AIG Specialty Insurance Company  | \$150,000 deductible                     | 6-15-2025              |
| LNG plant  | LNG plant and contents  | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |
| Propane caverns                                  | Two caverns - special cause of loss, including earthquake and flood | Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency | \$500,000 deductible                     | 6-15-2025              |

**METROPOLITAN UTILITIES DISTRICT**

Gas Department

Statutory Information Required by Chapter 14,  
Section 2145 of the Revised Statutes of Nebraska of 1943

Year ended December 31, 2024

(Unaudited)

|  |                |
|--|----------------|
| Operating revenues, net  | \$ 217,655,978 |
| Dekatherms of gas delivered to mains   | 31,630,205     |
| Dekatherms of gas sold   | 31,630,205     |
| Maintenance  | \$ 18,462,248  |
| Gross additions to utility plant in service  | \$ 51,992,832  |
| Land purchased   | \$ 2,070,374   |
| Depreciation charged to operations and other accounts  | \$ 25,300,817  |
| Cost per thousand cubic feet of gas sold (schedule A)  | \$ 6.05        |
| Collected for sale and rent of meters  | \$ —           |
| Assessments against property for extension of mains  | \$ —           |
| Operating expenses (schedule B)  | \$ 183,321,314 |
| Average number of employees for the year   | 499            |
| Compensation of employees for the year   | \$ 49,864,953  |
| Direct taxes levied against property at request of District  | \$ —           |
| All other facts necessary to give an accurate and comprehensive view<br>of the cost of maintaining and operating the plant | —              |

**Schedule A**

**METROPOLITAN UTILITIES DISTRICT**

Gas Department

Cost per Thousand Cubic Feet of Gas Sold

Year ended December 31, 2024

(Unaudited)

|  |                       |
|--|-----------------------|
| Operating expenses:                                |                       |
| Natural gas  | \$ 104,022,598        |
| Operations   | 37,298,552            |
| Maintenance  | 18,462,248            |
| Depreciation and amortization                      | 20,279,378            |
| Provision for statutory payments to municipalities | <u>3,258,538</u>      |
| Total operating expenses                           | <u>\$ 183,321,314</u> |
| Other deductions:                                  |                       |
| Interest   | <u>8,019,917</u>      |
| Total operating expenses and other deductions      | <u>\$ 191,341,231</u> |
| Thousands of cubic feet of gas sold                | <u>31,630,205</u>     |
| Cost per thousand cubic feet of gas sold           | \$ 6.05               |

**Schedule B**

**METROPOLITAN UTILITIES DISTRICT**

Gas Department  
 Operating Expenses  
 Year ended December 31, 2024  
 (Unaudited)

|  |                |
|--|----------------|
| Operating expenses:                                |                |
| Natural gas  | \$ 104,022,598 |
| Operations:  |                |
| Production   | 5,260,173      |
| Distribution                                       | 14,978,270     |
| Customer accounting and collecting                 | 10,428,730     |
| Marketing  | 1,818,435      |
| Administrative                                     | 4,812,944      |
| Total operations                                   | \$ 37,298,552  |
| Maintenance:                                       |                |
| Production   | 3,254,192      |
| Distribution                                       | 15,208,056     |
| Total maintenance                                  | \$ 18,462,248  |
| Depreciation and amortization                      | 20,279,378     |
| Provision for statutory payments to municipalities | 3,258,538      |
| Total operating expenses                           | \$ 183,321,314 |

**METROPOLITAN UTILITIES DISTRICT**

## Statistical Highlights

Years ended December 31, 2024, 2023, and 2022

(Unaudited)

| <b>Water Department</b>                                | <b>2024</b>      | <b>2023</b>   | <b>2022</b>   |
|--|------------------|---------------|---------------|
| Number of customers (December)                         | 229,270          | 227,433       | 225,028       |
| Sales (thousand gallons)                               | 32,015,811       | 32,381,759    | 31,666,992    |
| Operating revenues, net                                | \$ 170,908,533   | 162,559,492   | 152,647,809   |
| Operating expenses                                     | 116,681,892      | 106,663,577   | 104,034,166   |
| Operating income                                       | \$ 54,226,641    | 55,895,915    | 48,613,643    |
| Plant additions and replacements, net                  | \$ 114,953,436   | 86,158,744    | 75,334,732    |
| Plant in service                                       | \$ 1,473,574,728 | 1,404,660,992 | 1,336,765,056 |
| Miles of mains   | 3,204            | 3,180         | 3,155         |
| Average daily pumpage (thousand gallons)               | 99,684           | 98,379        | 96,909        |
| <br>   |                  |               |               |
| <b>Gas Department</b>                                  |                  |               |               |
| Number of customers (December)                         | 242,687          | 241,080       | 239,487       |
| Sales (DTH):   |                  |               |               |
| Firm   | 27,126,240       | 28,726,337    | 31,411,793    |
| Interruptible  | 4,503,965        | 4,199,835     | 4,080,279     |
| Total  | 31,630,205       | 32,926,172    | 35,492,072    |
| Operating revenues, net                                | \$ 217,655,978   | 255,933,175   | 353,259,267   |
| Cost of gas sold                                       | 104,022,598      | 143,384,526   | 235,312,367   |
| Other operating expenses                               | 79,298,716       | 73,543,842    | 76,264,376    |
| Operating income                                       | \$ 34,334,664    | 39,004,807    | 41,682,524    |
| Plant additions and replacements, net                  | \$ 102,970,858   | 91,905,485    | 84,239,555    |
| Plant in service                                       | \$ 798,515,026   | 755,488,019   | 721,035,585   |
| Miles of mains   | 2,994            | 2,970         | 2,972         |
| Average daily sendout (DTH)                            | 94,323           | 98,121        | 105,368       |
| <br>   |                  |               |               |
| Number of active employees – water<br>and gas combined | 913              | 905           | 876           |

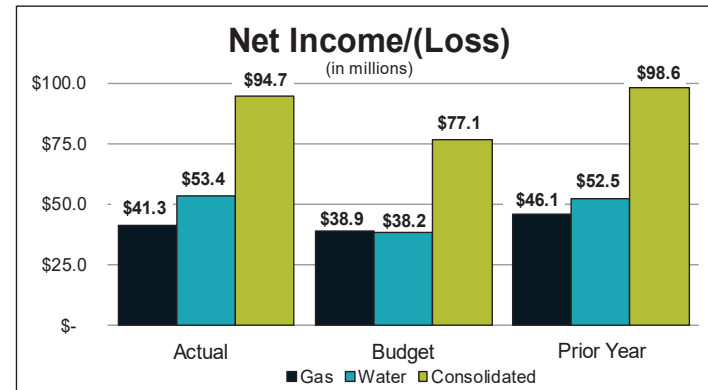
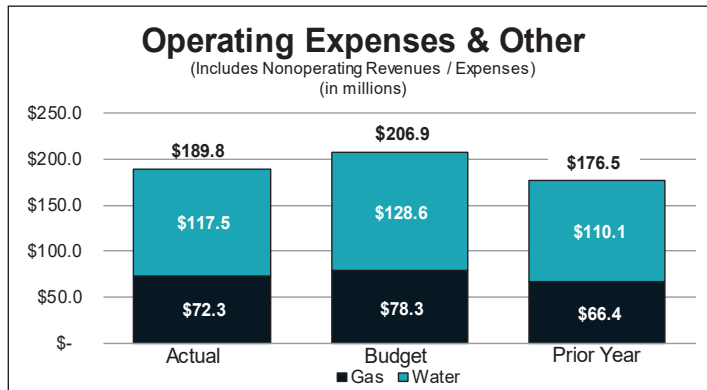
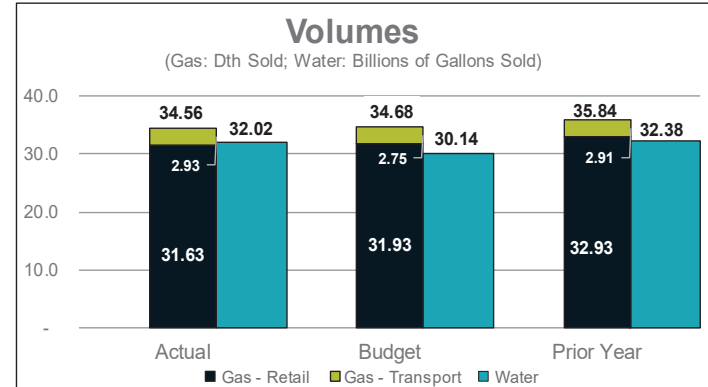
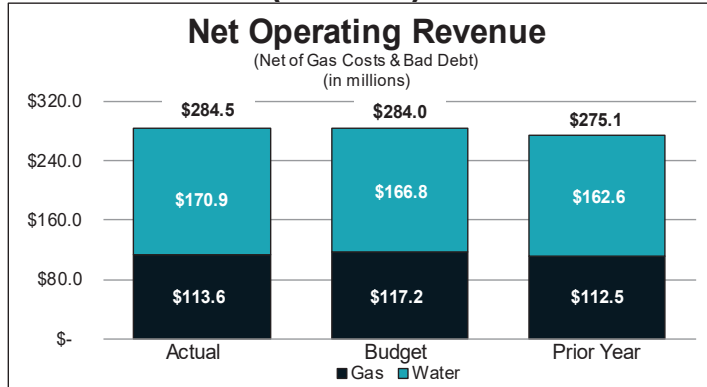


# 2024 FINANCIAL REVIEW

APRIL 2, 2025

# 2024 FINANCIAL SUMMARY

## GAS & WATER COMBINED (in millions)



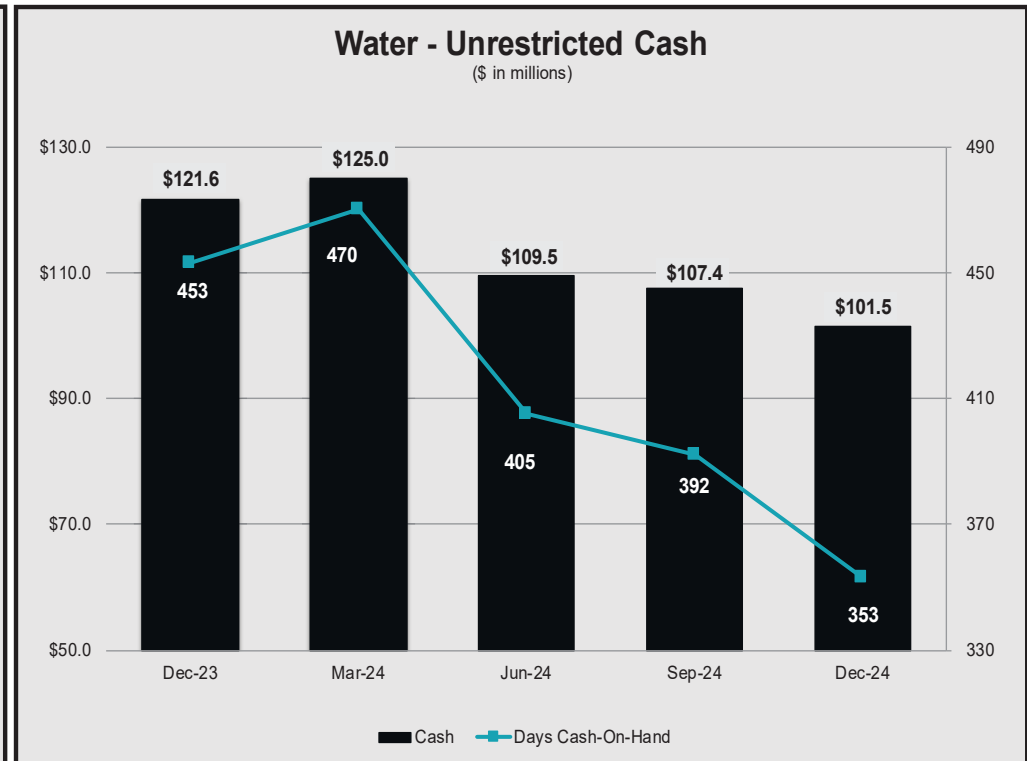
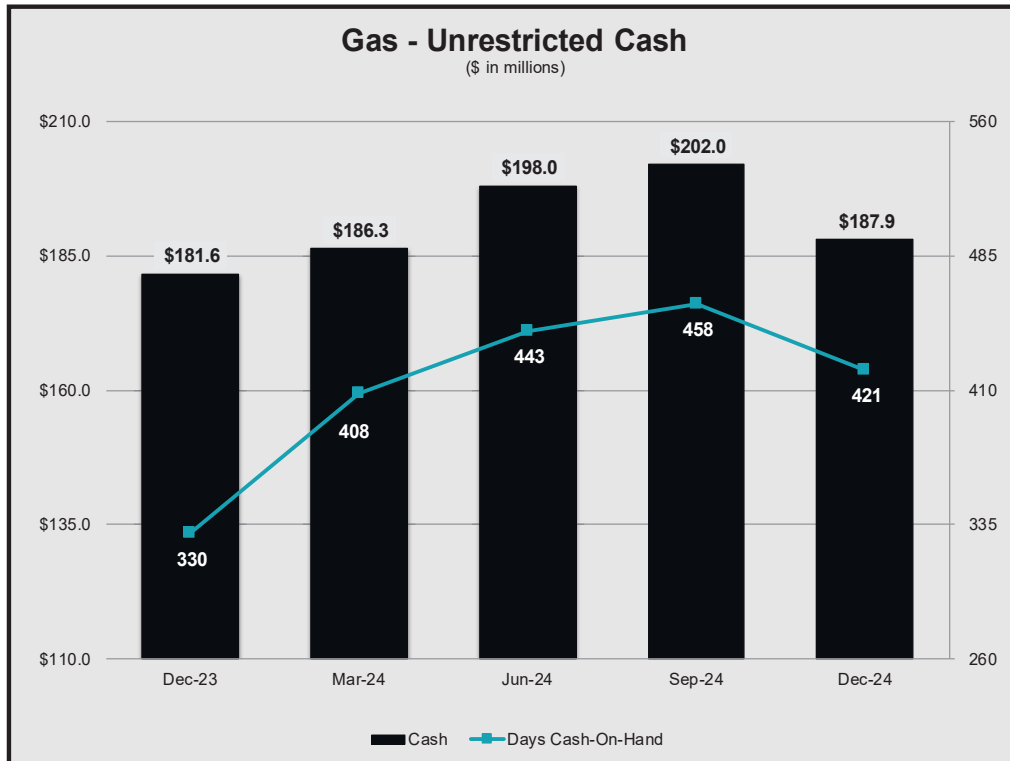
# 2024 NET INCOME REVIEW

## GAS & WATER COMBINED

|   | 2024<br>Actual | 2024<br>Budget | 2023<br>Actual | Variance - Favorable (Unfavorable) vs. |         |                |         |
|---|----------------|----------------|----------------|--|---------|----------------|---------|
|   |                |                |                | Budget                                 |         | Prior Year     |         |
|   |                |                |                | \$                                     | %       | \$             | %       |
| <b>Net Income, as reported</b>                            |                |                |                |  |         |                |         |
| Gas Department  | \$ 41,328,511  | \$ 38,874,787  | \$ 46,089,072  | \$ 2,453,724                           | 6.31%   | \$ (4,760,561) | -10.33% |
| Water Department  | \$ 53,425,983  | \$ 38,245,751  | \$ 52,469,140  | \$ 15,180,232                          | 39.69%  | \$ 956,843     | 1.82%   |
| Total   | \$ 94,754,494  | \$ 77,120,538  | \$ 98,558,212  | \$ 17,633,956                          | 22.87%  | \$ (3,803,718) | -3.86%  |
| <b>Pension</b>  |                |                |                |  |         |                |         |
| Gas Department  | \$ 6,370,809   | \$ 6,998,753   | \$ 4,001,272   | \$ 627,944                             | 8.97%   | \$ 2,369,537   | 59.22%  |
| Water Department  | \$ 5,627,105   | \$ 5,914,075   | \$ 3,408,489   | \$ 286,970                             | 4.85%   | \$ 2,218,616   | 65.09%  |
| Total   | \$ 11,997,914  | \$ 12,912,828  | \$ 7,409,761   | \$ 914,914                             | 7.09%   | \$ 4,588,153   | 61.92%  |
| <b>OPEB</b>   |                |                |                |  |         |                |         |
| Gas Department  | \$ (2,542,723) | \$ 6,606,392   | \$ (3,263,329) | \$ 9,149,115                           | 138.49% | \$ 720,606     | -22.08% |
| Water Department  | \$ (1,766,209) | \$ 5,696,014   | \$ (2,779,875) | \$ 7,462,223                           | 131.01% | \$ 1,013,666   | -36.46% |
| Total   | \$ (4,308,932) | \$ 12,302,406  | \$ (6,043,204) | \$ 16,611,338                          | 135.03% | \$ 1,734,272   | -28.70% |
| <b>Net Income, Excluding<br/>Pension and OPEB Impacts</b> |                |                |                |  |         |                |         |
| Gas Department  | \$ 45,156,597  | \$ 52,479,932  | \$ 46,827,015  | \$ (7,323,335)                         | -13.95% | \$ (1,670,418) | -3.57%  |
| Water Department  | \$ 57,286,879  | \$ 49,855,840  | \$ 53,097,754  | \$ 7,431,039                           | 14.91%  | \$ 4,189,125   | 7.89%   |
| Total   | \$ 102,443,476 | \$ 102,335,772 | \$ 99,924,769  | \$ 107,704                             | 0.11%   | \$ 2,518,707   | 2.52%   |

# CASH POSITION – GAS & WATER DEPARTMENTS

## DECEMBER 31, 2024



# FINANCIAL STABILITY – KEY MEASURES

|  | <u>2024</u>  | <u>2023</u>                                |
|--|--------------|--|
| <b><u>Debt Service Coverage:</u></b>                           |              |  |
| Water Debt service coverage ratios                             | 4.32x        | 4.27x                                      |
| Gas Debt service coverage ratios                               | 4.33x        | 4.20x                                      |
| Debt service coverage requirements                             | 1.20x        | 1.20x                                      |
| <b><u>Pension Funding:</u></b>                                 |              |  |
| Funded Ratio (Actuarial Value of Assets / Actuarial Liability) | 94%          | 93%  |
| <b><u>OPEB Funding (\$ in millions):</u></b>                   |              |  |
| District contribution to OPEB trust fund                       | \$7.8        | \$7.5                                      |
| Retiree medical claims/fees paid                               | <u>\$4.2</u> | <u>\$4.4</u>                               |
| Total District contribution to OPEB Plan                       | \$12.0       | \$11.9                                     |
| <b><u>Credit Ratings:</u></b>                                  |              |  |
| Gas Department   |              |  |
| Fitch Ratings - October 2023                                   | AA+          | 2 <sup>nd</sup> highest rating - No change |
| Moody's Investor Services - October 2023                       | Aa2          | 3 <sup>rd</sup> highest rating - No change |
| S&P Global Ratings - March 2025                                | AA+          | 2 <sup>nd</sup> highest rating - No change |
| Water Department   |              |  |
| Fitch Ratings - N/A  | -            | Does not rate the Water Dept.              |
| Moody's Investor Services - October 2023                       | Aa2          | 3 <sup>rd</sup> highest rating - No change |
| S&P Global Ratings - December 2024                             | AA+          | 2 <sup>nd</sup> highest rating - Upgrade   |

**METROPOLITAN**  

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**UTILITIES DISTRICT**



# 2025 Infrastructure Replacement Program Update

Infrastructure Integrity Department

Evan Martin & Derek Duin

March 27, 2025

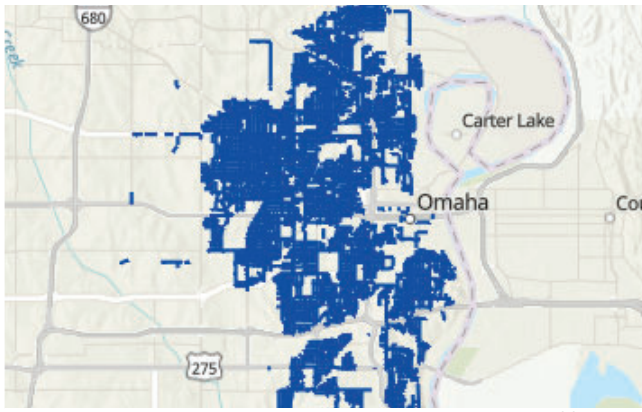
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## Gas IR Project Updates

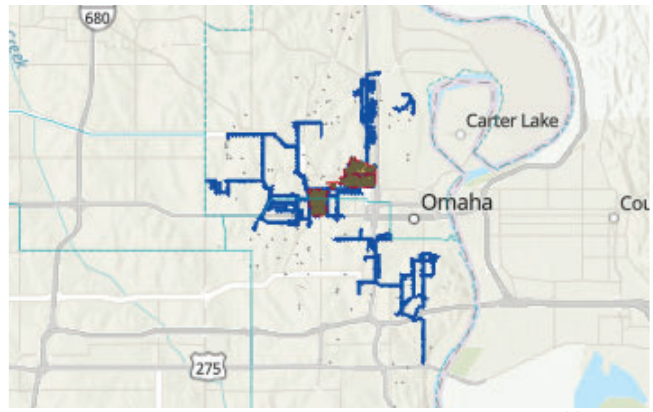
### Natural Gas Distribution System

- Over 560 miles of targeted gas mains in 2008.
- 76 miles remaining.
- The Gas IR Program is managed by the Gas Design group within the Engineering department.



Esri, ... 5 mi

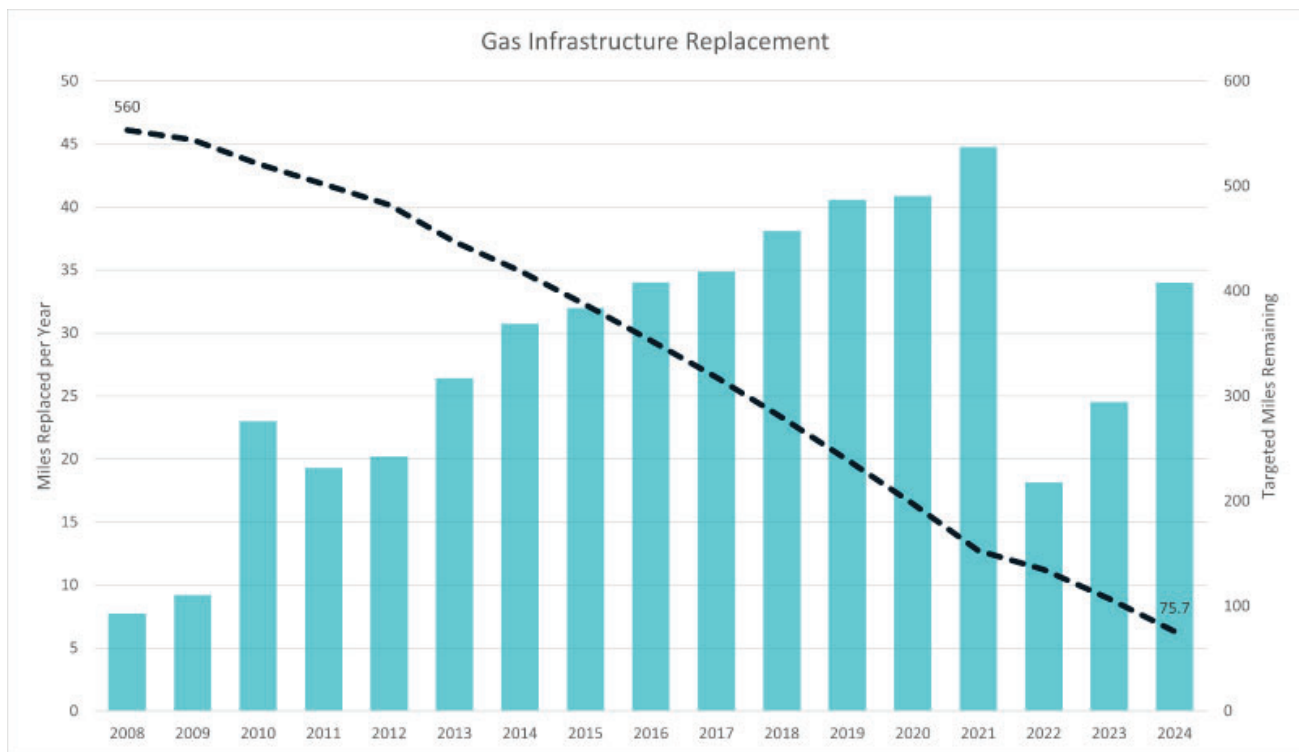
Powered by Esri



Esri, ... 5 mi

Powered by Esri

### Target Gas Mains



### Progress to Date

- 2025 goals and beyond.
- Final mileage is the most difficult.
- The focus is on getting to zero miles cost-effectively.
  - Funded with PHMSA grant dollars.
  - Constructed by M.U.D crews.



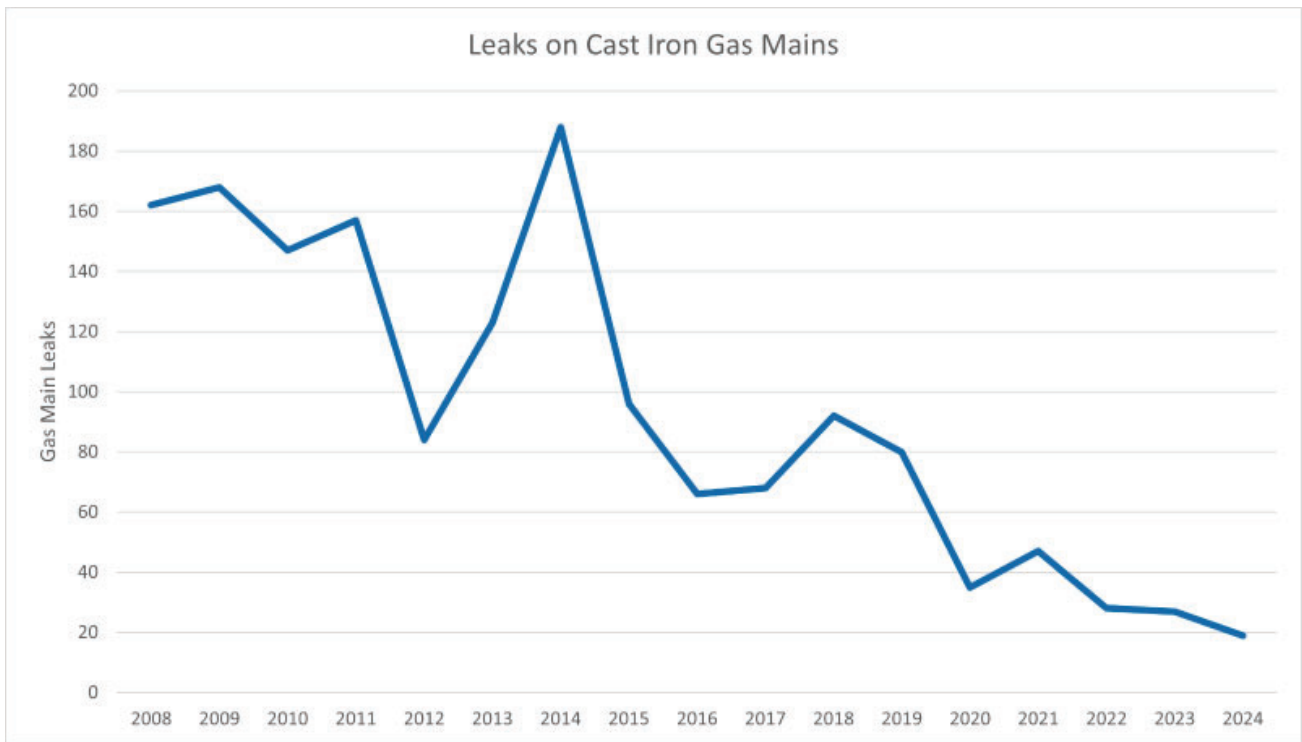


## Gas IR 2.0

- The goal is to reduce the number of inside meter sets on the high-pressure system.
- Upgrading our system concurrently with cast iron main replacement by contracted crews.

## In 2025

- About 2000 inside meters.
- 20 miles of steel mains.



### Less Cast Iron Gas Leaks

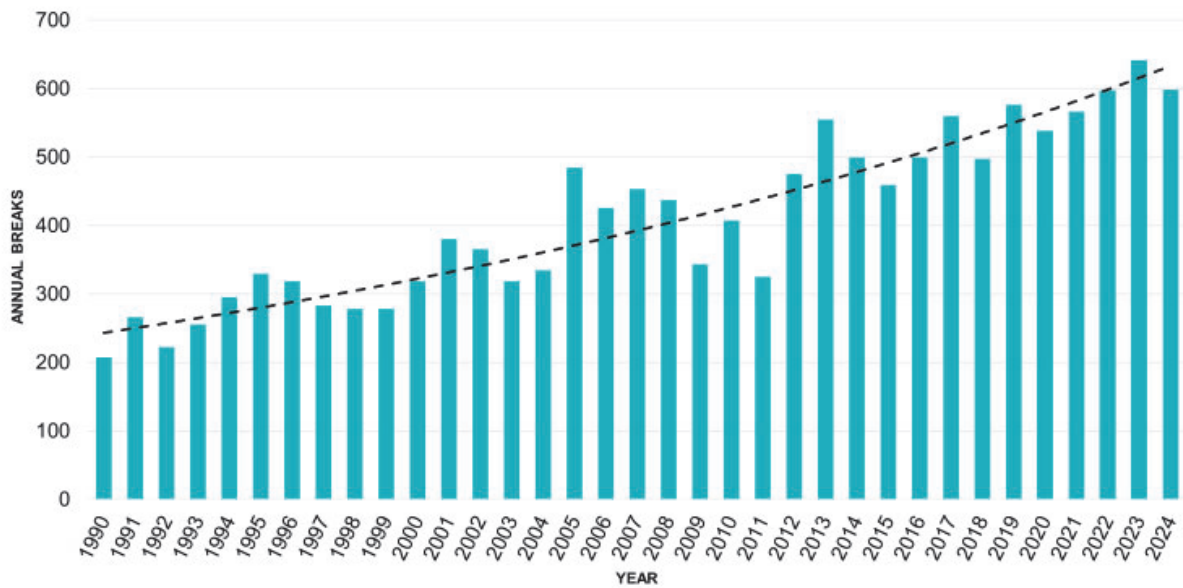
- Efforts today have led to a more reliable system.
- Less unplanned maintenance is required.



### Water IR Program Updates

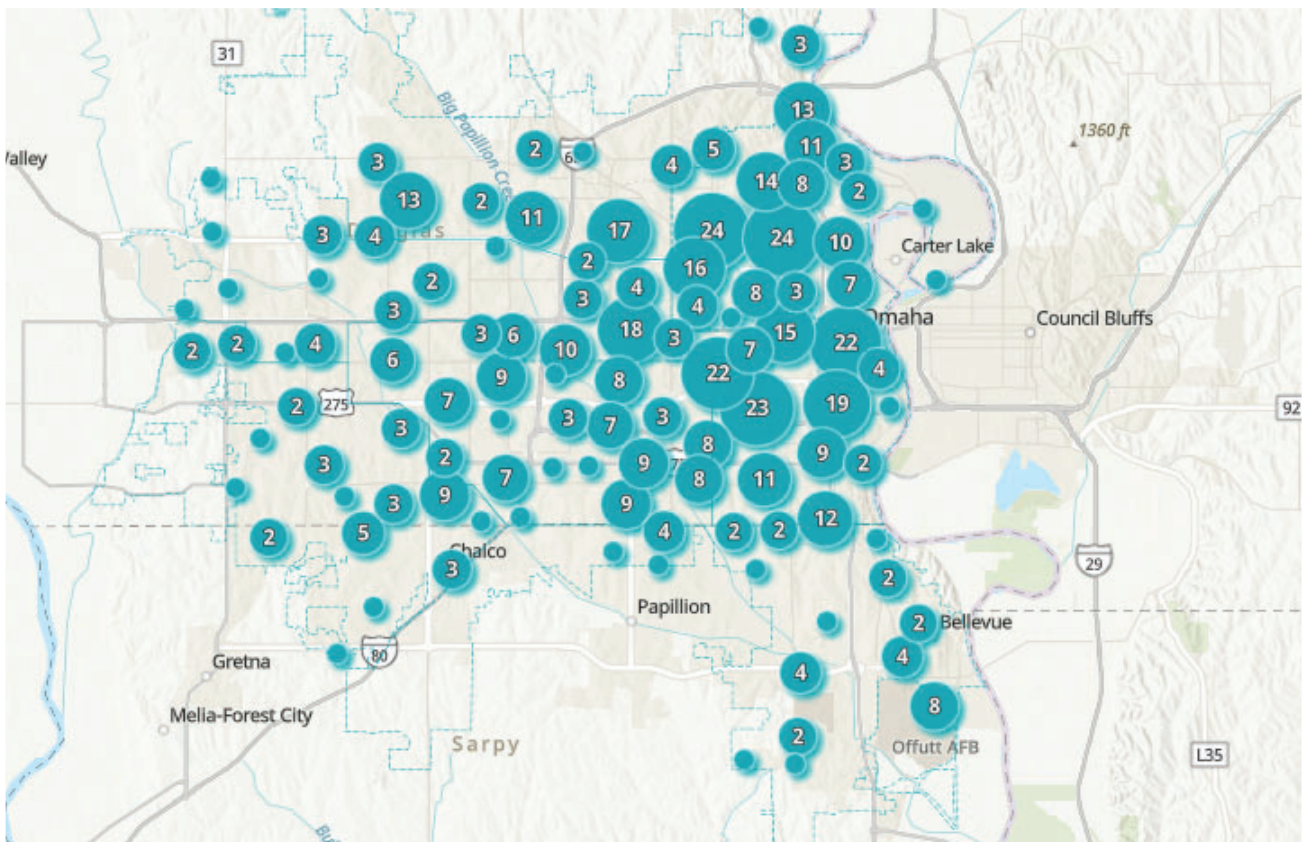
#### Water Main Breaks

## Annual Water Main Breaks



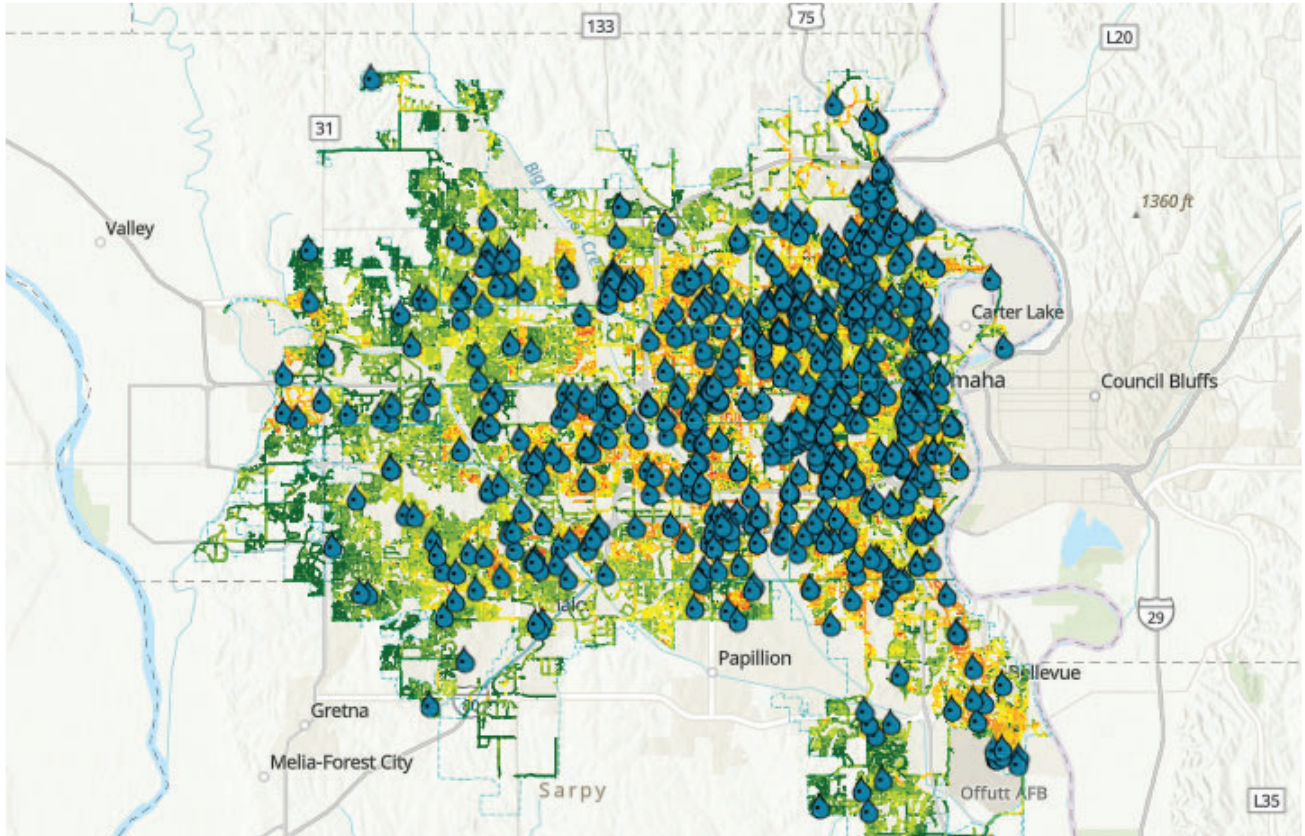
## Historical Trends

- Analysis of historical water main break.



## Water Main Breaks

- 598 total breaks in 2024



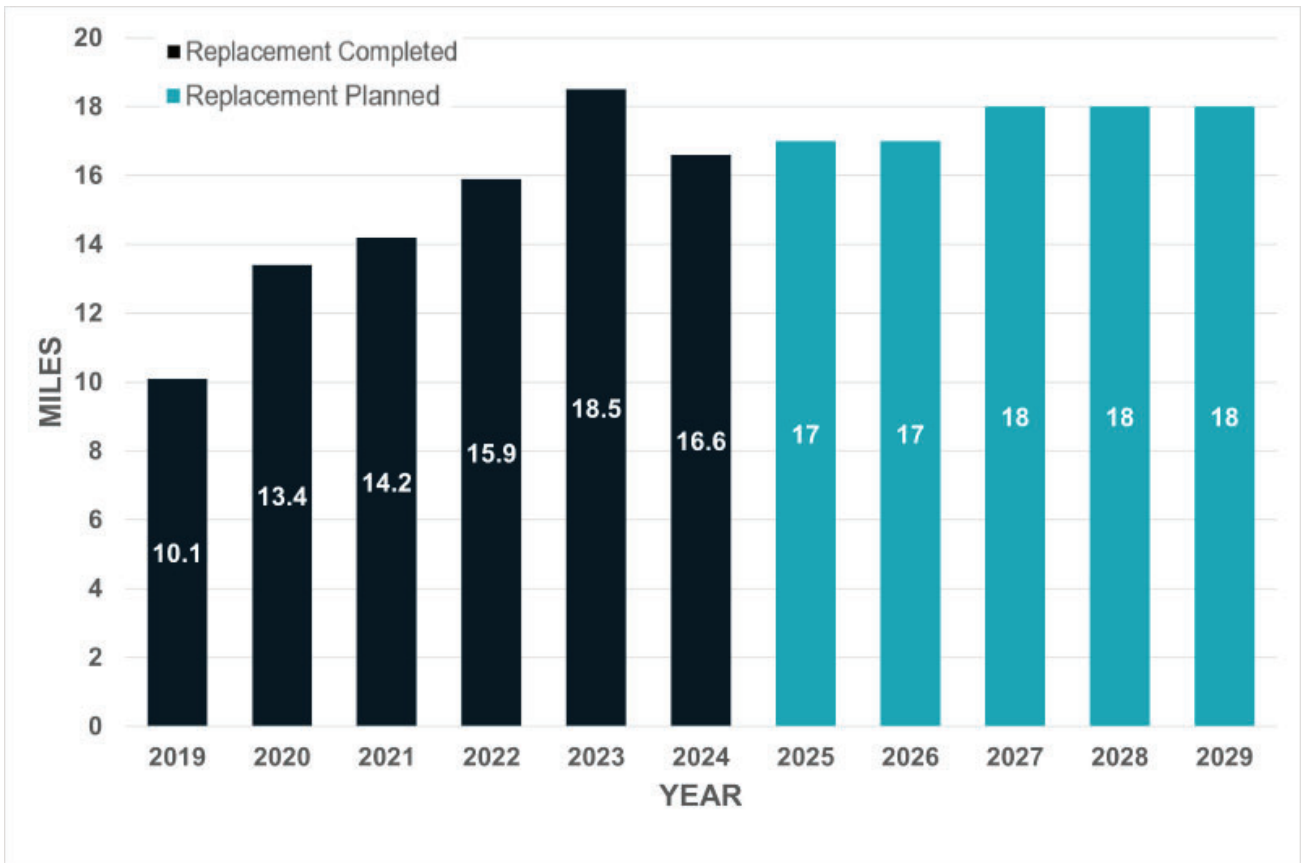
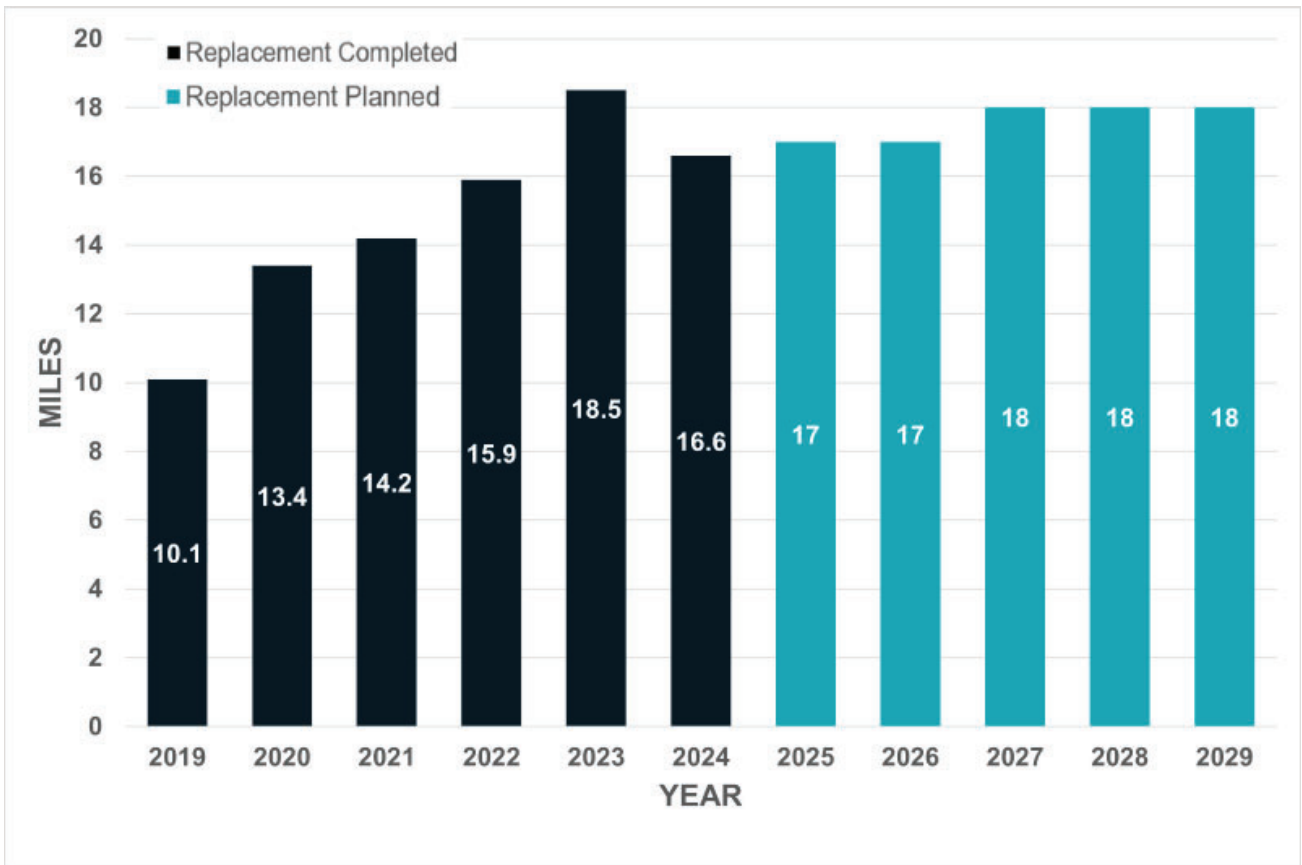
Esri, NASA, NGA, USGS | County of Douglas, NE, Iowa DNR, Nebraska Ga...

5 mi

Powered by Esri

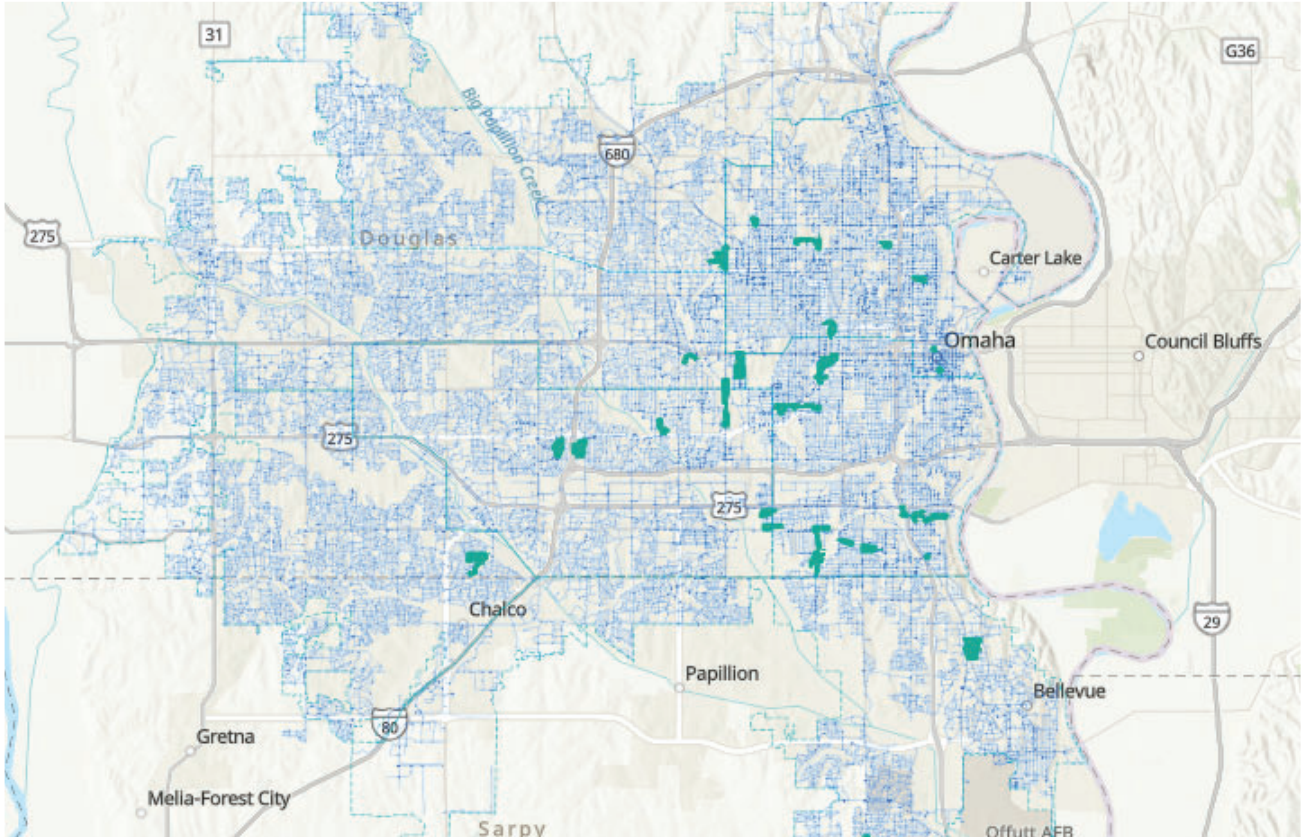
- Breaks influence the risk score of water mains.
- Risk is a main driver for replacement.

## 💧 Water Replacement Projects



- Continuing to refine our designs and installation methods.
- Focusing our condition assessment on higher-consequence mains.

- Planning to continue increasing replacement goals.

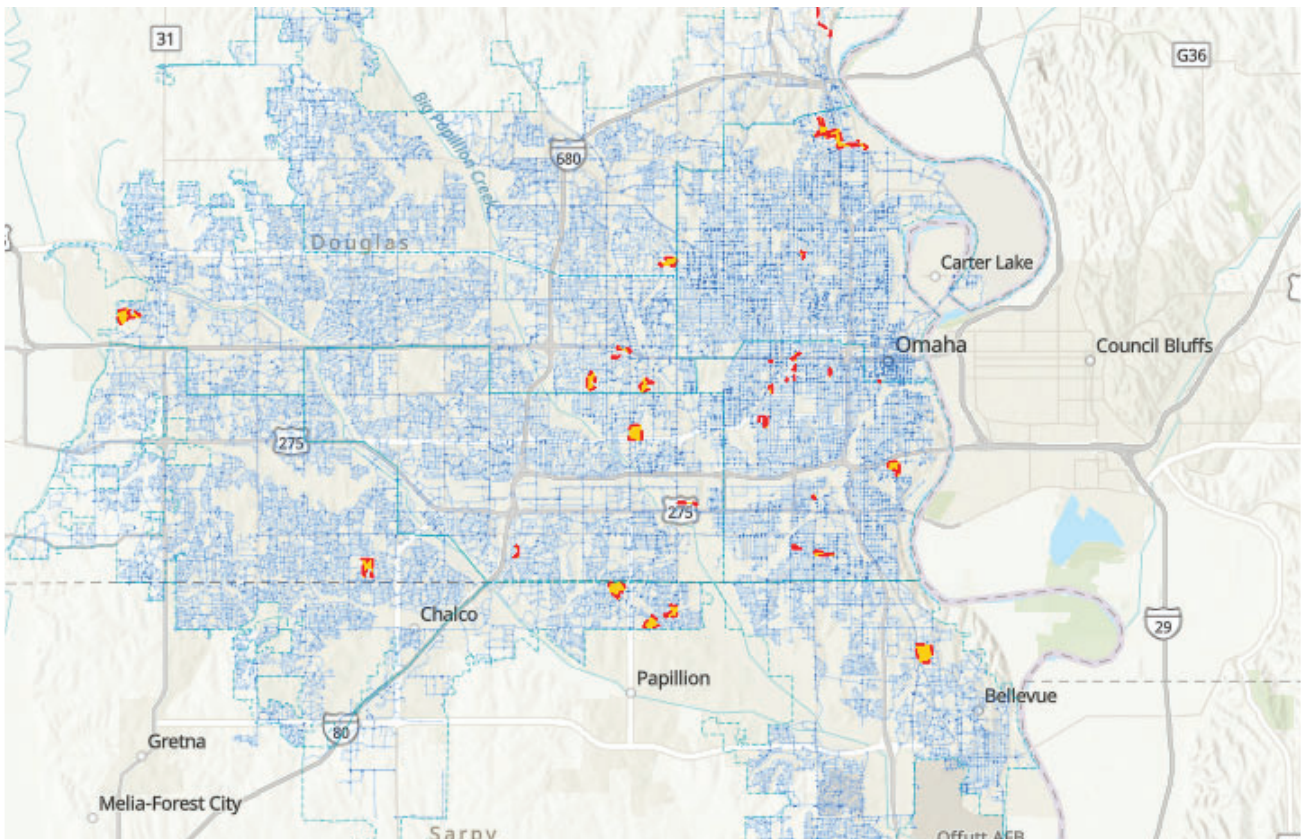


Esri, NASA, NGA, USGS | County of Douglas, NE, Iowa DNR, Nebraska Ga...

5 mi

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## 2024 Water Main Replacement Projects



Esri, NASA, NGA, USGS | County of Douglas, NE, Iowa DNR, Nebraska Ga...

5 mi

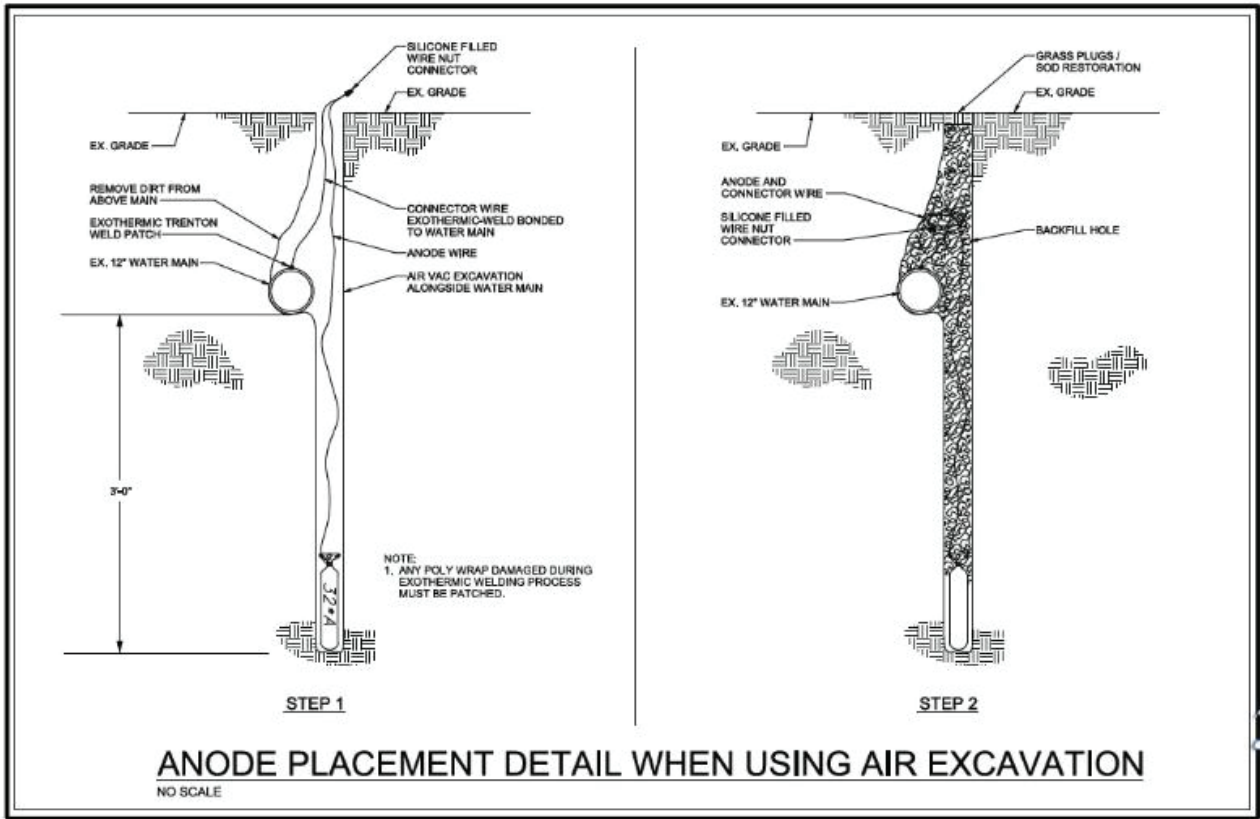
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### Corrosion Program Updates



#### Leak Causes

- 371 out of 598 total leaks were caused due to corrosion.
- That is 62.0% of all leaks in 2024.



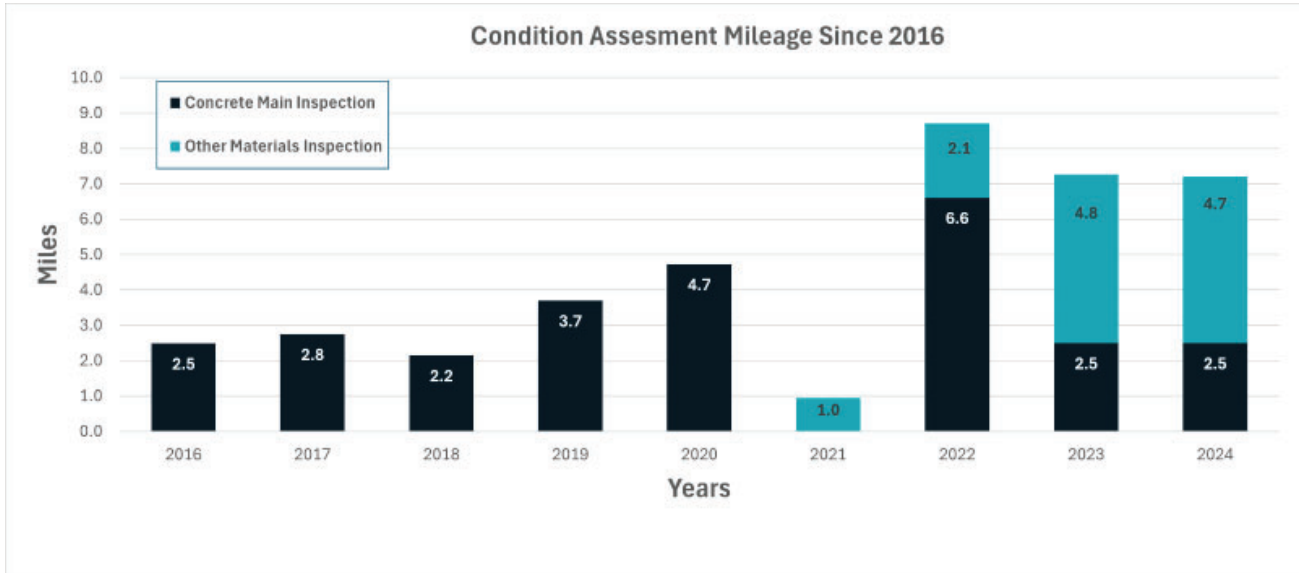
Anode Retrofit 2024 Pilot Project

 Condition Assessment Program Updates



## 2024 Condition Assessment

- Water system overview.
- Distribution main inspection program.
- Concrete main inspection program.





## 2024 Distribution Water Main Condition Assessment

- Pica Corp - SeeSnake.
- 12-inch cast iron and ductile iron mains.
- 1.5 miles inspected.
- Benefits/Risks.
- MUD crews.

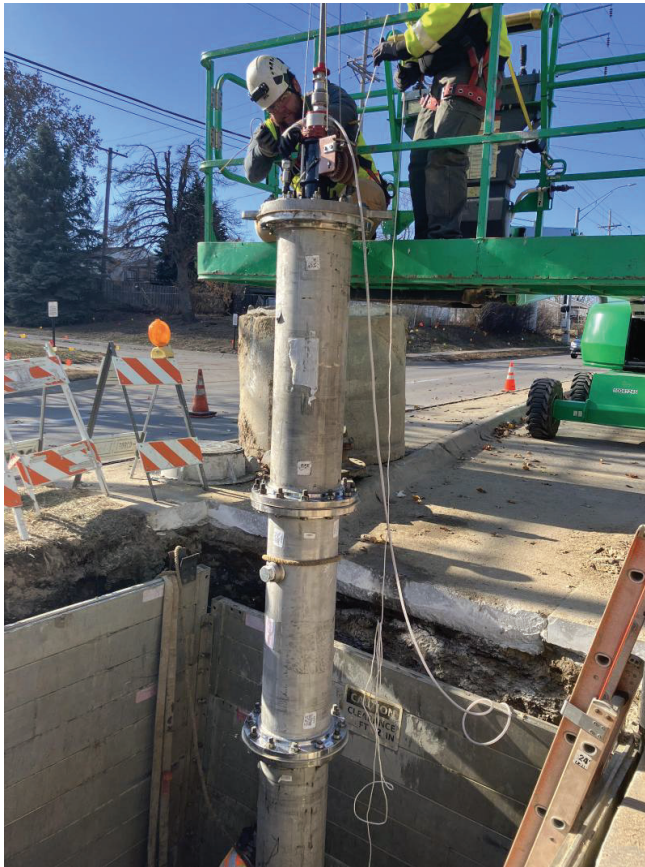


- Mueller EPulse condition assessment.
- 6- and 8-inch cast iron mains.
- 3.2 miles inspected.
- Benefits and risks.

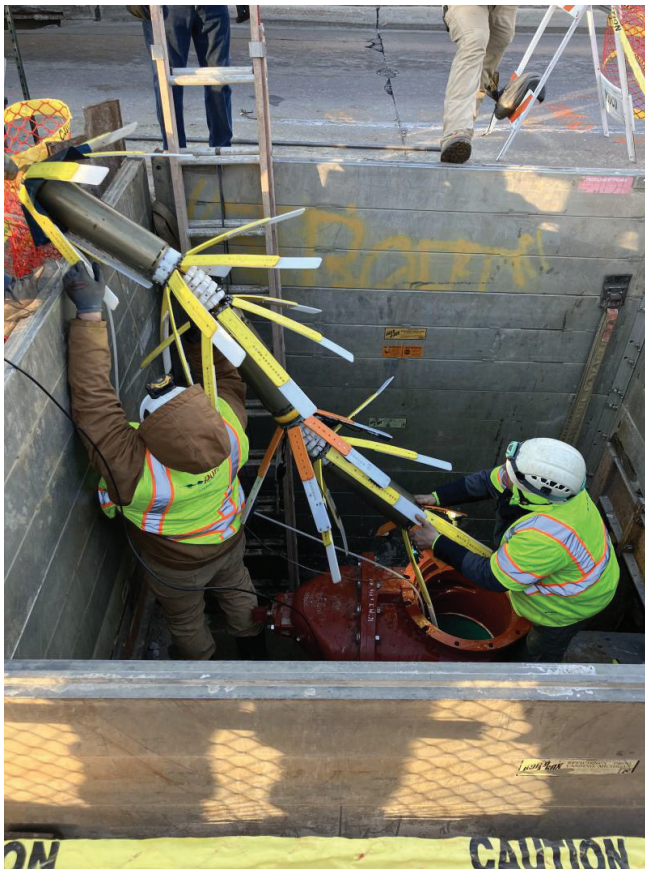


## 2024 Concrete Water Main Inspection

- Pure Technologies PipeDiver.
- 42-inch Prestressed Concrete Cylinder pipe.
- 2.5-mile inspection.



PipeDiver Insertion



## Case Study

### Concrete Main Inspection (WP1881)



- Direct Replacement estimate: \$60,000,000
- Inspection and repair cost : \$904,701.30

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## Construction Methods And Material Selection



## High Density Polyethylene (HDPE)

- Design
- Constructability
- Cost
- Durability / Corrosion resistance



## Pipe Bursting

- 3.8 miles completed in 2024.
- Efficiency.

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💡 Questions?



# THANKS!

Any questions?

