METROPOLITAN UTILITIES DISTRICT

Committee Meetings Agenda

DRAFT **UPDATED 3/28/2024 8:00 am**

8:15 a.m. **April 3, 2024**

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

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
   [Matthew Pelton – Senior Plant Engineer, 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 8**
2. Amendment No. 2 – Southeast Bellevue Water Main Extensions Project
   [Masa Niiya – VP, Engineering] – **Tab 9**

Personnel – *Begley, Sidzyik, Friend*

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

Judicial & Legislative – *Cavanaugh, Cook, Howard*

1. Third Legislative Report for 2024 [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 Officers] – **Tab 12**

Audit – *McGowan, Howard, Begley*

1. 2023 Audited Financial Statement [Mark Myers, SVP & Chief Financial Officers] – **Tab 13**

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

1. 2023 Financial Review [Steve Dickas – VP, Accounting] – **Tab A (INFORMATION ONLY)**

Committee of the Whole

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

Public Comment

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT

Regular Monthly Board Meeting Agenda

9:00 a.m. **April 3, 2024**

	1.	Roll Call
	2.	Open Meetings Act Notice
	3.	Pledge of Allegiance
	4.	Approval of Minutes – Committee Meetings and Regular Board Meeting for March 6, 2024
CONSTRUCTION & OPERATIONS	5.	Capital Expenditures
	6.	Acceptance of Contracts and Payment of Final Estimates
	7.	Bids on Materials and Contracts
SERVICES & EXTENSIONS	8.	Main Extensions
	9.	Amendment No. 2 – Southeast Bellevue Water Main Extension
PERSONNEL	10.	Wage and/or Salary Increases and Ratifications
JUDICIAL & LEGISLATIVE	11.	Third Legislative Report for 2024
INSURANCE & PENSION	12.	Actuarial Valuation Report on the Retirement Plan
AUDIT	13.	2023 Audited Financial Statement
BOARD	14.	Other Matters of District Business for Discussion
	15.	Public Comment
	16.	CLOSED SESSION – Litigation, Personnel and Real Estate

Adjourn Regular Monthly Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of the Committee Meeting

March 6, 2024

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

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 25, 2024. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on March 1, 2024.

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

Safety Briefing

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

Roll Call

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

Open Meetings Act Notice

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

On behalf of the Board of Directors and Management, Director Begley presented Gas Distribution employee Paul Contreras with the Distinguished Service Award for heroic lifesaving efforts on February 14, 2024 at the Kansas City Chiefs Superbowl victory parade. Mr. Contreras was quick to act, tackling and restraining a suspected gunman when a gunfire broke out in the crowd. Mr. Contreras was thanked for his courageous and selfless act and presented with a plaque to honor him.

Construction and Operations – *Friend, Sidzyik, Cavanaugh*

Interim Senior Vice-President and Chief Operations Officer Andy Melville presented the proposed capital expenditures as outlined in his letter to the Committee dated February 27, 2024.

Interim Director of Plant Engineering, Adam Gartner reviewed the Acceptance of Contracts and Payment of Final Estimates as outlined in his letter to the Committee dated February 16, 2024. Discussion was held on the state of the Walnut Hill Reservoir.

Mr. Gartner continued, reviewing the request for Water Service Reconnect Contract Extensions for Backlund Plumbing, NxtGen Plumbing, and Veskerna Plumbing and Excavating through Spring 2027.

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 22, 2024.

Vice-President of Engineering Masa Niiya presented the proposed main extensions as outlined in his letter to the Committee dated February 27, 2024.

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 27, 2024.

Ms. Savine continued, presenting the Selection of Senior Vice President, Chief Operations Officer as outlined in her letter to the Committee dated March 1, 2024.

Judicial & Legislative - *Cavanaugh, Cook, Howard*

Assistant General Counsel Joseph Kehm presented a Condemnation Authority Request for a permanent easement in lot 16 of Bennington Park, a platted subdivision in Douglas County, Nebraska as outlined in his letter to the Committee dated February 28, 2024.

Governmental Relations Attorney Rick Kubat presented the Second Legislative Report dated February 28, 2024, summarizing all legislative bills that have been identified as being of interest to the District. Of particular note was the recommended change of position from oppose to neutral on LB 1069 after an amendment was introduced. A brief discussion took place. Mr. Kubat also reiterated the District's appreciation of the bipartisan effort of United States Senator Deb Fischer who, along with United States Senator Amy Klobuchar, encouraged the IRS to resolve the potential tax liability of lead service line replacement. President Doyle highlighted Mr. Kubat's work to have the tax liability concern brought to light and rectified.

Public Comment

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

Director Cavanaugh expressed condolences to the family of Kay Lange, retired Executive Assistant, on behalf of the Board.

At 9:13 a.m., Chairperson Begley announced the Committee Meetings had concluded and the Board would reconvene in ten minutes for the regular monthly Board Meeting.

Mark Doyle
President & Secretary to the Board

MD/sec

METROPOLITAN UTILITIES DISTRICT

Minutes of the Regular Monthly Board Meeting

March 6, 2024

Chairperson Jim Begley called to order the Committee meetings of the Metropolitan Utilities District Board of Directors at 9:23 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 25, 2024. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on March 1, 2024.

Chairperson Begley 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: Tim Cavanaugh, Jim Begley, Tanya Cook, Dave Friend, Mike McGowan. Bob Sidzyik and Gwen Howard were absent.

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

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

AGENDA NO. 3
PLEDGE OF ALLEGIANCE

Chairperson Begley 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 7, 2024.

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for February 7, 2024, which was seconded by Director Cook and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 5
CAPITAL EXPENDITURES

Director Friend moved to approve the proposed capital expenditures as presented in the Committee Meetings by Interim Senior Vice-President and Chief Operations Officer Andy Melville as outlined in his letter to the Committee dated February 27, 2024. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Cavanaugh, Begley, Cook, Friend, McGowan
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 Interim Director, Plant Engineering Adam Gartner and as outlined in his letter to the Committee dated February 16, 2024. The motion was seconded by Director McGowan and carried on a roll call vote.

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

AGENDA NO. 7
WATER SERVICE RECONNECT CONTRACT EXTENSIONS FOR BACKLUND, NXTGEN PLUMBING, AND VESKERNA PLUMBING & EXCAVATING THROUGH SPRING 2027

Director Friend moved to approve the Contract Extension request for Backlund Plumbing, NxtGen Plumbing and Veskerna Plumbing & Excavating as presented in the Committee Meetings by Interim Director, Plant Engineering Adam Gartner and as outlined in his letter to the Committee dated February 14, 2024. The motion was seconded by Director Cook and carried on a roll call vote.

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

AGENDA NO. 8
BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve the bids on materials and contracts as presented by Vice-President of Procurement and Enterprise Services Jon Zellars and as outlined in the letter to the Committee dated February 22, 2024 from Director of Procurement Sherri Lightfoot. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 9
MAIN EXTENSIONS

Director Friend moved to approve the proposed main extensions as presented by Vice-President of Engineering Masa Niiya and as outlined in his letter to the Committee dated February 27, 2024, which was seconded by Director Cook and carried on a roll call vote.

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

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

Director Begley moved to approve the Wage and/or Salary Increases and Ratifications as presented by Vice-President of Human Resources Bonnie Savine and as outlined in her letter dated February 27, 2024. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 11
SELECTION OF SENIOR VICE PRESIDENT & CHIEF OPERATIONS OFFICER

Director Begley moved to approve the hire of Kendall Minor as the Senior Vice President and Chief Operations Officer as presented by Vice-President of Human Resources Bonnie Savine and as outlined in her letter dated March 1, 2024. The motion was seconded by Director Cook and carried on a roll call vote.

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

AGENDA NO. 12
BENNINGTON CONDEMNATION AUTHORITY REQUEST (RESOLUTION)

Director Cavanaugh moved to approve the Condemnation Authority request for a permanent easement in Bennington as presented by Assistant General Counsel Joseph Kehm and as outlined in his letter dated February 28, 2024. The motion was seconded by Director McGowan and carried on a roll call vote.

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

AGENDA NO. 13
SECOND LEGISLATIVE REPORT FOR 2024

Director Cavanaugh moved to approve the recommended positions on legislative bills outlined in the Second Legislative Report for 2024 as presented by Government Relations Attorney Rick Kubat in the Committee Meetings and as outlined in her letter dated February 28, 2024. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 14
PRESIDENT'S PERFORMANCE AND SALARY REVIEW

Director Begley moved to a 3.75% general salary increase for President Doyle and any progression increase, consistent with the percentage for SPA employees for the 2024 calendar year. The motion was seconded by Director Friend. Each Board member provided a comment of appreciation for President Doyle. The motion was carried on a roll call vote.

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

AGENDA NO. 15
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Chairperson Begley asked whether any Board Members had any comments they wished to share.

Director McGowan asked what the current gas prices are compared to last year at this time. Vice-President, Gas Operations Jim Knight reported that gas prices were \$1.45 in March 2024 and \$2.60 in March 2023 and that this is the lowest gas prices we've seen since 1995 nationally. Mr. Knight also indicated that storage reserves are 25% above the 5-year average nationally.

AGENDA NO. 16
PUBLIC COMMENT

Chairperson Begley asked whether any members of the public were present who wished to address the Board. There were none.

Director McGowan requested a date be set for the "State of the District" update from President Doyle. The May 2024 Board Meeting was selected.

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

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

The regular Board Meeting was adjourned at 9:41 a.m.

Mark Doyle
President & Secretary to the Board

MD/sec

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 26, 2024

Subject: CAPITAL EXPENDITURES

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

From: Kendall Minor, SVP & Chief Operations Officer

The following items will be on the April 3, 2024, Committee Agenda for consideration and the Board Agenda for approval.

<u>BUILDINGS, PLANTS & EQUIPMENT</u>

1. JOB #: (100033000017 - $225,000)
TOTAL COST: $225,000
LOCATION: Platte South Water Production Facility
PURPOSE: Remove Existing Underground Fuel Tanks and Replace with Above Ground Tanks
DESCRIPTION: This project is for the replacement of two existing 1,000 gallon underground fuel storage tanks with above ground tanks of the same size at Platte South. The existing underground tanks are original to the facility and are nearing their useful lifespan. Above ground fuel tanks require less leak detection and monitoring equipment than underground tanks. In addition, any leak in an above ground tank can be detected and repaired more easily than in a below ground tank. Due to the containment provided with an above ground tank, the environmental implications of a leak are far less than that of a buried tank as well.

2. JOB #: (100089000963 - $1,495,000)
TOTAL COST: $1,495,000
LOCATION: Various
PURPOSE: Purchase and install 1,000 leak loggers with 5 years of analyst services, web portal maintenance, and communication.
DESCRIPTION: The newer generation leak loggers have sensitive microphones coupled with modern communication which allow for deployment throughout the water system - an arrangement commonly referred to as the “internet-of-things.” The devices report to a web portal which can be analyzed by the user. What makes these devices transformative is their ability to find leaks that are non-surfacing with minimal labor. Finding a break prior to surfacing allows us to manage the repair differently. The repair and operating crews can plan for an optimal time to fix, and customers can be given advanced notice of the outage thereby reducing the cost of repairs, improving safety to the public and our employees, and providing earlier notification of outage needs during repairs. These benefits were evident with the success of 345 loggers previously deployed that have found 72 leaks on mains and services.

These loggers will monitor approximately 100 miles of pipe. This is the first phase of our leak detection program. We eventually plan to monitor 500-700 miles of pipe. The expansion of the program will proceed incrementally budgeted over the next several years.

3. JOB #: (100033000016 - $181,750)
TOTAL COST: $181,750
LOCATION: Platte South Water Production Facility
PURPOSE: Purchase 8 New Propeller Meters for Upflow Piping
DESCRIPTION: This project will purchase two 42”, four 36”, and two 30” replacement Propeller Meters manufactured by Water Specialties. These meters will replace existing Sparling propeller meters that currently measure the flows in the upflow basins at the Platte South Water Treatment Facility. Previous projects have replaced multiple Sparling Meters that are at the end of their lifespan and this project will replace the remaining units within the facility.

Accurate metering of water throughout the upflow basins is essential as chemical dosing and plant balancing is dependent on these meters. The Water Specialties Propeller Meters are custom built to drop into the existing piping. Similar Water Specialties Propeller Meters have been used in the wellfield, high service, and raw water meters within the facility. Installation will be done by District forces during our scheduled November 2024 shutdown.

4. JOB #: RATIFICATION (100031000019 - $217,000)
TOTAL COST: $217,000
LOCATION: Florence Water Production Facility
PURPOSE: Rebuild of a Traveling Intake Screen
DESCRIPTION: This request is ratification of rebuilding a traveling intake screen at the Florence Water Production Facility. Recently, a traveling screen was approved at the December 2023 Board meeting to be rebuilt and that work has been completed. The vender agreed to rebuilding another screen at the same contract price and we were able to reduce specialized crane and freight expenses by removing and installing the units at the same time. This is the 3rd screen to be rebuilt under the current contract pricing and will also receive the specialized antifoulant coating which has successfully reduced the number of zebra mussels attaching to them.

5. JOB #: (100086000773 - $280,000)
TOTAL COST: $280,000
PURPOSE: Replace MicroStation with AutoCAD
DESCRIPTION: This C&A is to request funds to replace the MicroStation application with the AutoCAD application for Computer Aided Design (CAD) drawings. This migration to AutoCAD will add integration capabilities with ArcGIS Pro, Open Text, and SAP applications, thereby improving efficiency and reducing cost and time. In addition, this follows industry CAD application trends as Microstation application has a smaller share of the market and fewer companies and institutions using and training for that software. Migrating to AutoCAD will improve the ability to recruit CAD Technicians. Further this will improve the accuracy of GPS data collection and third-party vendor collaboration. The integration projects will follow after the successful implementation of AutoCAD.

6. JOB #: (100086000772 - $180,000)
TOTAL COST: $180,000
LOCATION: Platte West Water Production Facility and MUD Operating Center
PURPOSE: ITS Storage Area Network Replacement
DESCRIPTION: This project aims to replace the aging Storage Area Network (SAN) at Platte West and the Operations data centers. The SAN supports on-premise servers located at each of those locations. The current equipment is 7 years old and the vendor support has become too costly to maintain. Due to the reduced size of the on-premise footprint, we plan to downsize the new SAN equipment and save on the annual support cost.

SYSTEM IMPROVEMENTS

1. JOB #: R2257 (100053001571 - $210,000), (100067001541 - $9,600), (100054001159 – $17,000) & (100068001142 - $1,800)
TOTAL COST: $238,400
LOCATION: 222nd Street from West “Q” Road to Orchard Plaza
PURPOSE: Relocate 400’ +/- of 12” ductile iron water main and lower in place 350’ +/- of 4” plastic gas main.
DESCRIPTION: This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for the roadway project C-28(577). This project is anticipated to start spring 2024 and will be constructed by an MUD crew. A portion of these water mains were installed in permanent easement and the work is reimbursable to the District. The total sum of reimbursable work is firm priced at $67,300. The remainder of the work is not reimbursable as the mains are in public right-of-way. No services are impacted during this project.

2. JOB #: (100071000717 - $500,000)
TOTAL COST: $500,000
LOCATION: Various
PURPOSE: 2024 Contracted Hydrant Painting
DESCRIPTION: This request is for authorization to paint approximately 3,400 hydrants in 2024 as part of the annual maintenance cycle for fire hydrants. Water Distribution operates and maintains nearly 30,000 hydrants within the water distribution system. Paint provides corrosion protection for the hydrant assembly and specific paint colors provide information to the fire department about the capacity of each hydrant. The work includes sandblasting each hydrant, then applying a primer coat and topcoat of paint. A local contactor, Buss Lincoln Painting of Omaha, has successfully performed this hydrant painting work for multiple years and agreed to extend their 2023 pricing through 2024.

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Kendall Minor
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Kendall Minor
SVP, Chief Operations Officer

Approved:

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Mark Doyle
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Mark E. Doyle
President

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METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 19, 2024

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

From: Adam Gartner, Interim Director, Plant Engineering

The following items will be on the April 3, 2024, 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. Kersten Construction, WP1619, 100055001270, Install Water Mains in Copper Creek; 168th St. & Military Rd.	11/7/2018	$302,033.00	$453,725.60

Comments: There was a relatively large increase of $151,692.60 (+50.2%) for this project, due to two previously approved change orders. The project was bid in 2018 and postponed by the developer until 2022. Change order no. 1 previously approved significant price increases for labor and material inflation. Change order no. 2 was a small change previously approved for a deeper than expected water main connection. 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. Kersten Construction, WP1966, 100055001426, Install Water Mains in Steel Ridge South Lots 4-8, NW. of 156th St. & Schram Rd.	12/7/2022	$577,863.00	$556,717.00

Comments: There was a decrease of $21,146.00 (-3.7%) for this project, due to a reduction of unit quantities 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
c. Cedar Construction Company, Inc., WP1984, 100055001430, Install Water Mains in Arborview Phase V Lots 534-641, SW. of 210th Ave. & Fort St.	3/1/2023	$510,270.00	$485,440.99

Comments: There was a decrease of $24,829.01 (-4.9%) for this project, due to a reduction of unit quantities 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
d. Cedar Construction Company, Inc., WP2006, 100055001441, Install Water Mains in Avenue One Replat 2 Lots 2-4, SE. of 188th St. & Harney St.	4/5/2023	$246,006.00	$236,443.00

Comments: There was a decrease of $9,563.00 (-3.9%) for this project, due to a decrease in unit quantities 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	
		Contract Bid	Actual
e. Judds Bros Construction Co., WP2017, 100083001180, Platte South Garage Drain Trench Repair	9/6/2023	$97,000.00	$96,226.61

Comments: This project replaced a large section of concrete and drainage inside the Platte South Garage Building. There was a small decrease of $773.39 (<-1%) for this project, due to a deduct to repair a contractor damaged electrical conduit feed which occurred during 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.

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Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
f. Hawkins Construction, R2118, 100093001350, 100041000110, 100053001515, 100067001492, Joint Contract – City of Omaha; OPW 55896 Grover Street; 50th Street to 60th Street	2/1/2023	$1,927,199.20	$1,807,046.80

Comments: This was a joint contract with the City of Omaha and Hawkins Construction for roadway reconstruction along Grover St. This work is not reimbursable because the gas and water mains were in the public right-of-way. There was a decrease of $120,152.40 for this project, primarily due to a reduction of unit quantities required to complete the work and a deduct for a struck gas main. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

DocuSigned by:
Adam Gartner
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Adam Gartner
Interim Director, Plant Engineering

Approved:

DocuSigned by:
Masa Niiya
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Masa Niiya
Vice President
Engineering

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Kendall Minor
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Kendall Minor
Senior Vice President
Chief Operations Officer

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Mark Doyle
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Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 20, 2024

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

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

From: Sherri A Lightfoot, Director, Procurement

The following items will be on the April 3, 2024 Committee Agenda for consideration and the April 3, 2024 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Coventry	22/4	**Cedar Construction**	**$869,931.00**
Wood Lots 1-174, NE of 216th		Kersten Construction	872,813.00
Street and Harrison Street		*Valley Corporation*	*1,033,856.83*
100055001455 WP2067		Becker Trenching	1,054,890.00

Engineering Estimate: $895,650.00
(A C&A in the amount of $1,040,168.00 will be presented to the Board on April 3, 2024 for approval.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Stratford	22/4	**Cedar Construction**	**$930,876.00**
West Lots 1-236, SW of N 171st		Kersten Construction	936,793.00
Street and Military Road		*Valley Corporation*	*1,026,844.37*
100055001462 WP2077		Becker Trenching	1,195,465.00

Engineering Estimate: $989,100.00
(A C&A in the amount of $1,097,308.00 will be presented to the Board on April 3, 2024 for approval.)

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Install Water Mains in Deer Crest	22/4	**Cedar Construction**	**$902,130.00**
North 12" Pioneer Main, Lot 1-46		Kersten Construction	915,930.50
SE of 114th Street and State Street		*Valley Corporation*	*918,007.35*
100055001465 100057000545		Becker Trenching	982,000.00
WP2085			

Engineering Estimate: $887,200.00
(A C&A in the amount of $1,069,912.00 will be presented to the Board on April 3, 2024 for approval.)

Install Water Mains in Cardinal Commons 12" Pioneer Main, NE of S. 13th Street and Kasper Street 100057000547 WP2094 Engineering Estimate: $89,505.00	22/6	***McAninch Corporation*** Castle Contracting Becker Trenching Vincentini Plumbing *General Excavating* *Pat Thomas Const*.	***$71,500.00*** 77,885.00 78,600.00 82,142.00 *82,627.00* *106,725.00*

(C&A for 100057000547 approved February 7, 2024 in the amount of $90,000.00.)

OTHER

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Removal and Replacement of Platte South WTP Underground Fuel Storage Tanks 100033000017 WP2099	13/2	**Cummings and Sons** *Eriksen Construction*	**$127,769.88** *258,719.50*

(A C&A in the amount of $225,000.00 will be presented to the Board on April 3, 2024 for approval.)

Eight (8) Propeller Meters for Platte South WTP Up Flow Basins 100033000016 WP2098	2/2	***Heartland Controls*** *Mellen & Assoc.*	***$166,128.00*** *228,448.00*

(A C&A in the amount of $181,750.00 will be presented to the Board on April 3, 2024 for approval.)

Florence Storage Building 100031000014 WP 2088 *Bids Rejected	13/5	Cummings and Sons Midwest DCM Cormaci Construction Midwest Mechanical Neuvirth Construction	$531,675.40* 549,786.44* 638,869.25* 660,437.00* 1,210,311.01*
Leak Detection Program Expansion Water Operations 100089000963	2/2	***Echologics*** Subsurface Solutions	***$1,247,700.00*** 1,253,610.00

(A C&A in the amount of $1,495,000.00 will be presented to the Board on April 3, 2024 for approval.)

Two (2) Heavy Duty Medium Rubber Tire 4x4 Loader Backhoe 100087000681 Bid Rejected, Does Not Meet Specifications	8/2	**Murphy Tractor** NMC	**$374,608.00** 370,752.00*

(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 3, 2024 in the amount of $18,794,100.00.)

One (1) Heavy Duty Large Rubber Tire 4x4 Loader Backhoe 100087000682 Bid Rejected, Does Not Meet Specifications	6/2	**Murphy Tractor** NMC	**$249,014.00** 243,832.00*
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 3, 2024 in the amount of $18,794,100.00.)			
Eight (8) Heavy Duty 4x4 Extended Cab, Cab and Chassis 100088000830	6/3	***Stiver Ford*** *Sid Dillion* *Anderson Ford*	***$485,570.00*** *488,768.00* *492,846.00*
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 3, 2024 in the amount of $18,794,100.00.)			
Two (2) Regular Cab, Tandem Axle Chassis with Dump Body Dump Trucks 100088000832	6/1	**Truck Center**	**$477,476.00**
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 3, 2024 in the amount of $18,794,100.00.)			
One (1) Single Axle Chassis 100088000833	8/2	**Truck Center** *Midwest Peterbilt*	**$98,926.00** *120,291.00*
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 3, 2024 in the amount of $18,794,100.00.)			

ANNUAL

Item	Bids Sent / Rec'd	Bidders	Bid Amount
Resilient Seated Gate Valves (April 1, 2024 - March 31, 2025)	3/2	**Core and Main** American UGD	**$505,068.64** 544,385.00
Corporation Ball Valves (April 1, 2024 - March 31, 2025)	5/3	**American UGD** Omaha WinWater Core and Main	**$485,742.00** 502,800.00 535,712.00
Large Wedge Resilient Seated Gate Valves (April 1, 2024 - March 31, 2025)	4/2	**American UGD** Core and Main	**$140,770.41** 151,157.97
Liquid Nitrogen (April 1, 2024 - March 31, 2025)	2/1	**Matheson Tri-Gas**	**$125,700.00**

Roof Inspection and Maintenance Services for M.U.D. Facilities (Calendar Year 2024)	5/2	**Anderson Roofing** Mckinnis Roofing	**$69,825.00** 256,000.00
Sandblast and Paint Fire Hydrants Year 2024 ($145 per Hydrant) 100071000717 Extension #1	1/1	**Buss Lincoln**	**$499,525.00**

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

Approved:

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Jon Zellars
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Jon Zellars
Vice President, Procurement and Enterprise Services

DocuSigned by:
Steve Ausdemore
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Steven E. Ausdemore
Senior Vice President, Safety, Security and Field Operations

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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 25, 2024

Subject: MAIN EXTENSIONS

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

From: Masa Niiya, Vice President, Engineering

The following main extensions will be on the April 3, 2024, Committee Agenda for consideration and the Board Agenda for approval:

1. JOB #: WP2067 (100055001455 - $1,040,168)
PROJECT COST: $1,040,168
DISTRICT COST: $0
LOCATION: S. 216th Street and Harrison Street
DISTRICT SUBDIVISION: Cavanaugh
PURPOSE: Install water mains in Coventry Wood Subdivision
DESCRIPTION: Work to be done will provide domestic water service and fire protection to 174 single family residential lots in Coventry Wood Subdivision.

2. JOB #: WP2077 (100055001462 - $1,097,308)
PROJECT COST: $1,097,308
DISTRICT COST: $0
LOCATION: North 171st Street and Military Road
DISTRICT SUBDIVISION: Friend
PURPOSE: Install water mains in Stratford West Subdivision
DESCRIPTION: Work to be done will provide domestic water service and fire protection to 235 single family residential lots, 1 parking lot, and 11 out-lots in Stratford West Subdivision.

3. JOB #: WP2085 (100055001465 - $869,676) & (100057000545 - $200,236)
PROJECT COST: $1,069,912
DISTRICT COST: $0
LOCATION: North 114th Street and State Street
DISTRICT SUBDIVISION: Friend
PURPOSE: Install water mains in Deer Crest North Subdivision
DESCRIPTION: Work to be done will provide domestic water service and fire protection to 146 single family residential lots in Deer Crest North Subdivision.

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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 11, 2024

Subject: AMENDMENT NO. 2 – SOUTHEAST BELLEVUE WATER MAIN EXTENSIONS PROJECT; HDR ENGINEERING, INC.; WP1871 (100057000000, 100057000504,100057000505, 100057000507, 100057000508, 100057000527, 100057000528, 100051001070)

To: Committee on Construction & Operations
Cc: All Board Members, Doyle, Minor, Myers, Mendenhall, Ausdemore, Lobsiger, and All Vice Presidents

From: James W. Bartels, Director, Engineering Design

On March 3, 2022, the District entered into an agreement with HDR Engineering, Inc. for professional engineering services to design water mains for the Southeast Bellevue Water Main Extension project. The original not to exceed amount of the agreement was $925,047, with amendment number 1 increasing the not to exceed amount to $982,817. This letter is to request an amendment to that existing contract.

Additional engineering services are requested for the removal, redesign, and rebidding of Job Numbers 100057000505 and 100057000527 at the request of the City of Bellevue (the Developer) as they pursue grant funding. Due to the nature of the funding sources, these segments of main will need to be designed to allow the project to bid separately, after notification of grant award is known.

Additional services and permitting fees associated with Job Number 100057000528 due to requirements at a shared rail crossing.

The additional services requested also include an onsite resident project representative subject matter expert in horizontal directional drilling, as a requirement of the 408 permit to be performed by HDR. These services include updating the Levee Operations and Maintenance Manual as a condition of the 408 permit.

Amendment No. 2 is being requested for a total amount of $123,400.00 which will increase the not-to-exceed contract amount to $1,106,217.00. The District will be responsible for an estimated $875.00 of this increase due to contributions to Phase A, Job Number 100057000000.

It is recommended that the President be authorized to execute Amendment No. 2 to the professional engineering agreement with HDR Engineering, Inc. This matter will be on the agenda of the April 3, 2024, Committee and Board meeting for discussion and approval.

DocuSigned by:
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James W. Bartels
Director, Engineering Design

APPROVED:

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Masa Niiya
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Masa Niiya
Vice President
Engineering

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Kendall Minor
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Kendall Minor
Sr. Vice President,
Chief Operations Officer

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Mark Mendenhall
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Mark Mendenhall
Sr. Vice President,
General Counsel

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Mark Doyle
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Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 26, 2024

Subject: Wage and/or Salary Increases and Ratifications, April 2024 Board Meeting

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

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:	**Tom Finn**
Current position (department):	Mechanic II (Transportation)
New position (department):	Mechanic II (Transportation) Job Reclassification
Current rate; step/grade:	$37.93; Step 2
Proposed rate; step/grade:	$40.03; Step 3
Percent of increase:	5.54%
District hire date:	March 2, 2020

Employee:	**Nick Haynes**
Current position (department):	Mechanic I (Transportation)
New position (department):	Mechanic I (Transportation) Job Reclassification
Current rate; step/grade:	$32.02; Step 3
Proposed rate; step/grade:	$35.03; Step 3
Percent of increase:	9.40%
District hire date:	August 8, 2022

Employee:	**Chris Muhlbauer**
Current position (department):	Valve Maintenance Mechanic (Water Distribution)
New position (department):	Utility Locator (Safety and Security)
Current rate; step/grade:	$42.26; Step 4
Proposed rate; step/grade:	$42.67; Step 4
Percent of increase:	0.97%
District hire date:	July 14, 2014

Employee: **Brandon Mace**
Current position (department): Mechanic I (Transportation)
New position (department): Mechanic I (Transportation) Job Reclassification
Current rate; step/grade: $33.71; Step 4
Proposed rate; step/grade: $36.87; Step 4
Percent of increase: 9.37%
District hire date: March 21, 2022

Employee: **Rodrigo Martinez**
Current position (department): Mechanic I (Transportation)
New position (department): Mechanic I (Transportation) Job Reclassification
Current rate; step/grade: $30.34; Step 2
Proposed rate; step/grade: $33.18; Step 2
Percent of increase: 9.36%
District hire date: November 28, 2022

Employee: **Jesse Norman**
Current position (department): Customer Service Technician (Field Services)
New position (department): Customer Service Technician – Fitter (Field Services)
Current rate; step/grade: $36.39; EN
Proposed rate; step/grade: $40.21; Step 1
Percent of increase: 10.50%
District hire date: September 25, 2017

Employee: **Shane O’Connell**
Current position (department): Machine Operator I (Construction)
New position (department): Utility Locator (Safety and Security)
Current rate; step/grade: $38.30; Step 3
Proposed rate; step/grade: $40.54; Step 3
Percent of increase: 5.85%
District hire date: March 30, 2020

Employee: **Zachary Rose**
Current position (department): Mechanic I (Transportation)
New position (department): Mechanic I (Transportation) Job Reclassification
Current rate; step/grade: $30.34; Step 2
Proposed rate; step/grade: $33.18; Step 2
Percent of increase: 9.36%
District hire date: January 9, 2023

Employee:	**Thomas Sneed**
Current position (department):	Customer Service Technician (Field Services)
New position (department):	Customer Service Technician – Fitter (Field Services)
Current rate; step/grade:	$36.39; EN
Proposed rate; step/grade:	$40.21; Step 1
Percent of increase:	10.50%
District hire date:	January 7, 2019

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

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

There are no recommendations for approval this month

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

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

Employee:	**Zachery Aurand**
Current position (department):	Material Handler Trainee (Stores)
New position (department):	Material Handler I (Stores)
Current rate; step/grade:	$36.30; Step 4
Proposed rate; step/grade:	$39.20; Step 3
Percent of increase:	7.99%
District hire date:	May 24, 2021

Employee:	**Richard Erlandson**
Current position (department):	Material Handler Trainee (Stores)
New position (department):	Material Handler I (Stores)
Current rate; step/grade:	$36.30; Step 4
Proposed rate; step/grade:	$39.20; Step 3
Percent of increase:	7.99%
District hire date:	August 26, 2019

Employee:	**Colton Carey**
Current position (department):	Mechanic I (Transportation)
New position (department):	Mechanic II (Transportation)
Current rate; step/grade:	$36.87; Step 4
Proposed rate; step/grade:	$40.03; Step 3
Percent of increase:	8.57%
District hire date:	July 19, 2021

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

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

Employee:	**Stephanie Henn**
Current position (department):	Director, Plant Engineering (Plant Engineering)
New position (department):	Director, Program Management (Engineering)
Current rate; step/grade:	$192,220; SPA – 09
Proposed rate; step/grade:	$198,851; SPA – 09
Percent of increase:	3.45%
District hire date:	December 29, 1994

Employee:	**Travis Talbitzer**
Current position (department):	GIS Technical/Functional Analyst I (Information Technology)
New position (department):	GIS Technical/Functional Analyst II (Information Technology)
Current rate; step/grade:	$109,483; SPA – 04
Proposed rate; step/grade:	$114,957; SPA – 05
Percent of increase:	5.00%
District hire date:	July 11, 2022

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

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

There are no recommendations for approval this month

DocuSigned by:
Bonnie Savine
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Bonnie Savine
Vice President, Human Resources

APPROVED:

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Mark Mendenhall
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Mark A. Mendenhall
Senior Vice President, General Counsel

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Mark Doyle
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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 26, 2024

Subject: THIRD LEGISLATIVE REPORT – 2024 SESSION

To: Judicial and Legislative Committee

cc: All Board Members; Doyle, Mendenhall, Ausdemore, Myers, Melville, Lobsiger; all Vice Presidents; Edwards

From: Rick Kubat, Government Relations Attorney

The Legislature is tentatively set to adjourn on April 18, 2024. An update to LB 636 has been added to this report on the last page. LB 636 as introduced by Senator Albrecht is an energy choice bill, supported by the District, and was introduced during the previous 2023 legislative session. 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.

NEWLY INTRODUCED LEGISLATION IN THE 2024 SESSION

LB 1018 (Holdcroft) – State agencies or political subdivisions may not require applicants for public employment to possess a postsecondary degree, provided the applicant has qualifying career and life skills. Exceptions are provided for positions where a postsecondary degree is mandated by federal or state law. LB 1018 has a pending amendment making the bill only applicable to state agencies, thus excluding the District.

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

LB 1069 (Halloran) – Introduced on behalf of the State Fire Marshall's Office (SFM) and proposes numerous changes to SFM statutes. Aspects of the bill that impact the District are as follows:

1. Raises the potential fines for violations of the Nebraska Natural Gas Pipeline Safety Act from $10k per violation to $200k and raises the potential of penalties for a series of violations arising out of the same event from $500k to $2 million.

2. The SFM plans to raise their current statutory authority on meter set assessments paid by natural gas providers from 20 cents to 50 cents. The SFM claims the increase in the assessment is necessary to fund one more employee at the SFM's Office and without an increase, the SFM might be subject to less allocation of federal funds. The District has roughly 240,000 meter sets. The District pays roughly $50,000 per year under current law at 20 cents. If LB 1069 were to be enacted, and the meter set assessment fee was set at the statutory

maximum of 50 cents, it would be a $75,000 increase to the District for a total of roughly $125,000.

The District, Black Hills Energy, Northwestern Energy and the Nebraska League of Municipalities worked with the State Fire Marshall in an effort to reach a compromise related to LB 1069. The enhanced potential fines and the increase in the meter set assessment remain. However, LB 1069 has been amended, and now affords natural gas providers with additional due process rights for alleged violations to the Nebraska Natural Gas Pipeline Safety Act via access to the Administrative Procedures Act.

Board Pos:	Neutral
Status:	Speaker priority and advanced to Select File with AM 2583 adopted

LB 1186 (Sanders) – Removes strict liability for excavators when telecommunications or fiber are not buried at a depth of ten inches or more.

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

LB 1234 (Wayne) – Appropriates $1,000,000 from the general fund to the Nebraska Department of Environment and Energy for the Low-Income Weatherization Assistance Program for weatherization improvements and energy efficiency audits.

Board Pos:	Support
Status:	Remains in the Appropriations Committee

LB 1245 (McDonnell) – In the 2023 session, the legislature appropriated $10 million for the District to replace lead service lines via the Lead Service Line Cash Fund (LSLCF) to be administered by the Nebraska Department of Environment and Energy (NDEE). LB 1245 clarifies that up to $2 million of the LSLCF may be used for expenditures necessary to establish a labor training program via grants to qualified labor training organizations. The bill clarifies that the District has the authority to utilize the LSLCF to pay loan provisions of NDEE's Drinking Water State Revolving Fund. LB 1245 also provides the District with additional discretion for expenditures related to replacing lead service lines from the LSLCF.

Board Pos:	Support
Status:	Amended into LB 1413, a biennium budget bill, with the adoption of AM 2698 and placed on final reading

LB 1277 (Wayne) – 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 1277 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 1300 (Bostar) – Enacts the Pacific Conflict Stress Test Act. The purpose of this Act is to make reasonable preparations for conflict in the Pacific theater that would disrupt the state and the nation's supply chains. The Act requires the Governor to annually publish a state risk assessment that includes "all substantial risks to state or national security…occurring within and threatening the State of Nebraska." It requires the Department of Administrative Services to conduct an audit of all state critical procurements and to identify all procurements and supply chains subject to disruption in the event of a conflict. The bill requires the State Treasurer to review and identify all state investments at risk of losing value or being frozen or seized in the event of a Pacific conflict and recommend alternative strategies and investments. The bill creates a Committee on Pacific Conflict to prepare a "comprehensive risk assessment" focused on critical infrastructure. For purposes of completing the assessment, owners and operators of critical infrastructure may be required to submit information related to such assets. LB 1300 creates constraints and certain prohibitions on the ability of a public entity to contract with a foreign adversary. The bill continues to evolve and will likely be substantively changed to address security concerns brought forward by on behalf of public utilities.

Board Pos: Neutral
Status: Remains in the Government, Military and Veterans Affairs Committee, Senator Ballard priority

LB 1315 (Linehan) – Raises the state sales tax rate from 5.5% to 6.5%.

Board Pos: Oppose
Status: Remains in the Revenue Committee

LB 1342 (Wayne) – Provides a state sales tax exemption for residential electricity and natural gas.

Board Pos: Support
Status: Remains in the Revenue Committee

LB 1358 (McDonnell) – The bill provides that it is the intent of the legislature that any increase in the salary of any governing body of any political subdivision which is in excess of the increase in the cost of living since the last increase in salary of such governing body plus one percent be approved by the registered voters of such political subdivision at a statewide general election before the increase can be included in the budget of the political subdivision. The bill also provides that no governing body shall increase such salaries more than once every two fiscal years. The bill further directs the Government, Military and Veterans Affairs Committee to prepare legislation to amend the necessary statutes affecting salaries of governing bodies, budgeting, tax levies, and elections for the various political subdivisions in order to implement the act. LB 1358 continues to evolve as several drafts of amended language have been offered for consideration by public power, the District and other political subdivisions under the purview of the bill.

Board Pos: Support
Status: Placed on General File

LB 1366 (Cavanaugh J.) – The bill proposes that a political subdivision of this state shall not take property through the use of eminent domain under sections outside of the boundaries of such political subdivision unless a majority vote of the governing body of the county, city, or village where the property is located approves such taking. The bill also proposes that a private entity shall not take property through the use of eminent domain for use of pipelines unless all pipeline routes are approved by the Public Service Commission; or unless a majority vote of the governing body of the county, city, or village where the property is located.

Board Pos: Oppose
Status: Remains in the Judiciary Committee

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

Board Pos: Support
Status: Amended into LB 867 via AM 3064 and placed on Final Reading

Richard A. Kubat
Government Relations Attorney

Approved:

Mark A. Mendenhall
Senior Vice President/General Counsel

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 27, 2024

Subject: ACTUARIAL AND ACCOUNTING REPORTS FOR THE RETIREMENT PLAN

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

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

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

1) The Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Actuarial Valuation as of January 1, 2024
2) GASB Statements No. 67 & 68 Report for the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha – Measurement Date: December 31, 2023
3) Cavanaugh Macdonald Consulting – Retirement Plan for Employees of MUD – Summary Presentation of the Highlights of the Actuarial Valuation Results

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

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

	2024	2023
Funded Ratio at January 1 (Actuarial Value)	92.9%	93.9%
Actuarially Determined District Contribution	$ 11,437,095	$ 10,203,922

As a point of reference, the District's actual pension contribution in 2023 was $11.1 million, which was 8.3% greater than the Actuarially Determined District Contribution noted in the table above. Given the uncertainty and volatility of investment performance, we err on the side of conservatism in the determination of required District contributions when preparing the budget; this resulted in a 2024 budgeted contribution of $12.9 million. The District has historically contributed more than the Actuarially Determined Contribution, and we believe it is prudent to continue this practice in that it serves to reduce the unfunded actuarial liability and serves to offset any unfavorable experience that may occur in 2024. Management is recommending that the District contribute $12.9 million towards the pension in 2024, consistent with assumptions used in the preparation of the 2024 budget.

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

	2023	2022
Plan Fiduciary Net Position as % of Total Pension Liability (At December 31)	92.0%	84.5%
Pension Expense	$ 7,409,761	$ 16,501,369

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

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

The Retirement Plan of the District remains in a very strong financial position. The Board's continuing commitment to the financial health of the Plan is consistent with the District's "Fiscal Responsibility" core value, which encompasses a key tenet: properly funding promises to our employees. The documents attached and referred to above will be on the April 3, 2024 Committee and Board Agendas to be placed on file.

Mark F Myers

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

Approved:

Mark E Doyle

Mark E. Doyle
President

Attachments

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

METROPOLITAN
UTILITIES DISTRICT

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

Actuarial Valuation as of January 1, 2024

www.CavMacConsulting.com

March 18, 2024

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, 2024 for the plan year ending December 31, 2024. 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.

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 Beckham

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

Aaron Chochon

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

Megan E. Skiles

Megan E. Skiles
Consultant

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This report presents the results of the January 1, 2024 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, 2024 valuation are compared to the 2023 valuation in the following table:

	January 1, 2024	January 1, 2023
Actuarial Liability	$589,608,342	$559,155,231
Actuarial Assets	547,986,291	524,969,442
Unfunded Actuarial Liability	$41,622,051	$34,185,789
Funded Ratio	92.94%	93.89%
District Contribution Rate	14.03%	13.51%
Projected Payroll For Upcoming FY	$81,518,849	$75,528,659
District Actuarial Contribution	$11,437,095	$10,203,922

The actuarial valuation results provide a "snapshot" view of the Plan's financial condition on January 1, 2024, which reflects net unfavorable experience for the past plan year. The rate of return on the actuarial value of assets was lower than the expected return (6.1% actual versus 6.75% expected), which resulted in an actuarial loss on assets of $3.5 million. There was also 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 $5.5 million, so the aggregate experience for the 2023 plan year, on both actuarial assets and actuarial liabilities, was a loss of $9.0 million. This unfavorable experience increased the unfunded actuarial liability.

The valuation uses an asset smoothing method to mitigate the impact of the volatility of investment experience on the funding results. As a result, the plan's funded status and the actuarially determined contribution are based on the actuarial (smoothed) value of assets, not the pure market value. The money-weighted rate of return on the market value of assets during 2023, as reported by Vanguard, was 16.2%, 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 6.1%. The strong return on the market value of assets in 2023 decreased the deferred investment loss of $54.4 million in the 2023 valuation to $10.6 million in the current valuation. Actual returns over the next few years will determine if, and when, the deferred investment loss will be recognized. We estimate a return of around 9% on the market value of assets in 2024 would result in the actuarial value of assets being equal to the market value of assets at January 1, 2025. The deferred investment loss would be eliminated and no actuarial gain/loss on assets would occur for the 2024 plan year.

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

Assets

As of January 1, 2024, the Plan had total funds of $537.4 million, when measured on a market value basis. This was an increase of $66.8 million from the prior year and represents a 16.2% rate of return for the 2023 plan year.

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the District's recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 6.75%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2024. The rate of return on the actuarial value of assets was 6.1% (lower than the 6.75% assumption) which generated an actuarial loss of $3.5 million.

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

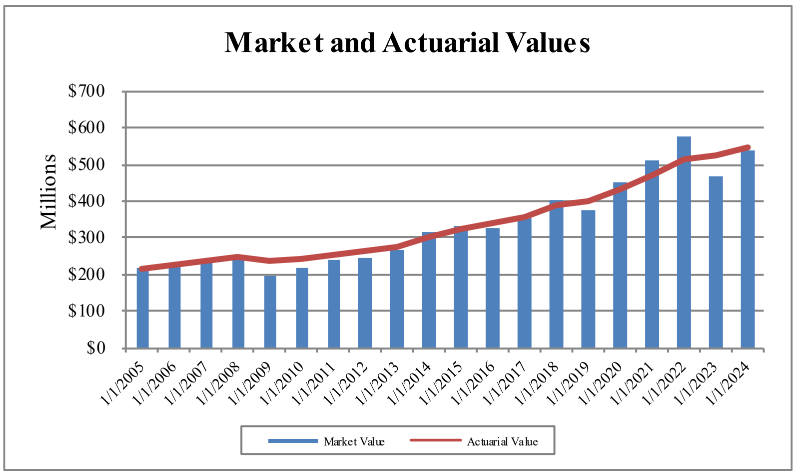
	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2023	$ 470.6	$ 525.0
• District Contributions	+ 11.1	+ 11.1
• Member Contributions	+ 7.0	+ 7.0
• Benefit Payments, Refunds and Administrative Expenses	- 26.6	- 26.6
• Net Investment Return	+ 75.3	+ 31.5
Net Assets, January 1, 2024	$ 537.4	$ 548.0
Rate of Return	16.2%	6.1%

The deferred investment loss (actuarial value less market value of assets) as of January 1, 2024 is $10.6 million, compared to a $54.4 million deferred loss in last year's valuation. This unrecognized investment loss will flow through the asset smoothing method over the next few years, producing actuarial losses to the extent it is not offset by investment experience that is higher than the assumed rate of return.

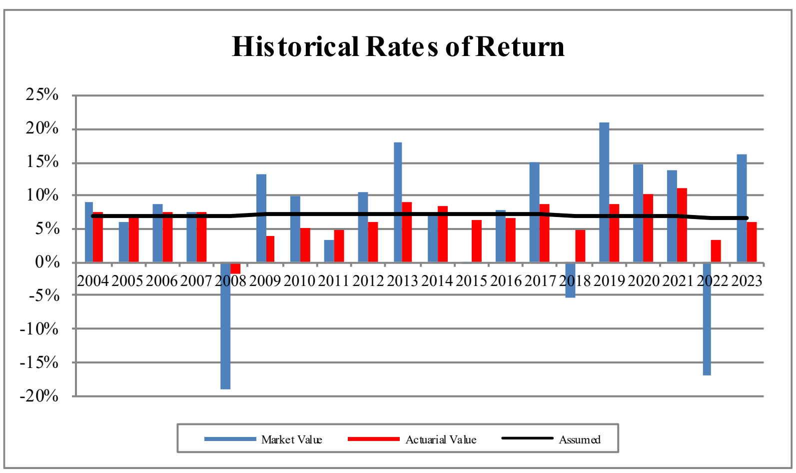
If the deferred investment loss was recognized immediately in the actuarial value assets, the unfunded actuarial liability would increase by $10.6 million to $52.2 million, the funded percentage would decrease from 92.94% to 91.14%, and the actuarially determined contribution for the District would increase from $11.4 million to $12.2 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) 2019	2020	2021	2022	2023	2024
Actuarial Value of Assets	403	432	472	517	525	548
Market Value of Assets	378	452	514	577	471	537
Actuarial Value/Market Value	106%	96%	92%	90%	112%	102%



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



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

Liabilities

The first step in determining the contribution for the Plan is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be paid to the current Plan members, assuming that all actuarial assumptions are realized. Thus, the

PVFB reflects future service and salary increases for active members that are expected to occur before a benefit becomes payable. The components of the PVFB can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3). The other critical measurement of plan liabilities in the valuation process is the actuarial liability (AL). The PVFB is funded over each employee's expected working career and the portion of the PVFB that is allocated to prior service periods is called the actuarial liability. The portion allocated to the current year of service is called the normal cost.

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

	As of January 1	
	2024	**2023**
Present Value of Future Benefits (PVFB)	$752,054,966	$707,753,682
Actuarial Liability (AL)	$589,608,342	$559,155,231
Assets at Actuarial Value	$547,986,291	$524,969,442
Funded Ratio (Actuarial Value)	92.94%	93.89%
Assets at Market Value	$537,384,371	$470,606,758
Funded Ratio (Market Value)	91.14%	84.16%

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2024 is shown below:

Actuarial Liability	$589,608,342
Actuarial Value of Assets	547,986,291
Unfunded Actuarial Liability	$ 41,622,051

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, considering any changes due to assumption or benefit provision changes. The Plan experience, in total, was unfavorable (a higher unfunded actuarial liability than expected). There was an actuarial loss of $5.5 million on liabilities and an actuarial loss of $3.5 million on the actuarial value of assets, resulting in a combined loss of $9.0 million.

The change in the unfunded actuarial liability between January 1, 2023 and 2024 is shown in the following table (in millions):

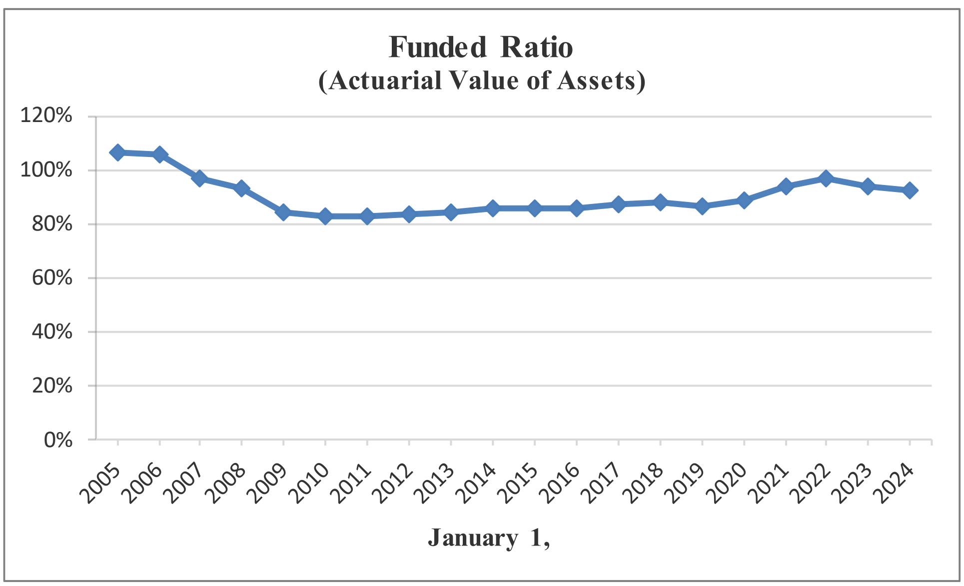
Unfunded Actuarial Liability, January 1, 2023	$	34.2
· Expected change in UAL	+	0.0
· Contributions in excess of the actuarial amount	-	0.9
· Investment experience	+	3.5
· Demographic experience	+	5.5
· Other experience	-	0.7
Unfunded Actuarial Liability, January 1, 2024	$	41.6

A number of factors impact the funded ratio from year to year. The major drivers of the decrease in the funded ratio from the January 1, 2023 to the January 1, 2024 valuation are shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
January 1, 2023 Funded Ratio	93.89%	84.16%
· Expected change	0.37%	0.17%
· Excess contributions	0.15%	0.15%
· Investment experience	(0.60%)	7.51%
· Demographic experience	(0.87%)	(0.85%)
· Total Change	(0.95%)	6.98%
January 1, 2024 Funded Ratio	92.94%	91.14%

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

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



The large reduction in the funded ratio from 2006 to 2011 is attributable to the benefit improvement granted in 2007 (change in the benefit formula) and the impact of the Great Recession in 2008. As the graph indicates, the funded ratio has increased over the last ten years. However, the deferred investment experience is expected to decrease the funded ratio over the next few years, absent actual experience better than anticipated by the actuarial assumptions in the future. If employer contributions above the actuarial amount are made in the future and/or actual experience, especially investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio of 100% before the projected date of 2044.

Contribution Levels

The Plan is funded by contributions from both the District and employees who contribute a fixed percentage of their payroll. The District is responsible for contributing the remaining amount required to fund the Plan on an actuarial basis. For calendar year 2024, members will contribute 9.0% of pensionable earnings.

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 benefits provided by the Plan which is allocated to the current year of service. The total normal cost for the Plan is 19.49% of payroll. When offset by the employee contribution rate of 9.00%, the employer portion of the normal cost is 10.49% of pay. The normal cost represents the long-term cost of the benefit structure in the Plan, based on the current actuarial assumptions. The Plan's administrative expenses are funded using an explicit assumption that is based on the actual administrative expenses in the prior year. The administrative expense component for the 2024 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 $41.6 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 (20 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 2024 is 3.43% 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 UAAL within 20 years, and the scheduled payments currently exceed the normal cost plus interest on the UAAL.

The total actuarially determined contribution rate for 2024 is:

19.49% (normal cost)
0.11% (administrative expense)
3.43% (UAL amortization payment).
23.03%

Given the employee contribution rate of 9.00% for calendar year 2024, the District's share of the total contribution rate is 14.03% of expected payroll, or $11.4 million.

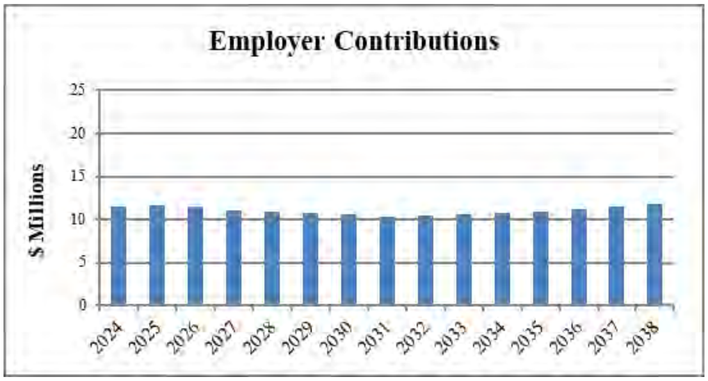
The primary components of the change in the actuarially determined contribution rate are shown in the following table:

Total Actuarially Determined Contribution Rate, January 1, 2023	22.51%
· Change in normal cost rate and administrative expense	0.01%
· Contributions in excess of the actuarial amount	(0.08%)
· Investment experience	0.31%
· Demographic experience	0.48%
· Payroll increase greater than expected	(0.17%)
· Other experience	(0.03%)
Total Actuarially Determined Contribution Rate, January 1, 2024	23.03%

Most of the increase in the actuarially determined contribution rate is due to unfavorable experience in 2023, as previously discussed. The increase in the actuarially determined contribution rate from the January 1, 2023 valuation to the January 1, 2024 valuation was 0.52%. The actuarial losses on assets and liabilities increased the contribution rate 0.79%, but the increase was partially offset by District contributions in 2023 that were in excess of the actuarially determined contribution and higher than expected covered payroll in the 2024 valuation (discussed below).

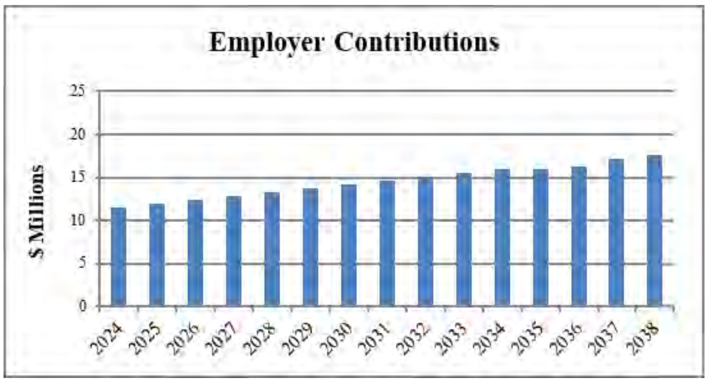
The number of active members increased by 2.7%, from 865 in the January 1, 2023 actuarial valuation to 888 in the January 1, 2024 actuarial valuation. As a result of the increase in active membership and higher salary increases than expected based on the actuarial assumptions, the covered payroll increased by nearly 8.0%. 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 contribution rate (see table above which shows the 0.17% 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 2024, 2025, and 2026. 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 2027 and later) and that the full actuarially determined contribution will be made each year in the future:



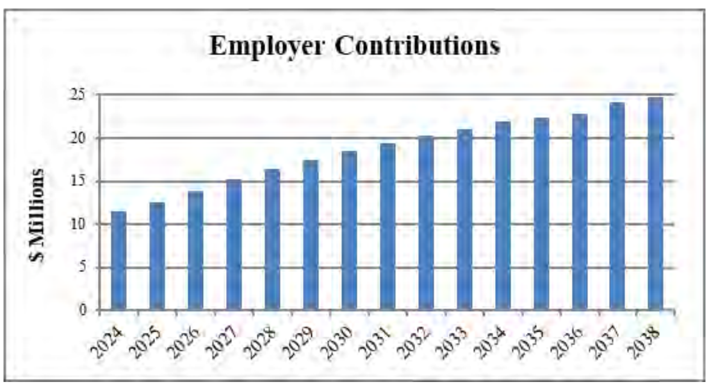
OPTIMISTIC
(10% return on market value for 2024-2026)

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



INTERMEDIATE
(6.75% return on market value for 2024-2026)

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



PESSIMISTIC
(0% return for 2024, 4% for 2025-2026)

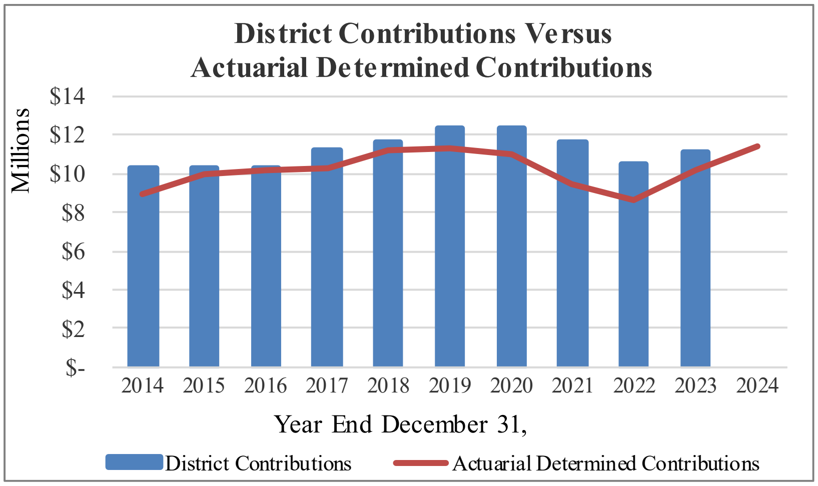
Under this scenario, new investment losses occur in addition to the current deferred investment losses. Coupled with expected increases in covered payroll, the District's contributions are expected to increase significantly in the future.

Under the funding policy adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2024 plan year:

Actuarially Determined Contribution:	
Normal Cost	$15,880,908
Administrative Expenses	92,954
Amortization of UAL	2,799,929
Expected Employee Contributions	(7,336,696)
Total	$11,437,095

The resulting contribution for the District (net of expected employee contributions) is $11,437,095, which is 14.03% of expected covered payroll for 2024. Since 2012, the District has budgeted, and contributed, an amount that is greater than the actuarially determined contribution. This contribution policy was implemented to reflect several goals:

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



As provided by staff, the budgeted District contribution amount for 2024 is $12.9 million, which is $1.5 million higher than the actuarially determined contribution of $11.4 million for the 2024 plan year. Given the deferred investment loss and the likelihood of increasing contributions in the near term, we recommend a contribution of $12.9 million for 2024. If all assumptions are met in 2024, the estimated contribution for 2025 will be $11.9 million so maintaining the higher contribution for 2024 is consistent with the policy established to stabilize contributions. Any additional contribution made this year will serve to reduce the unfunded actuarial liability or offset any unfavorable experience that occurs in 2024.

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

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

METROPOLITAN UTILITIES DISTRICT OF OMAHA
RETIREMENT PLAN FOR EMPLOYEES

PRINCIPAL VALUATION RESULTS

	January 1, 2024	January 1, 2023	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	888	865	2.7
- Projected Payroll for Upcoming Fiscal Year	$81,518,849	$75,528,659	7.9
- Average Projected Salary	$91,801	$87,316	5.1
- Average Attained Age	46.1	46.2	(0.2)
- Average Entry Age	33.8	33.8	0.0
2. Inactive Membership			
- LTD and Inactive Vesteds*	74	79	(6.3)
- Inactive Non-vested	5	5	0.0
- Number of Retirees / Beneficiaries	728	722	0.8
- Average Retiree/Beneficiary Annual Benefit	$37,460	$35,997	4.1
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$537,384,371	$470,606,758	14.2
- Actuarial Value	$547,986,291	$524,969,442	4.4
2. Projected Liabilities			
- Retirees and Beneficiaries	$326,193,597	$311,469,273	4.7
- Inactive Members	17,154,822	17,753,535	(3.4)
- Active Members	408,706,547	378,530,874	8.0
- Total Liability	$752,054,966	$707,753,682	6.3
3. Actuarial Liability	$589,608,342	$559,155,231	5.4
4. Unfunded Actuarial Liability (UAL)	$41,622,051	$34,185,789	21.8
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	92.94%	93.89%	(1.0)
Market Value Assets / Actuarial Liability	91.14%	84.16%	8.3
CONTRIBUTIONS			
1. Normal Cost Rate	19.49%	19.46%	0.2
2. Administrative Expense	0.11%	0.13%	(15.4)
3. UAL Contribution Rate	3.43%	2.92%	17.5
4. Total Contribution Rate (1) + (2) + (3)	23.03%	22.51%	2.3
5. Less Employee Contribution Rate	(9.00%)	(9.00%)	0.0
6. District Contribution Rate (4) + (5)	14.03%	13.51%	3.8
7. District Actuarial Contribution	$11,437,095	$10,203,922	12.1

*Includes 5 beneficiaries who are not yet receiving benefits.

EXHIBIT 1

SUMMARY OF FUND ACTIVITY
(Market Value Basis)

For Year Ended December 31, 2023

1. Market Value of Assets as of January 1, 2023	$	470,606,758
2. a. Contributions - District	$	11,055,924
b. Contributions - Employees		6,991,643
c. Total		18,047,567
3. Benefit payments and refunds	$	(26,553,746)
4. Administrative expenses	$	(92,954)
5. Investment income, net of investment expenses	$	75,376,746
6. Market Value of Assets as of December 31, 2023	$	537,384,371
7. Rate of Return on Market Value of Assets*		16.2%

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

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

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

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

1. Actuarial Value of Assets as of January 1, 2023	$524,969,442
2. a. Contributions during 2023	18,047,567
b. Benefit payments and refunds during 2023	26,553,746
c. Administrative expenses during 2023	92,954
3. Expected Value of Assets as of December 31, 2023	551,520,264
(1) x 1.0675 + [(2a) - (2b) - (2c)] x 1.0675 ½	
4. Market Value of Assets as of December 31, 2023	537,384,371
5. Excess of Market Value over Expected Value as of December 31, 2023	(14,135,893)
6. Actuarial Value of Assets as of December 31, 2023	547,986,291
(3) + 0.25 x (5)	
7. Corridor for Actuarial Value of Assets	
a. 80% of (4)	429,907,497
b. 120% of (4)	644,861,245
8. Final Actuarial Value of Assets as of December 31, 2023	$547,986,291
(6) but not < (7a) nor > (7b)	
9. Estimated Rate of Return on Actuarial Value of Assets*	6.1%

*Net of investment expenses.

EXHIBIT 2 (continued)

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

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2005	$219,605,615	$216,654,583	98.66%
1/1/2006	225,161,798	224,761,515	99.82%
1/1/2007	237,959,892	234,707,113	98.63%
1/1/2008	249,095,495	245,760,175	98.66%
1/1/2009	196,124,538	235,349,446	120.00%
1/1/2010	218,042,907	241,024,751	110.54%
1/1/2011	238,265,999	252,420,193	105.94%
1/1/2012	244,777,760	263,114,155	107.49%
1/1/2013	268,895,003	277,702,452	103.28%
1/1/2014	314,630,091	300,065,992	95.37%
1/1/2015	333,135,690	322,199,383	96.72%
1/1/2016	329,261,948	339,057,547	102.98%
1/1/2017	352,513,865	358,959,262	101.83%
1/1/2018	402,738,799	387,412,491	96.19%
1/1/2019	378,210,890	402,503,121	106.42%
1/1/2020	452,080,699	432,489,879	95.67%
1/1/2021	513,638,775	471,538,702	91.80%
1/1/2022	577,149,019	517,407,389	89.65%
1/1/2023	470,606,758	524,969,442	111.55%
1/1/2024	537,384,371	547,986,291	101.97%

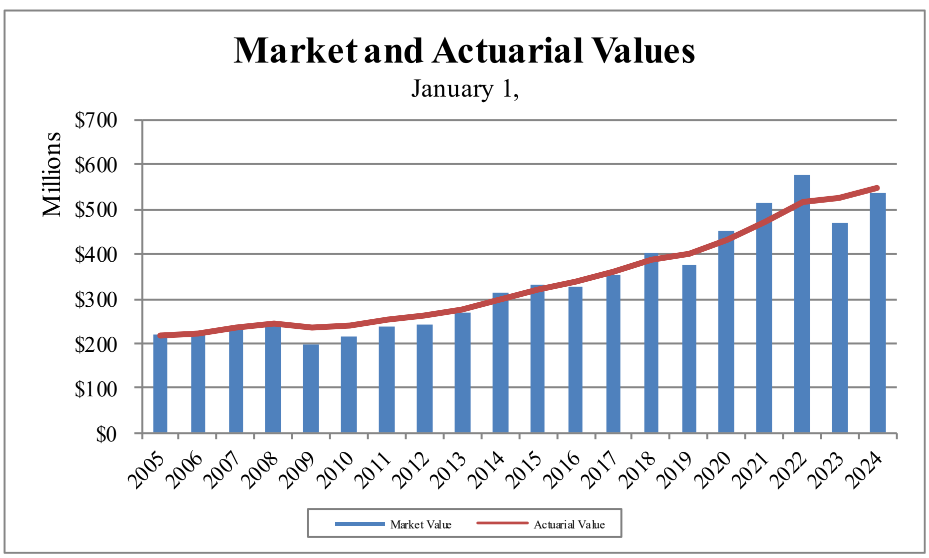


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2024 is as follows:

Assets

Current assets (actuarial value)		$ 547,986,291
Present value of future normal costs		162,446,624
Present value of future employer contributions to fund unfunded actuarial liability		41,622,051
Total Assets		$ 752,054,966

Liabilities

Present value of future retirement benefits for:		
Active employees	$ 391,645,046	
Retired employees, contingent annuitants and spouses receiving benefits	326,193,597	
Deferred vested employees	12,628,764	
Inactive employees – disabled	4,494,138	
Total		$ 734,961,545
Inactive non-vested employees – refund due		31,920
Present value of future death benefits payable upon death of active members		6,223,653
Present value of future benefits payable upon termination of active members		10,837,848
Total Liabilities		$ 752,054,966

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2024

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	$	752,054,966
2.	Present Value of Future Normal Costs		162,446,624
3.	Actuarial Liability (1) – (2)		589,608,342
4.	Actuarial Value of Assets		547,986,291
5.	Unfunded Actuarial Liability (3) – (4)	$	41,622,051
6.	Funded Ratio (4) / (3)		92.94%

EXHIBIT 5

CALCULATION OF ACTUARIAL (GAIN)/LOSS
For Plan Year Ending December 31, 2023

Liabilities		
1. Actuarial liability as of January 1, 2023	$	559,155,231
2. Normal cost as of January 1, 2023		13,757,303
3. Interest at 6.75% on (1) and (2) to December 31, 2023		38,671,596
4. Benefit payments during 2023		(26,553,746)
5. Interest on benefit payments		(881,556)
6. Expected actuarial liability as of December 31, 2023	$	584,148,828
7. Actuarial liability as of December 31, 2023	$	589,608,342
Assets		
8. Actuarial value of assets as of January 1, 2023	$	524,969,442
9. Contributions during 2023		18,047,567
10. Benefit payments and administrative expenses during 2023		(26,646,700)
11. Interest on items (8), (9) and (10)		35,149,955
12. Expected actuarial value of assets as of December 31, 2023	$	551,520,264
13. Actual actuarial value of assets as of December 31, 2023	$	547,986,291
(Gain) / Loss		
14. Expected unfunded actuarial liability (6) – (12)	$	32,628,564
15. Actual unfunded actuarial liability (7) – (13)	$	41,622,051
16. Actuarial (Gain) / Loss (15) – (14)	$	8,993,487
17. Actuarial (Gain) / Loss on Actuarial Assets (12) – (13)	$	3,533,973
18. Actuarial (Gain) / Loss on Actuarial Liability (7) – (6)	$	5,459,514

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 $5,460,000 during the plan year ended December 31, 2023, as well as an actuarial loss on assets of $3,534,000. The overall actuarial loss was $8,993,000. The major components of this net actuarial experience (gain)/loss are shown below:

Liability Sources		**(Gain)/Loss**
Salary Increases	$	4,551,000
Mortality		(592,000)
Terminations		(158,000)
Retirements		(2,000)
Disability		(88,000)
New Entrants/Rehires		477,000
COLA		1,504,000
Miscellaneous		(232,000)
Total Liability (Gain)/Loss	$	5,460,000
Asset (Gain)/Loss	$	3,534,000
Net Actuarial (Gain)/Loss*	$	8,993,000

*May not add due to rounding.

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 20 years, complies with Actuarial Standard of Practice Number 4. This policy will fully amortize the individual, as well as the total, unfunded actuarial accrued liability within a reasonable timeframe and/or reduce the amount of the UAAL by a reasonable amount within a sufficiently short period.

Amortization Bases	Original Amount	January 1, 2024 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2024	Annual Contribution*
2014 UAL Base	$ 49,110,413	20	1/1/2044	$ 53,699,680	$ 3,814,808
2015 Assumption Change Base	$ 9,846,943	11	1/1/2035	$ 8,490,405	$ 947,545
2015 Experience Base	$ (7,281,065)	11	1/1/2035	$ (6,278,008)	$ (700,637)
2016 Experience Base	$ 1,395,779	12	1/1/2036	$ 1,244,137	$ 129,415
2017 Experience Base	$ (3,897,186)	13	1/1/2037	$ (3,566,443)	$ (348,160)
2018 Assumption Change Base	$ 9,057,593	14	1/1/2038	$ 8,460,307	$ 779,629
2018 Experience Base	$ (8,192,496)	14	1/1/2038	$ (7,652,258)	$ (705,167)
2019 Experience Base	$ 8,980,430	15	1/1/2039	$ 8,551,494	$ 747,615
2020 Assumption Change Base	$ 5,133,619	16	1/1/2040	$ 4,961,866	$ 413,337
2020 Experience Base	$ (16,294,094)	16	1/1/2040	$ (15,748,951)	$ (1,311,930)
2021 Experience Base	$ (22,229,911)	17	1/1/2041	$ (21,733,697)	$ (1,731,688)
2022 Assumption Change Base	$ 6,066,864	18	1/1/2042	$ 5,979,523	$ 457,235
2022 Experience Base	$ (20,151,936)	18	1/1/2042	$ (19,861,823)	$ (1,518,771)
2023 Experience Base	$ 17,771,281	19	1/1/2043	$ 17,666,464	$ 1,300,340
2024 Experience Base	$ 7,409,355	20	1/1/2044	$ 7,409,355	$ 526,358
Total				**$ 41,622,051**	**$ 2,799,929**

* Contribution amount reflects mid-year timing.

1. Total UAL Amortization Payments	$	2,799,929
2. Projected Payroll for FY 2024	$	81,518,849
3. UAL Amortization Payment Rate		3.43%

EXHIBIT 8

DEVELOPMENT OF
2024 ACTUARIALLY 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		19.49%
2. Administrative Expense		0.11%
3. Unfunded Actuarial Liability Payment as Percent of Pay		3.43%
4. Total Actuarially Determined Contribution Rate (1c) + (2) + (3)		23.03%
5. Employee Contribution Rate		9.00%
6. District Actuarial Contribution Rate (4) – (5)		14.03%
7. Expected Payroll for 2024	$	81,518,849
8. Total Recommended District Contribution (6) x (7)	$	12,900,000
9. Monthly District Contribution	$	1,075,000

SECTION II

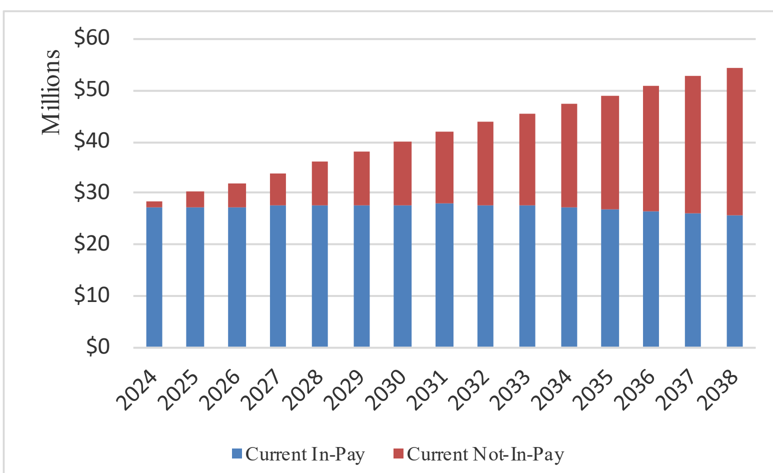
OTHER INFORMATION

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

EXHIBIT 9

ESTIMATED BENEFIT PAYMENTS*

Year End	Current In-Pay	Current Not-In-Pay	Total
2024	$27,230,000	$ 1,155,000	$28,385,000
2025	27,320,000	2,841,000	30,161,000
2026	27,399,000	4,558,000	31,957,000
2027	27,528,000	6,432,000	33,960,000
2028	27,688,000	8,320,000	36,008,000
2029	27,771,000	10,243,000	38,014,000
2030	27,821,000	12,199,000	40,020,000
2031	27,854,000	14,154,000	42,008,000
2032	27,692,000	16,100,000	43,792,000
2033	27,490,000	18,055,000	45,545,000
2034	27,222,000	20,076,000	47,298,000
2035	26,918,000	22,205,000	49,123,000
2036	26,593,000	24,398,000	50,991,000
2037	26,201,000	26,517,000	52,718,000
2038	25,740,000	28,671,000	54,411,000



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

EXHIBIT 10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Determined Contribution (ADC) (a)	Total Employer Contribution (b)	Percentage of ADC Contributed (b / a)
1/1/2005	12/31/2005	$ 1,454,070	$ 1,905,277	131.03%
1/1/2006	12/31/2006	1,723,353	2,144,188	124.42%
1/1/2007	12/31/2007	2,602,505	2,885,080	110.73%
1/1/2008	12/31/2008	5,965,250	3,200,004	53.64%
1/1/2009	12/31/2009	7,688,825	6,200,004	80.64%
1/1/2010	12/31/2010	8,587,857	8,637,518	100.58%
1/1/2011	12/31/2011	9,235,199	9,300,000	100.70%
1/1/2012	12/31/2012	9,231,058	10,311,552	111.70%
1/1/2013	12/31/2013	8,995,793	10,299,996	114.50%
1/1/2014	12/31/2014	8,987,679	10,299,996	114.60%
1/1/2015	12/31/2015	9,956,157	10,301,268	103.47%
1/1/2016	12/31/2016	10,214,549	10,300,000	100.84%
1/1/2017	12/31/2017	10,273,167	11,193,821	108.96%
1/1/2018	12/31/2018	11,198,244	11,606,179	103.64%
1/1/2019	12/31/2019	11,269,603	12,300,000	109.14%
1/1/2020	12/31/2020	11,036,307	12,300,000	111.45%
1/1/2021	12/31/2021	9,481,333	11,600,000	122.35%
1/1/2022	12/31/2022	8,588,396	10,500,000	122.26%
1/1/2023	12/31/2023	10,203,922	11,055,924	108.35%
1/1/2024	12/31/2024	11,437,095		

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]
1/1/2005	$216,654,583	$203,355,807	($13,298,776)	106.5%	$38,256,948	(34.8%)
1/1/2006	224,761,515	212,358,261	(12,403,254)	105.8%	38,706,810	(32.0%)
1/1/2007	234,707,113	241,171,731	6,464,618	97.3%	40,945,335	15.8%
1/1/2008	245,760,175	262,626,673	16,866,498	93.6%	43,105,294	39.1%
1/1/2009	235,349,446	277,523,938	42,174,492	84.8%	46,428,438	90.8%
1/1/2010	241,024,751	291,186,530	50,161,779	82.8%	50,781,583	98.8%
1/1/2011	252,420,193	304,163,301	51,743,108	83.0%	51,484,227	100.5%
1/1/2012	263,114,155	315,121,772	52,007,617	83.5%	51,868,957	100.3%
1/1/2013	277,702,452	328,044,761	50,342,309	84.7%	51,031,067	98.7%
1/1/2014	300,065,992	349,176,405	49,110,413	85.9%	55,847,203	87.9%
1/1/2015	322,199,383	374,788,099	52,588,716	86.0%	59,332,362	88.6%
1/1/2016	339,057,547	393,919,275	54,861,728	86.1%	63,384,548	86.6%
1/1/2017	358,959,262	410,749,711	51,790,449	87.4%	61,064,398	84.8%
1/1/2018	387,412,491	440,820,801	53,408,310	87.9%	62,624,066	85.3%
1/1/2019	402,503,121	465,369,852	62,866,731	86.5%	62,865,829	100.0%
1/1/2020	432,489,879	484,575,088	52,085,209	89.3%	63,272,421	82.3%
1/1/2021	471,538,702	501,663,185	30,124,483	94.0%	66,588,665	45.2%
1/1/2022	517,407,389	533,671,865	16,264,476	97.0%	67,274,914	24.2%
1/1/2023	524,969,442	559,155,231	34,185,789	93.9%	70,609,770	48.4%
1/1/2024	547,986,291	589,608,342	41,622,051	92.9%	77,757,044	53.5%

SECTION III

RISK CONSIDERATIONS

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

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

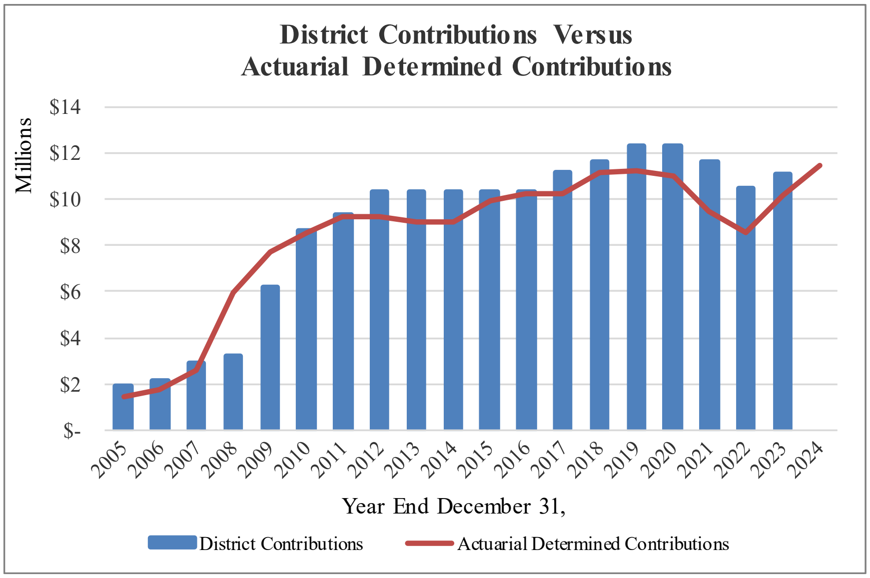
The various risk factors for a given plan can have a significant impact – good or bad – on the actuarial projection of liability and contribution rates.

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

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

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

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full 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 14 years.



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

The most significant risk factor is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Exhibit 12). A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the average return for the same period. This is an expected result given the underlying capital market assumptions and the plan's asset allocation. Please see the three investment return scenarios that were illustrated on page 8 in the executive summary as another indication of the investment risk and its impact on the 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, 2023 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately $674.3 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 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.

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

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

EXHIBIT 12

HISTORICAL ASSET VOLATILITY RATIOS

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

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ADC with a Return 10% Lower than Assumed*
1/1/2005	$219,605,615	$38,256,948	5.74	4.08%
1/1/2006	225,161,798	38,706,810	5.82	4.13%
1/1/2007	237,959,892	40,945,335	5.81	4.13%
1/1/2008	249,095,495	43,105,294	5.78	4.11%
1/1/2009	196,124,538	46,428,438	4.22	3.00%
1/1/2010	218,042,907	50,781,583	4.29	3.05%
1/1/2011	238,265,999	51,484,227	4.63	3.29%
1/1/2012	244,777,760	51,868,957	4.72	3.35%
1/1/2013	268,895,003	51,031,067	5.27	3.74%
1/1/2014	314,630,091	55,847,203	5.63	4.00%
1/1/2015	333,135,690	59,332,362	5.61	3.99%
1/1/2016	329,261,948	63,384,548	5.19	3.69%
1/1/2017	352,513,865	61,064,398	5.77	4.10%
1/1/2018	402,738,799	62,624,066	6.43	4.57%
1/1/2019	378,210,890	62,865,829	6.02	4.28%
1/1/2020	452,080,699	63,272,421	7.14	5.07%
1/1/2021	513,638,775	66,588,665	7.71	5.48%
1/1/2022	577,149,019	67,274,914	8.58	6.10%
1/1/2023	470,606,758	70,609,770	6.66	4.73%
1/1/2024	537,384,371	77,757,044	6.91	4.91%

*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, 2024 are 691% of payroll, so underperforming the investment return assumption by 10% (i.e., earn -3.25% for one year) is equivalent to 69.1% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.

EXHIBIT 13

HISTORICAL CASH FLOWS

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

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

EXHIBIT 14

LIABILITY MATURITY MEASUREMENTS

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

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

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

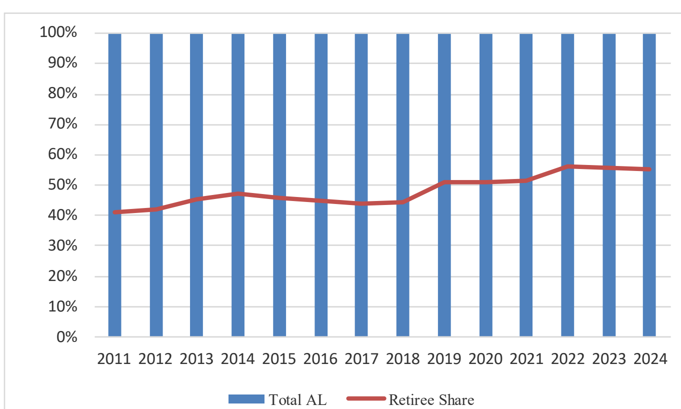


EXHIBIT 15

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

This exhibit compares the key January 1, 2024 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	**6.25%**	**6.50%**	**6.75%**	**7.00%**	**7.25%**
Contributions					
Normal Cost Rate	22.01%	20.70%	19.49%	18.35%	17.29%
Administrative Expense	0.11%	0.11%	0.11%	0.11%	0.11%
UAL Contribution Rate	6.32%	4.87%	3.43%	2.00%	0.58%
Total Actuarially Determined Contribution Rate	28.44%	25.68%	23.03%	20.46%	17.98%
Employee Contribution Rate	(9.00%)	(9.00%)	(9.00%)	(9.00%)	(9.00%)
District Contribution Rate	19.44%	16.68%	14.03%	11.46%	8.98%
District Actuarial Contribution	$15,847	$13,597	$11,437	$9,342	$7,320
Actuarial Liability	$625,873	$607,328	$589,608	$572,670	$556,470
Actuarial Value of Assets	547,986	547,986	547,986	547,986	547,986
Unfunded Actuarial Liability*	$77,886	$59,342	$41,622	$24,684	$8,484
Funded Ratio	87.56%	90.23%	92.94%	95.69%	98.48%

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.

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Retirement Benefits:

Normal & Late Retirement

A monthly amount which equals

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

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

Minimal Normal

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

Early Retirement

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

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

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

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

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

Form of Annuity:

Normal

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

Optional

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Termination Benefits:

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

Spouse's Benefit:

Effective 3/1/06:

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

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

Single Sum Death Benefits:

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

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

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

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

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

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

<u>Source of Funds:</u>

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

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

Liability Method

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

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

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

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

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

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

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

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

Asset Valuation Method

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

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods
(continued)

UAL Amortization Method

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

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

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

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

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

Inflation: (revised 2021) — 2.50% per year

Mortality Rates: (revised 2021)

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

Withdrawal Rates: (revised 2021)

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

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

Retirement Rates: (revised 2021)

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

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

Salary Scale: (revised 2021)

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

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

Note: Includes salary inflation at 3.40%

Spouse’s Benefit: (revised 2015)

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

APPENDIX B

ACTUARIAL ASSUMPTIONS
(continued)

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

APPENDIX C

HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

Valuation		Active Members						Number			
			Average								
Date January 1	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Disabled	Vested Inactive	Non-Vested Inactive	Retired/Benef
2005	1,345	786	45.5	31.2	14.3	49,637	3.60%	26	27		506
2006	1,352	782	45.8	31.4	14.4	50,184	1.10%	25	35		510
2007	1,371	793	46.1	31.6	14.5	53,104	5.82%	26	37		515
2008	1,401	814	46.1	31.8	14.3	54,730	3.06%	28	38		521
2009	1,413	831	46.7	31.9	14.8	57,576	5.20%	27	38		517
2010	1,429	851	47.1	32.1	15.0	59,997	4.20%	26	38		514
2011	1,434	852	47.5	32.3	15.2	62,082	3.48%	28	40		514
2012	1,436	846	48.0	32.7	15.3	62,458	0.61%	29	44		517
2013	1,409	815	48.6	32.9	15.6	62,822	0.58%	21	34		539
2014	1,446	821	48.3	33.1	15.2	65,631	4.47%	22	35		568
2015	1,491	856	48.0	33.2	14.8	66,999	2.08%	20	38		577
2016	1,492	851	48.3	33.2	15.1	69,168	3.24%	20	34	1	586
2017	1,484	836	48.8	33.3	15.5	72,200	4.38%	24	34	1	589
2018	1,489	824	49.0	33.4	15.6	75,567	4.66%	21	40	2	602
2019	1,516	792	48.3	33.6	14.7	76,528	1.27%	22	42	4	656
2020	1,536	808	48.0	33.7	14.3	78,026	1.96%	23	49	1	655
2021	1,546	808	47.9	33.7	14.2	79,834	2.32%	26	49	2	661
2022	1,602	813	46.9	33.9	13.0	80,838	1.26%	25	53	1	710
2023	1,671	865	46.2	33.8	12.4	82,435	1.98%	20	59	5	722
2024	1,695	888	46.1	33.8	12.3	86,650	5.11%	14	60	5	728

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2024. 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	888
(b)	Inactive vested employees	
	Terminated*	60
	Disability	14
(c)	Inactive non-vested employees	5
(d)	Retirees and beneficiaries	728
(e)	Total	1,695
Average age of employees in valuation:		
(a)	Active employees:	
	Attained age	46.1
	Entry age	33.8
(b)	Inactive vested employees:	
	Termination*	49.4
	Disability	55.7
(c)	Retired employees	71.5
(d)	Beneficiaries	76.5
Active employees eligible for vested benefits as of January 1, 2024		
(a)	Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits	334
(b)	Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits	249
(c)	Employees eligible for refund of contributions only	305
(d)	Total	888

*Includes 5 beneficiaries who are not yet receiving benefits.

MEMBERSHIP DATA RECONCILIATION

January 1, 2023 to January 1, 2024

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

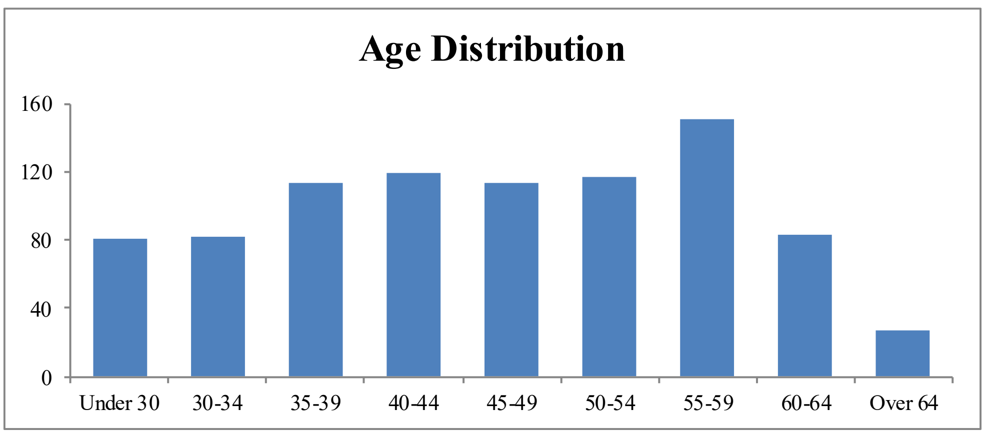
	Active Participants	Long-Term Disability	Retirees	Terminated Vested*	Terminated Non-Vested	Beneficiaries	Total
Participants as of 1/1/2023	865	20	578	59	5	144	1,671
New Participants	66	0	0	0	3	0	69
Moved to Full-Time	0	0	0	0	0	0	0
Moved to Part-Time	(1)	0	0	0	0	0	(1)
Terminations							
Refunded	(13)	0	0	(1)	(5)	0	(19)
Refund-Due	(2)	0	0	0	2	0	0
Deferred Vested	(3)	0	0	3	0	0	0
Disabilities	(1)	1	0	0	0	0	0
Retirements	(21)	(3)	27	(3)	0	0	0
Deaths							
With Beneficiary	(2)	(2)	(4)	2	0	6	0
Without Beneficiary	0	(2)	(17)	0	0	(6)	(25)
Data Corrections	0	0	0	0	0	0	0
Total Participants 1/1/2024	888	14	584	60	5	144	1,695

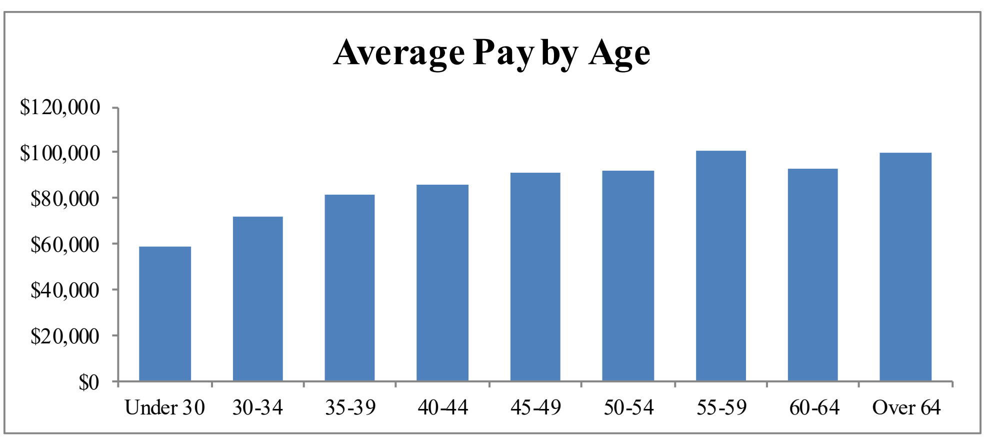
*Includes beneficiaries who are not yet receiving benefits.

SCHEDULE I

ACTIVE EMPLOYEES AS OF JANUARY 1, 2024

	Count of Members			2023 Pensionable Pay of Members		
Age	Males	Females	Total	Males	Females	Total
Under 30	76	5	81	$ 4,484,724	$ 307,335	$ 4,792,059
30-34	71	11	82	5,058,989	842,513	5,901,502
35-39	93	21	114	7,693,763	1,572,149	9,265,912
40-44	94	25	119	8,186,878	2,000,107	10,186,985
45-49	91	23	114	8,402,095	2,022,990	10,425,085
50-54	83	34	117	7,964,153	2,844,611	10,808,764
55-59	109	42	151	11,324,412	3,859,928	15,184,340
60-64	59	24	83	5,615,160	2,077,144	7,692,304
Over 64	14	13	27	1,672,719	1,015,570	2,688,289
Total	690	198	888	$60,402,893	$16,542,347	$76,945,240

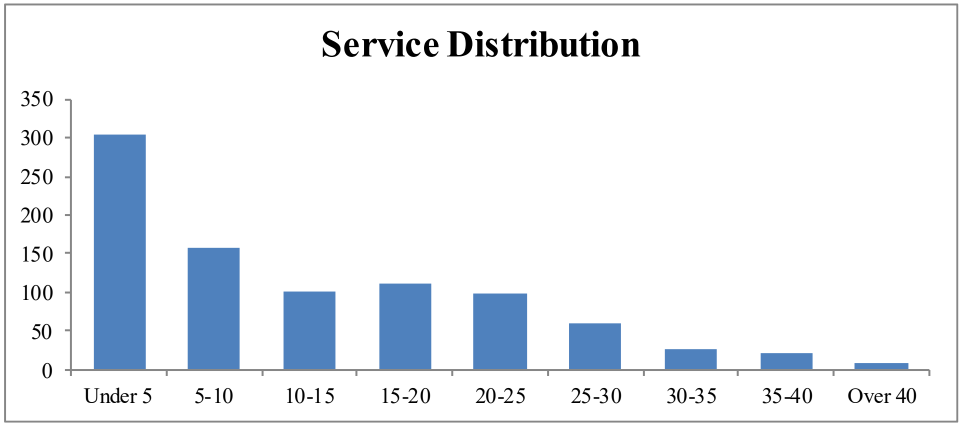




SCHEDULE I (continued)

ACTIVE EMPLOYEES AS OF JANUARY 1, 2024

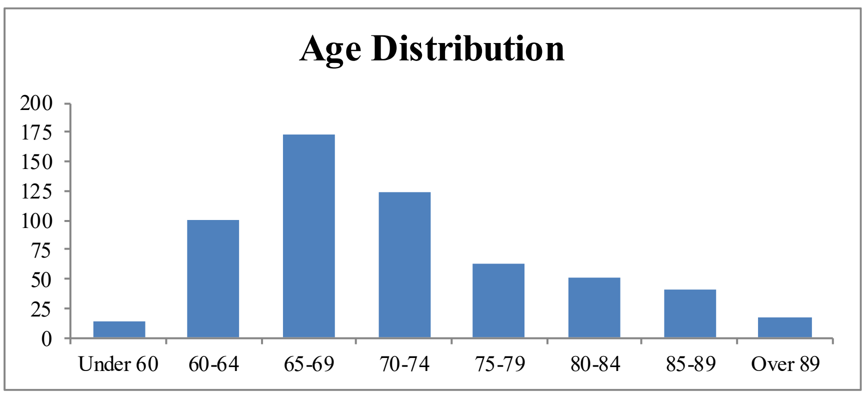
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 30	78	3	0	0	0	0	0	0	0	81
30-34	59	23	0	0	0	0	0	0	0	82
35-39	66	35	11	2	0	0	0	0	0	114
40-44	44	30	27	14	4	0	0	0	0	119
45-49	27	25	12	28	21	1	0	0	0	114
50-54	19	18	18	16	32	14	0	0	0	117
55-59	10	14	15	29	26	31	16	10	0	151
60-64	2	8	10	19	11	11	9	11	2	83
Over 64	0	2	7	4	4	3	2	0	5	27
Total	305	158	100	112	98	60	27	21	7	888

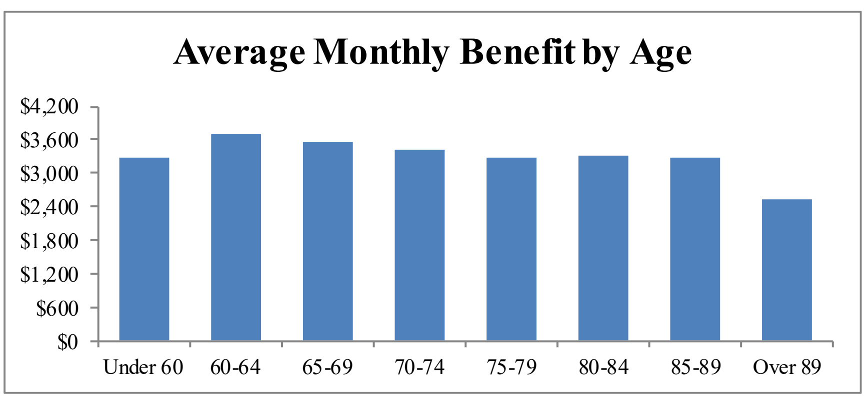


SCHEDULE II

RETIRED PARTICIPANTS AS OF JANUARY 1, 2024

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	12	2	14	$ 38,205	$ 7,838	$ 46,043
60-64	75	25	100	289,708	81,563	371,271
65-69	118	55	173	450,860	168,169	619,029
70-74	74	50	124	271,316	151,178	422,494
75-79	46	17	63	170,103	37,344	207,447
80-84	42	9	51	146,307	23,365	169,672
85-89	33	8	41	107,758	26,190	133,948
Over 89	14	4	18	40,196	5,400	45,596
Total	414	170	584	$1,514,453	$501,047	$2,015,500

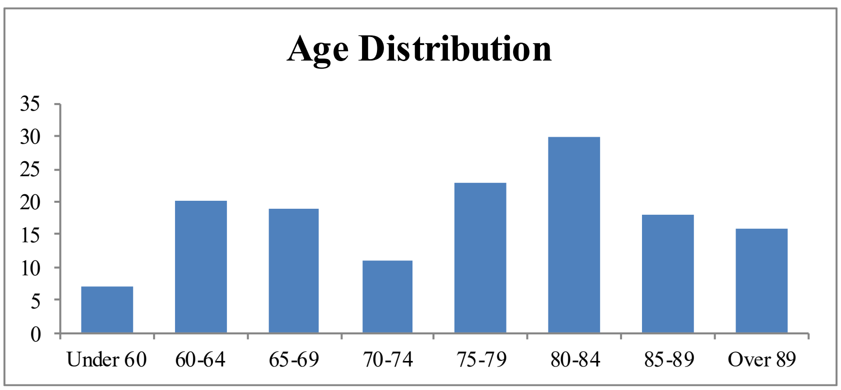


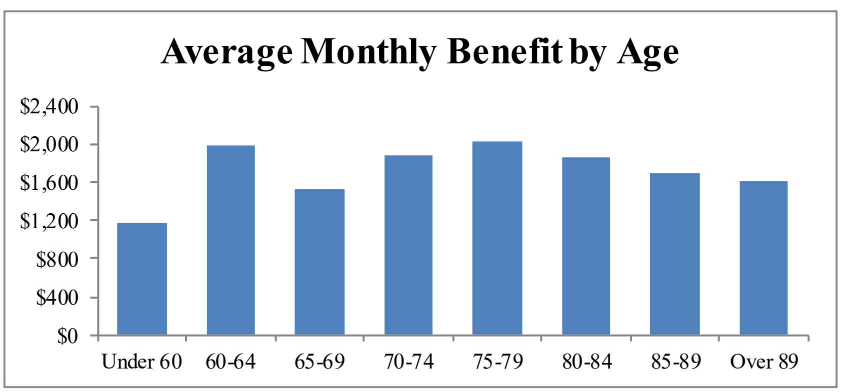


SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2024

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	0	7	7	$ 0	$ 8,233	$ 8,233
60-64	2	18	20	4,685	35,004	39,689
65-69	2	17	19	2,491	26,710	29,201
70-74	1	10	11	615	20,054	20,669
75-79	2	21	23	2,557	44,308	46,865
80-84	0	30	30	0	56,038	56,038
85-89	2	16	18	3,659	26,912	30,571
Over 89	0	16	16	0	25,820	25,820
Total	9	135	144	$14,007	$243,079	$257,086





SCHEDULE IV

TERMINATED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2024

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	1	0	1	660	0	660
35-39	2	2	4	2,181	2,270	4,451
40-44	10	2	12	12,338	3,609	15,947
45-49	6	1	7	8,761	1,643	10,404
50-54	13	11	24	29,349	26,361	55,710
55-59	7	3	10	10,309	1,963	12,272
Over 59	1	1	2	303	3,762	4,065
Total	40	20	60	$63,901	$39,608	$103,509

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

SCHEDULE V

DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2024

	Count of Members			Estimated Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	2	0	2	5,547	0	5,547
45-49	1	1	2	4,376	3,219	7,595
50-54	1	0	1	3,247	0	3,247
55-59	3	0	3	10,258	0	10,258
Over 59	5	1	6	15,741	1,357	17,098
Total	12	2	14	$39,169	$4,576	$43,745

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GASB STATEMENTS NO. 67 & 68 REPORT

FOR THE

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

MEASUREMENT DATE: DECEMBER 31, 2023

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February 2, 2024

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, 2023 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, 2023. 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.

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

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

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

Respectfully submitted,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA	Bryan K. Hoge, FSA, EA, FCA, MAAA
Consulting Actuary	Consulting Actuary

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ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	January 1, 2023
Prior Measurement Date:	December 31, 2022
Measurement Date (MD):	December 31, 2023
Membership Data:	
Retirees and Beneficiaries	722
Disabled Members	20
Inactive Vested Members	59
Inactive Nonvested Members	5
Active Employees	865
Total	1,671
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.75%
Municipal Bond Index Rate at Prior Measurement Date	3.65%
Municipal Bond Index Rate at Measurement Date	3.38%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.75%
Single Equivalent Interest Rate at Measurement Date	6.75%
Net Pension Liability:	
Total Pension Liability (TPL)	$584,148,828
Fiduciary Net Position (FNP)	537,384,371
Net Pension Liability (NPL = TPL – FNP)	$46,764,457
FNP as a percentage of TPL	91.99%
Collective Pension Expense:	$7,409,761
Collective Deferred Outflows of Resources:	$90,383,100
Collective Deferred Inflows of Resources:	$63,443,026

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, 2023 (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, 2023 (the Valuation Date). The results of the valuation were detailed in a report dated February 24, 2023.

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, 2023 TPL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.75%, the long-term assumed rate of return on investments. Please see Paragraph 31.b.(1) for more explanation of the development of the SEIR.

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

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

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

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

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

SECTION I – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

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

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

Paragraph 30.a. (4): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2023, the date of the valuation used to determine the December 31, 2023 TPL.

Membership

Number as of January 1, 2023	
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	722
Disabled Members	20
Inactive Members Entitled To But Not Yet Receiving Benefits	59
Inactive Non-vested Members	5
Active Members	865
Total	1,671

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

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

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

Paragraph 30.a. (6): Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual contribution. For calendar year 2023, 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 $11,055,924 for the fiscal year ending December 31, 2023.

Paragraph 30.b. (1):

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

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

1. Utilizing incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of the Portfolio on an ongoing basis.
2. Reviewing the Portfolio quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time under the following circumstances:
    a. If any asset class (equity, fixed income, alternatives or cash) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.
    b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio may be rebalanced.

c. Rebalancing the Portfolio at any other time if the Investment Advisor in its discretion deems it appropriate to do so.

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

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

Paragraph 30.b. (3): As of December 31, 2023, 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, 2023, the money-weighted rate of return was 16.2%, as calculated by Vanguard.

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

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

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

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

Paragraph 31.a. (1)-(4): As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2023 is presented in the following table.

Fiscal Year Ending December 31, 2023		
Total Pension Liability	$	584,148,828
Fiduciary Net Position		537,384,371
Net Pension Liability	$	46,764,457
Ratio of Fiduciary Net Position to Total Pension Liability		91.99%

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, 2023 was determined based on an actuarial valuation prepared as of January 1, 2023, rolled forward one year to December 31, 2023, 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	3.65 percent
Measurement Date	3.38 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	6.75 percent
Measurement Date	6.75 percent
Cost-of-Living Adjustment	2.50 percent

Mortality

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

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

Paragraph 31.b.(1)

(a) Discount rate (SEIR): The discount rate used to measure the TPL at December 31, 2023 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.

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

(c) Long-term rate of return: The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated October 25, 2021. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(d) **Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.38% on the Measurement Date.

(e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2122.

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

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

* Geometric mean, net of investment expenses

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

	1% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Total Pension Liability	$658,890,535	$584,148,828	$521,710,424
Fiduciary Net Position	$537,384,371	$537,384,371	$537,384,371
Net Pension Liability	$121,506,164	$46,764,457	($15,673,947)

Paragraph 31.c.: The TPL at December 31, 2023 is based upon an actuarial valuation prepared as of January 1, 2023. The valuation was used to determine the TPL on the Measurement Date, by rolling the liabilities forward one year to December 31, 2023 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2023, 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, 2023 using the discount rate as of the Prior Measurement Date.

SECTION II – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 67

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

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

Paragraph 32.d.:

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

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

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

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.

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

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

Changes in actuarial assumptions and methods:

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

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

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

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

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

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

1/1/2015 valuation:

- The price inflation assumption was lowered from 3.25% to 3.10%.
- Retirement rates were adjusted to better reflect actual experience.
- The mortality assumption was changed to reflect full generational mortality improvements.
- An explicit assumption for administrative expenses was created and is based on the prior year's reported administrative expenses.
- The marriage assumption was changed to assume 90% of all active members are married. Prior to the change, the marriage assumption was based on the member's age and gender.
- The amortization of the unfunded actuarial liability moved from a single amortization base to a "layered" approach. The UAL as of January 1, 2014 is amortized over a closed 30-year period that began January 1, 2014. Changes to the UAL from actual versus expected experience, assumption changes, or method changes in each subsequent year create a new amortization base with a separate payment, determined as a level percentage of payroll, over a closed 20-year period beginning on that valuation date.

SECTION III – PENSION EXPENSE FOR GASB 68

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

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

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

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members, or decrease PE if there is a benefit reduction. For the year ended December 31, 2023, 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 13.63 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 7.05 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, 2023 is shown in the following table.

Pension Expense
For the Year Ended

December 31, 2023	
Service Cost at end of year	$14,685,921
Interest on the Total Pension Liability	36,716,217
Benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	325,730
Expensed portion of current-period assumption changes	0
Employee contributions	(6,991,643)
Projected earnings on plan investments	(31,480,474)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(8,779,254)
Administrative expenses	92,954
Other	0
Recognition of beginning Deferred Outflows of Resources	30,525,836
Recognition of beginning Deferred Inflows of Resources	(27,685,526)
Total Pension Expense	**$7,409,761**

Note: Average expected remaining service life for all members is 7.05 years.

SECTION IV – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

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

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

Paragraph 39: Not Applicable.

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

Paragraph 40(b):

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

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

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

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

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

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

Paragraph 40(c): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2023, the date of the valuation used to determine the December 31, 2023 TPL.

Membership

Number as of January 1, 2023	
Inactive Members Or Their Beneficiaries Currently Receiving Benefits	722
Disabled Members	20
Inactive Members Entitled To But Not Yet Receiving Benefits	59
Inactive Non-vested Members	5
Active Members	865
Total	1,671

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 2023, 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.

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, 2023, the Plan received $11,055,924 in contributions from the District.

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

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

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

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2022	$557,004,039	$470,606,758	$86,397,281
Changes for the year:			
Service Cost at end of year	14,685,921		14,685,921
Interest on TPL	36,716,217		36,716,217
Benefit term changes	0		0
Differences between expected and actual experience	2,296,397		2,296,397
Assumption changes	0		0
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)	0
Administrative expenses		(92,954)	92,954
Other		0	0
Net changes	27,144,789	66,777,613	(39,632,824)
Balances at December 31, 2023	$584,148,828	$537,384,371	$46,764,457

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

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2023. The TPL as of December 31, 2023 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2023, rolled forward to December 31, 2023 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, 2023, are the same, so there are no significant effects on the NPL due to differing dates.

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

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

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2023). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	$4,489,983	$7,427,628	($2,937,645)
Changes of assumptions	4,138,456	0	4,138,456
Differences between projected and actual earnings	81,754,661	56,015,398	25,739,263
Total	$90,383,100	$63,443,026	$26,940,074

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, 2022	Additions	Recognition	December 31, 2023
Differences between expected and actual experience				
FY 2017 Base	$ 0	$ 0	$ 0	$ 0
FY 2018 Base	0	0	0	0
FY 2019 Base	613,722	0	275,212	338,510
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	2,644,807	0	464,001	2,180,806
FY 2023 Base	0	2,296,397	325,730	1,970,667
Total	$ 3,258,529	$ 2,296,397	$ 1,064,943	$ 4,489,983
Changes of assumptions				
FY 2017 Base	$ 780,089	$ 0	$ 780,089	$ 0
FY 2018 Base	0	0	0	0
FY 2019 Base	2,058,552	0	923,118	1,135,434
FY 2020 Base	0	0	0	0
FY 2021 Base	3,834,884	0	831,862	3,003,022
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
Total	$ 6,673,525	$ 0	$ 2,535,069	$ 4,138,456
Differences between projected and actual earnings				
FY 2019 Base	$ 0	$ 0	$ 0	$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	109,006,215	0	27,251,554	81,754,661
FY 2023 Base	0	0	0	0
Total	$ 109,006,215	$ 0	$ 27,251,554	$ 81,754,661
Total	$ 118,938,269	$ 2,296,397	$ 30,851,566	$ 90,383,100

Deferred Inflows of Resources				
	December 31, 2022	Additions	Recognition	December 31, 2023
Differences between expected and actual experience				
FY 2017 Base	$ 522,443	$ 0	$ 522,443	$ 0
FY 2018 Base	341,610	0	251,182	90,428
FY 2019 Base	0	0	0	0
FY 2020 Base	5,067,169	0	1,481,628	3,585,541
FY 2021 Base	4,790,900	0	1,039,241	3,751,659
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
Total	$ 10,722,122	$ 0	$ 3,294,494	$ 7,427,628
Changes of assumptions				
FY 2017 Base	$ 0	$ 0	$ 0	$ 0
FY 2018 Base	0	0	0	0
FY 2019 Base	0	0	0	0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
Total	$ 0	$ 0	$ 0	$ 0
Differences between projected and actual earnings				
FY 2019 Base	$ 10,422,757	$ 0	$ 10,422,757	$ 0
FY 2020 Base	14,076,338	0	7,038,169	7,038,169
FY 2021 Base	20,790,317	0	6,930,106	13,860,211
FY 2022 Base	0	0	0	0
FY 2023 Base	0	43,896,272	8,779,254	35,117,018
Total	$ 45,289,412	$ 43,896,272	$ 33,170,286	$ 56,015,398
Total	$ 56,011,534	$ 43,896,272	$ 36,464,780	$ 63,443,026

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

Fiscal Year Ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
2024	$30,071,477	$25,358,826	$4,712,651
2025	29,148,761	18,230,228	10,918,533
2026	28,873,146	10,440,780	18,432,366
2027	1,297,167	9,413,192	(8,116,025)
2028	650,532	0	650,532
Thereafter	342,017	0	342,017

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

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION FOR GASB 68

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

APPENDIX A

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit A

GASB 68 Paragraph 43

STATEMENT OF PLAN FIDUCIARY NET POSITION AND CHANGES IN THE FIDUCIARY NET POSITION
Fiscal Year Ended December 31, 2023

Statement of Plan Fiduciary Net Position at December 31, 2023

Assets		
Cash and cash equivalents	$	1,655,108
Investments at fair value		
Fixed income		168,236,192
Domestic stock		240,038,198
International stock		127,454,873
Total investments		535,729,263
Total assets		537,384,371
Liabilities		
Accrued expenses and benefits payable		0
Total liabilities		0
Net position restricted for pensions	$	537,384,371

Statement of Changes in the Fiduciary Net Position
for the Year Ended December 31, 2023

Additions:		
Employer contributions	$	11,055,924
Employee contributions		6,991,643
Total contributions		18,047,567
Net investment income		75,376,746
Total additions		93,424,313
Deductions:		
Service benefits		26,553,746
Administrative expenses		92,954
Total deductions		26,646,700
Net increase/(decrease)		66,777,613
Net position restricted for pensions:		
Beginning of year		470,606,758
End of year	$	537,384,371

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	$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	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
Differences between expected and actual experience	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	5,498,608	0	5,751,024	0	8,713,229	0	0
Benefit payments, including member refunds	(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	$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	$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)	$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
Plan Fiduciary Net Position									
Employer contributions	$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	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	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	(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	(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
Net change in Plan Fiduciary Net Position	$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	$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)	$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 Liability - ending (a) - (b)	$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
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	91.99%	84.49%	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll	$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
Employers' Net Pension Liability as a percentage of covered payroll	60.14%	122.36%	-68.95%	-8.33%	65.42%	136.09%	63.19%	104.28%	104.33%

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

Exhibit C

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

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 8,988	$ 10,300	$ (1,312)	$ 59,332	17.36%
2015	9,956	10,301	(345)	63,385	16.25%
2016	10,215	10,300	(85)	61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%
2022	8,588	10,500	(1,912)	70,610	14.87%
2023	10,204	11,056	(852)	77,757	14.22%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	January 1, 2023
Notes	Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution are made.

Methods and Assumptions Used to Determine Actuarial Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Range from 12 to 21 years (Single Equivalent Amortization Period is 24 years)
Asset Valuation Method	Expected Value + 25% of (Market – Expected Values)
Price Inflation	2.50 percent
Salary Increases, including price inflation	3.65 to 11.40 percent, depending on years of service
Long-Term Rate of Return	6.75 percent
Retirement	Service-based table of rates.
Mortality	Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale. Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale. Post-retirement mortality rates for survivors were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale. Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.
Cost-of-Living Adjustment	2.50 percent per year

APPENDIX B

SUMMARY OF KEY BENEFIT PROVISIONS

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

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

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

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

Retirement Benefits:

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

Form of Annuity:

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

Termination Benefits:

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

Spouse's Benefit:

Effective 3/1/06:

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

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

Single Sum Death Benefits:

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

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

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

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

<u>Disability Benefits:</u>

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

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

<u>Source of Funds:</u>

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

APPENDIX C

STATEMENT OF ACTUARIAL ASSUMPTIONS

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

Withdrawal Rates: (revised 2021)

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

Retirement Rates: (revised 2021)

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

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

Salary Scale: (revised 2021)

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

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

Note: Includes salary inflation at 3.40%

Spouse's Benefit: (revised 2015)

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

Form of Payment:

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

Cost of Living Adjustment: (revised 2021)

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

Administrative Expense: (implemented 2015)

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

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

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Retirement Plan for Employees of MUD
January 1, 2024 Actuarial Valuation Results

Presented by: Patrice Beckham, FSA, EA, FCA, MAAA
April 3, 2024

www.CavMacConsulting.com

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 1/1/2024 Valuation Results

- Asset Experience
  - Investment return on market value was 16.2%
  - Due to use of an asset smoothing method, the return on the actuarial value of assets was 6.1%, less than the assumed return of 6.75%.
  - Actuarial loss on assets of $3.5 million
  - Deferred investment loss is reduced from $54 million last year to $11 million in the 2024 valuation
- Liability Experience
  - Higher salary increases than assumed produced an actuarial loss on liabilities (higher salaries = higher benefits)
    - Along with increase in number of active members, higher salaries resulted in an increase in covered payroll of nearly 8%
  - Actual COLA increase was higher than expected by the assumption
  - Net liability loss was $5.5 million
- Aggregate experience loss was $9 million which increased the unfunded actuarial liability and actuarial contribution.

Total Plan Membership

	1/1/24 Valuation	1/1/23 Valuation	Change
Active members	888	865	2.7%
LTD/Inactive vested	74	79	(6.3%)
Inactive non-vested	5	5	0.0%
Retirees and Beneficiaries	728	722	0.8%
Total	1,695	1,671	1.4%

January 1, 2024 Valuation Results

	1/1/2024 Valuation	1/1/2023 Valuation
Actuarial Liability	$590M	$559M
Actuarial Assets	548M	525M
Unfunded Actuarial Liability	$ 42M	$ 34M
Funded Ratio: Assets/Liability		
Actuarial Value of Assets	92.9%	93.9%
Market Value of Assets	91.1%	84.2%

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

Numbers may not add or subtract due to rounding.

District Contribution

	1/1/2024 Valuation	1/1/2023 Valuation	Change
Total Contribution Rate	23.03%	22.51%	0.52%
Employee Rate	(9.00%)	(9.00%)	0.00%
Employer Rate	**14.03%**	**13.51%**	**0.52%**
Estimated Covered Payroll	$81,518,849	$75,528,659	$5,990,190
Employer Contribution (Actuarially Determined)	**$11,437,095**	**$10,203,922**	**$1,233,173**
District Contribution	**$12.9 million (Budgeted)**	**$11.1 million (Actual)**	**$1.9 million**

Given the likelihood of increasing contributions in the near term, we recommend the District contribute the budgeted amount of $12.9 million for 2024.

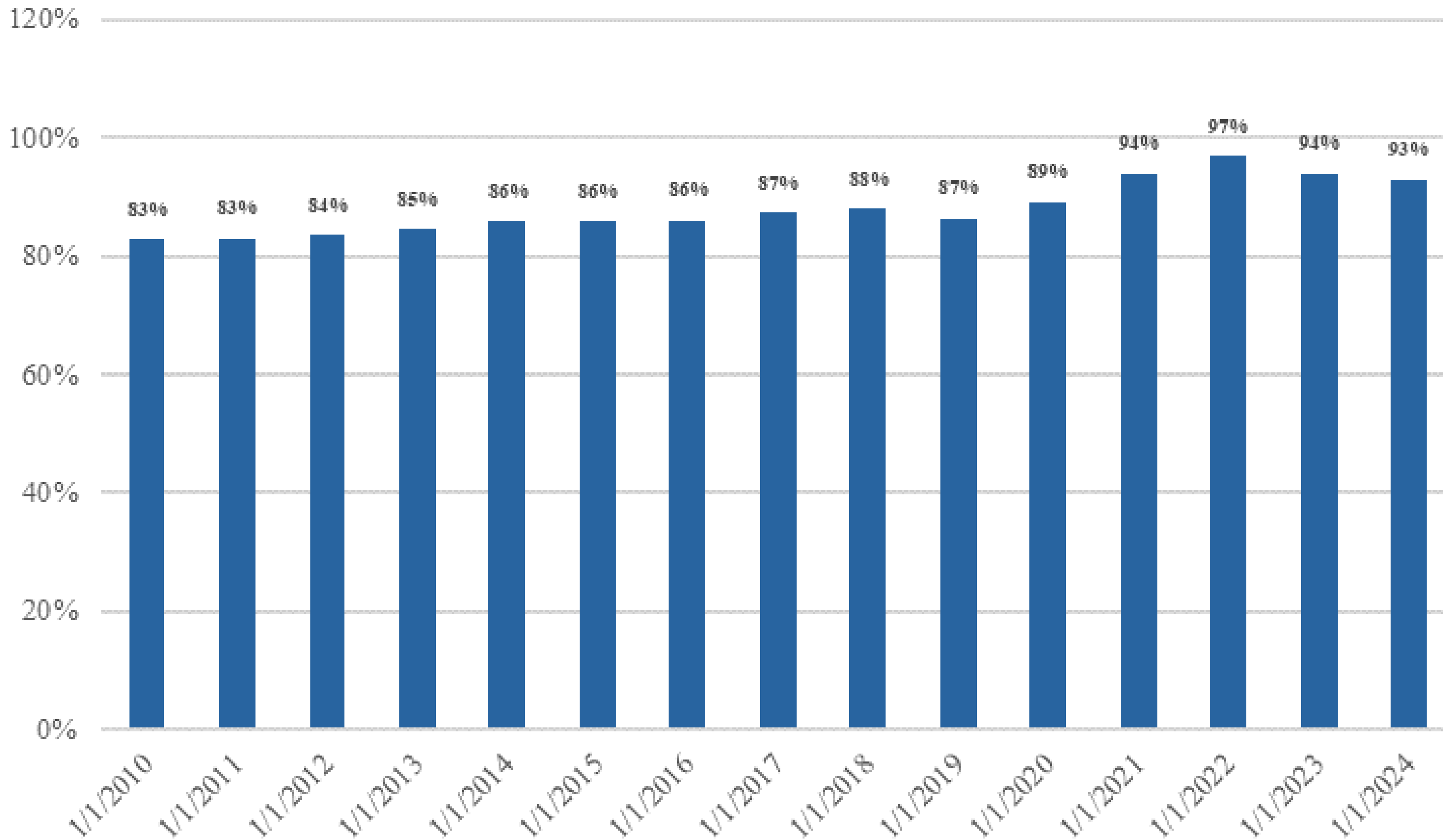
Numbers may not add or subtract due to rounding.

Sources of Change in Key Valuation Results

	District Contribution Rate	Funded Ratio
January 1, 2023 Valuation	**13.51%**	**93.89%**
Expected change	0.00%	0.37%
Contributions above actuarial rate	(0.08%)	0.15%
Investment experience	0.31%	(0.60%)
Demographic/other experience	0.46%	(0.87%)
Payroll higher than expected	(0.17%)	0.00%
Total Net Change	**0.52%**	**(0.95%)**
January 1, 2024 Valuation	**14.03%**	**92.94%**

The main factor that impacted the decrease in the funded ratio and increase in the District's contribution rate was unfavorable demographic experience which was due to larger salary increases and higher COLAs than expected, based on the assumptions.

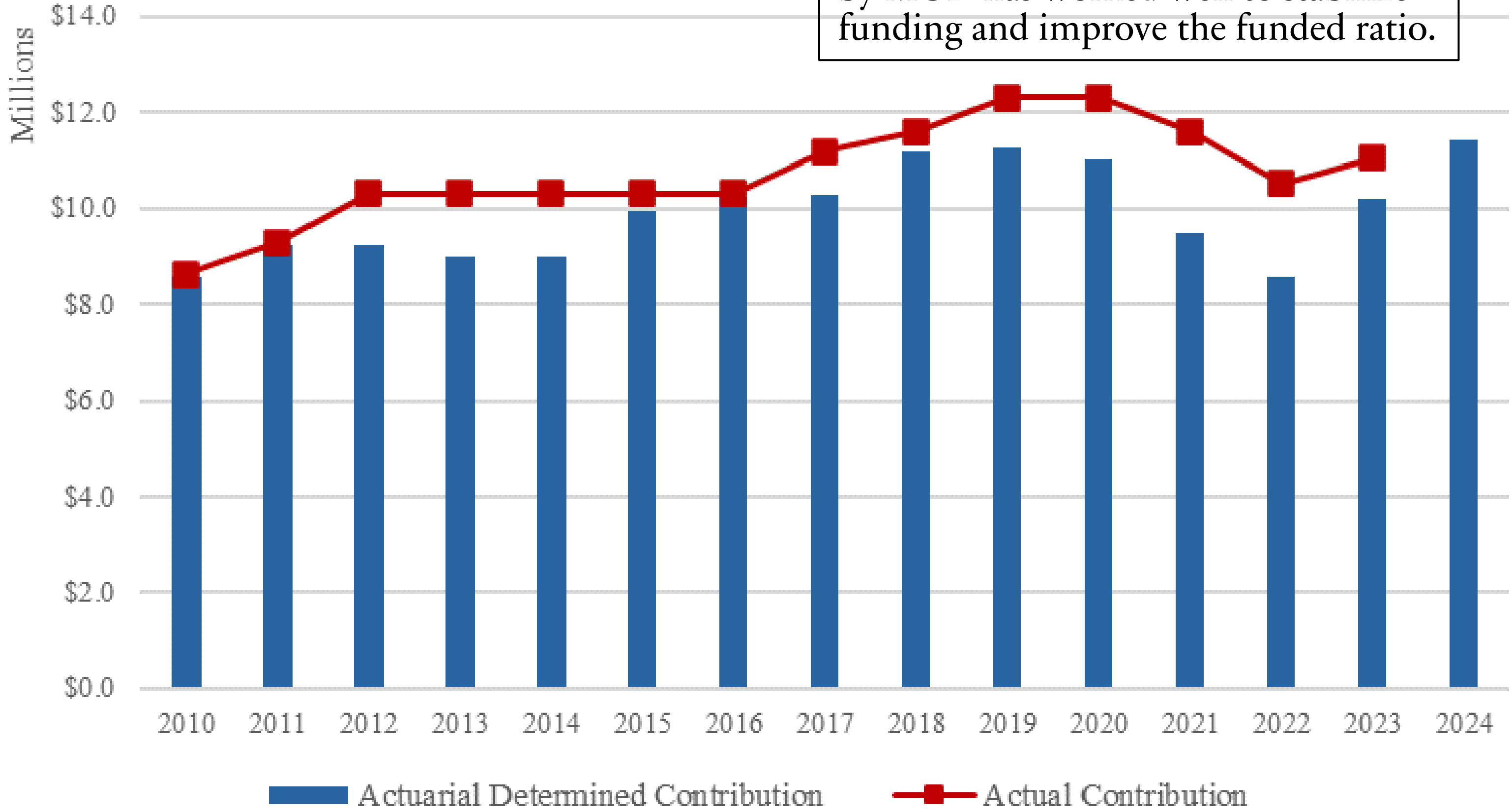
Historical Funded Ratio



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

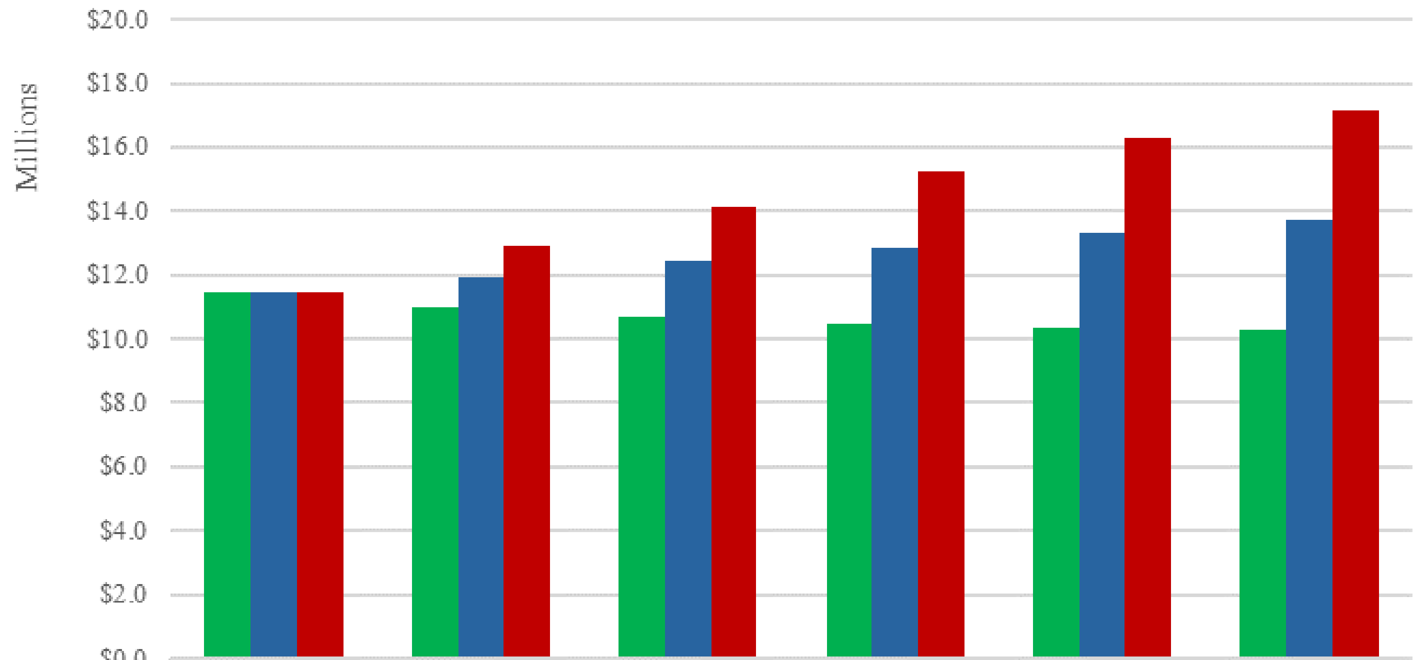
Historical Employer Contributions

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



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

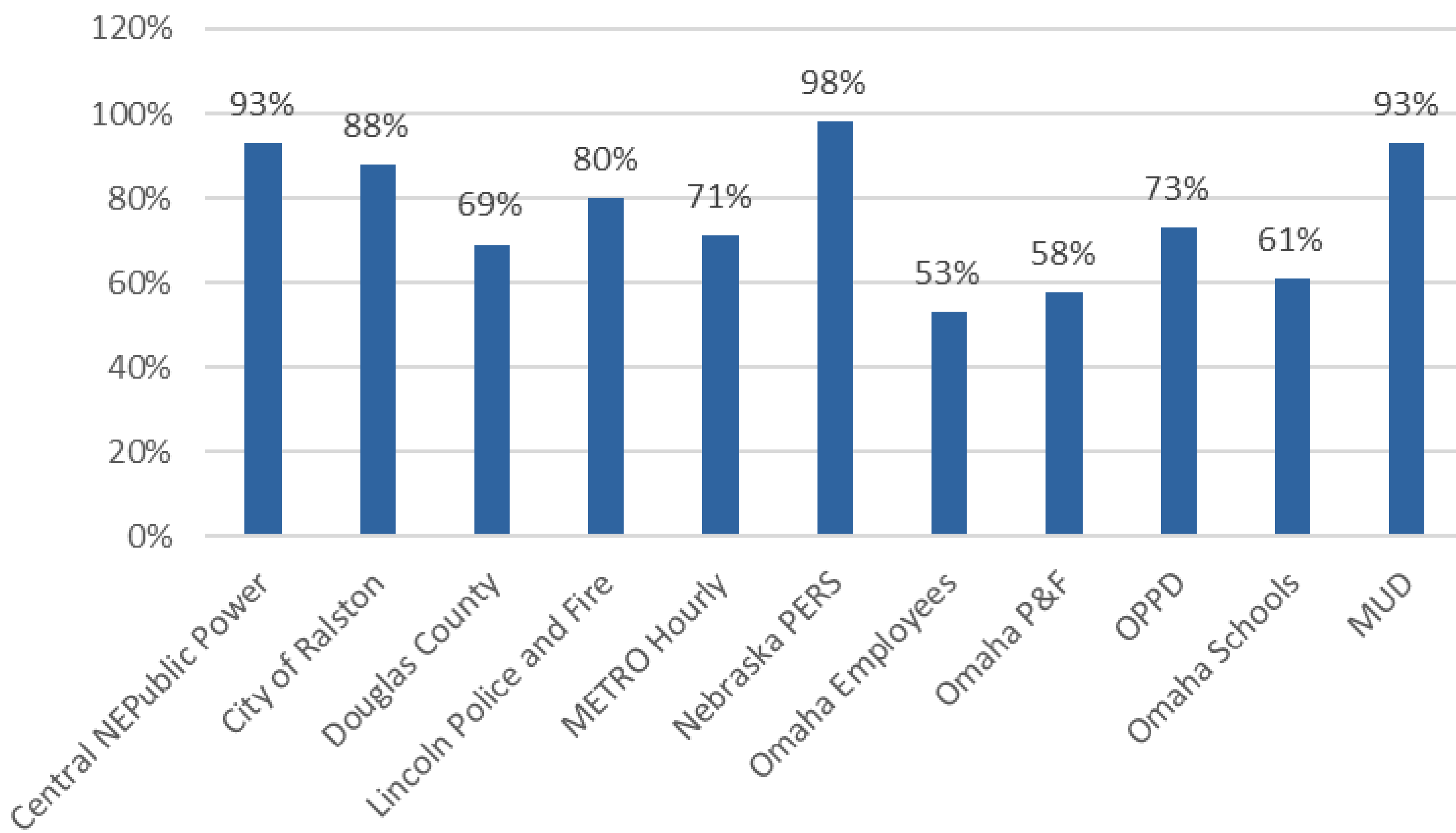
Sensitivity Analysis: Future District Contributions



	2023	2024	2025	2026	2027	2028
16.75% Return for 2024	$11.4	$11.0	$10.7	$10.5	$10.4	$10.3
6.75% Return for 2024	$11.4	$11.9	$12.4	$12.9	$13.3	$13.8
-3.25% Return for 2024	$11.4	$12.9	$14.1	$15.3	$16.3	$17.2

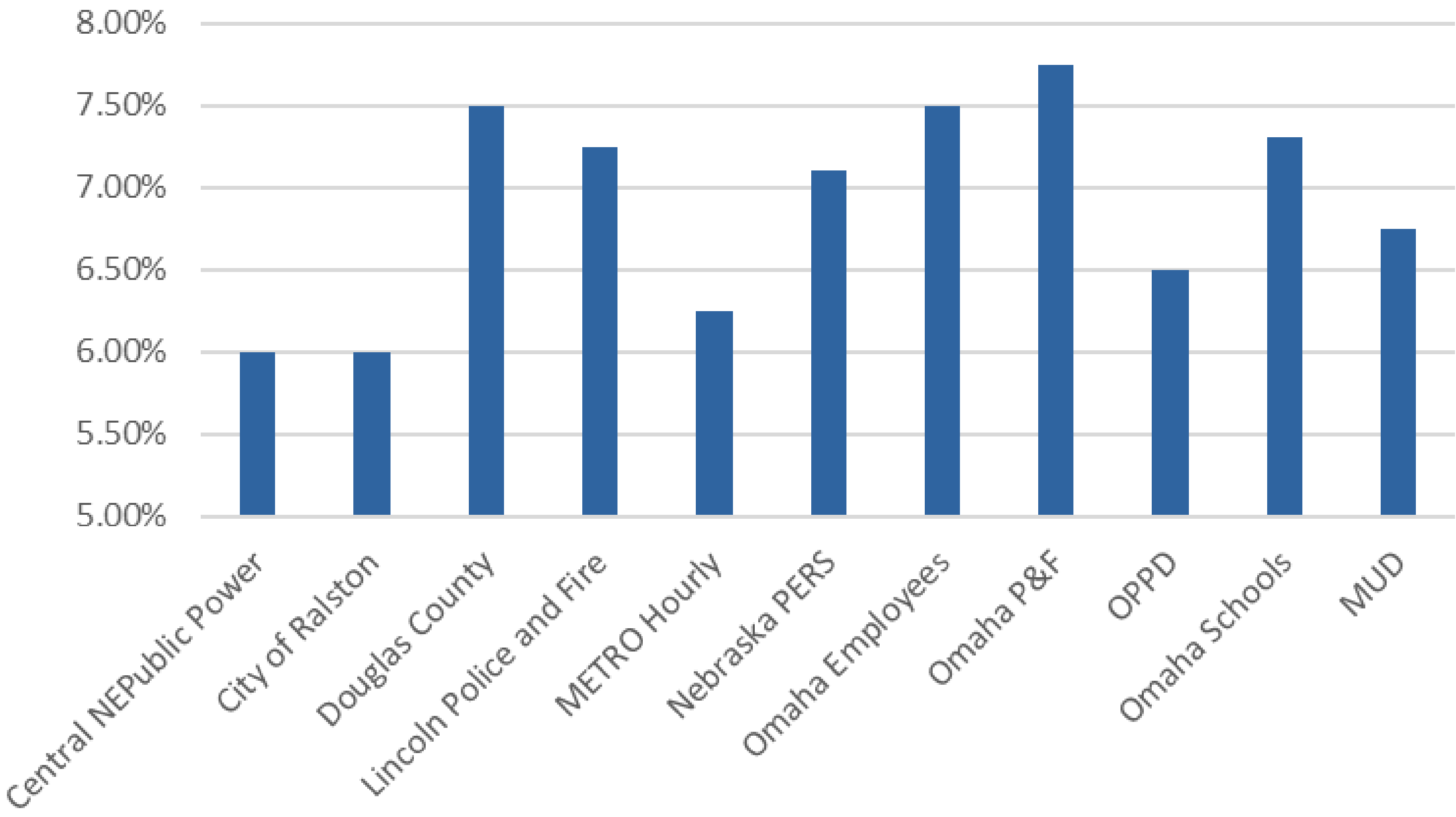
Assumes that all actuarial assumptions are met in each future year other than FY 2024 returns, as noted.

Funded Ratios of Other Nebraska Plans



Dates vary but most are 2023 valuation results. Note: the investment return assumptions vary by plan which impacts the funded ratio, so results are not directly comparable.

Investment Return Assumptions of Other Nebraska Plans



Closing Comments

- January 1, 2024 valuation reflects unfavorable experience on both assets and liabilities, resulting in a decrease in the funded ratio and an increase in the actuarial contribution.
  - Due to MUD's funding policy, the impact of the contribution increase is less than the budgeted contribution.
  - Deferred investment losses exist which will increase future contribution amounts, absent higher-than-expected returns in the near term. Therefore, we recommend the District contribute the budgeted amount of $12.9 million for 2024.
- 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 93%).
- 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 funding policy has mitigated some of the volatility in contributions.

Supplemental Information

Funding of Retirement Systems

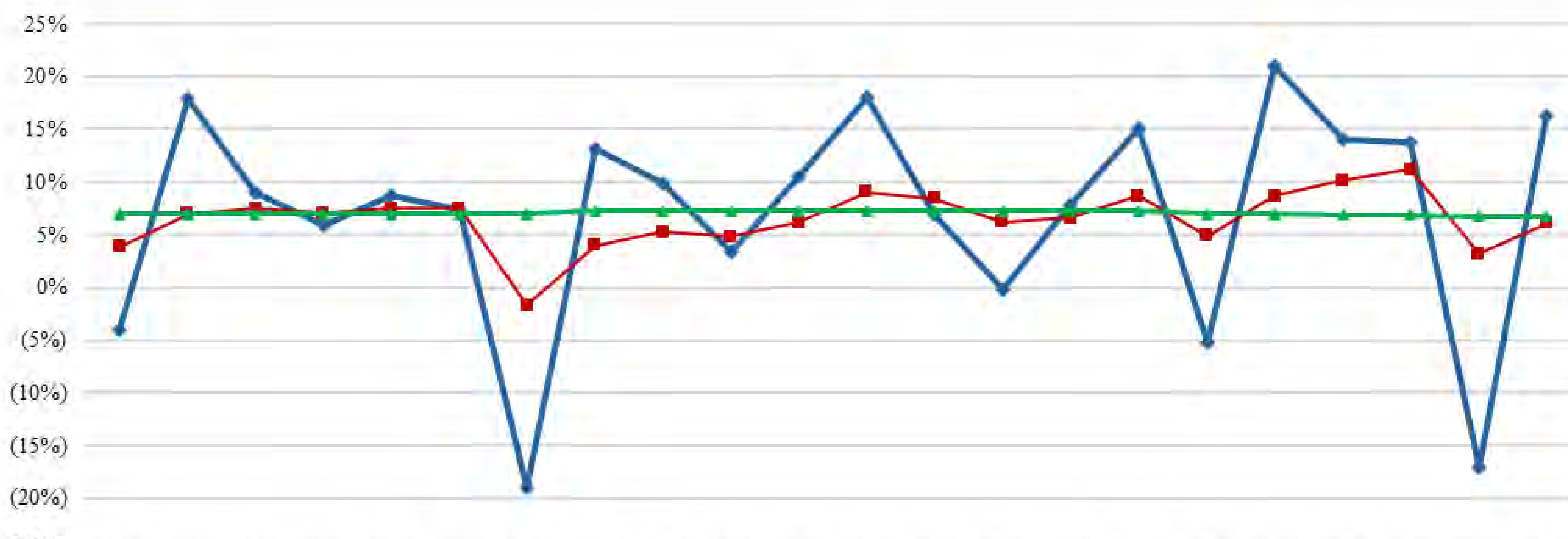
- Very long-term in nature, the obligations (liabilities) to current members stretch out more than 75 years

- 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 <u>*determine the actuarial contribution for current year based on the Plan's funding policy*</u>

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
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%
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%
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%

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

Details of Actuarial Contribution

	1/1/24 Valuation	1/1/23 Valuation	Change
Normal cost rate	19.60%	19.59%	0.01%
UAL contribution*	3.43%	2.92%	0.51%
Total Contribution Rate	23.03%	22.51%	0.52%
Employee Rate	(9.00%)	(9.00%)	0.00%
Employer Rate	**14.03%**	**13.51%**	**0.52%**
Estimated Covered Payroll	$81,518,849	$75,528,659	$5,990,190
Total Required Contribution	$18,773,791	$17,001,501	1,772,290
Employee Contribution	$ 7,336,696	$ 6,797,579	539,117
Employer Contribution	**$11,437,095**	**$10,203,922**	**$ 1,233,173**

Note: Multiple amortization bases exist but the largest piece of unfunded actuarial liability (UAL) is amortized over a closed 20-year period (as of 1/1/2024).

Contribution Rate Volatility

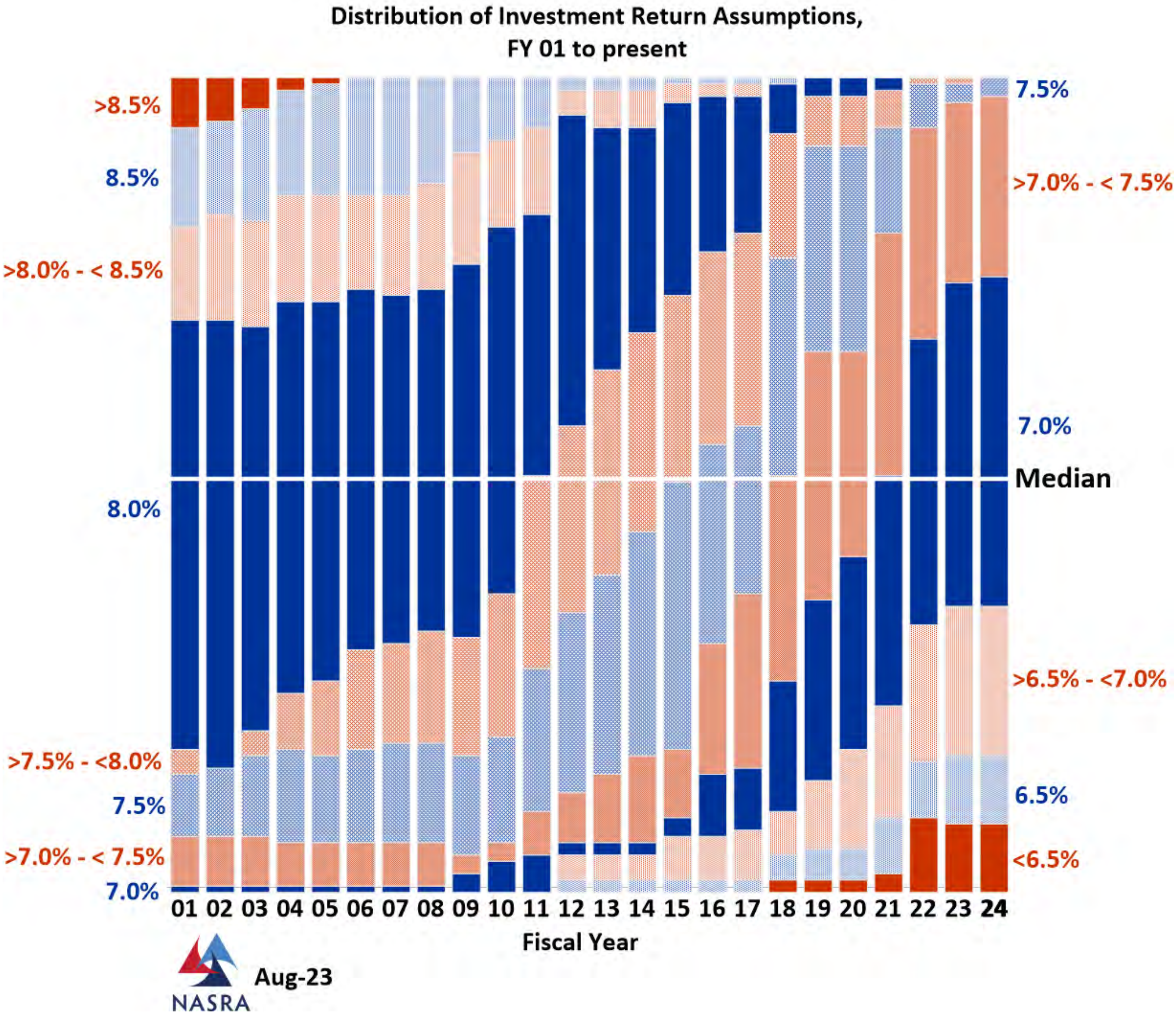
- MUD's Plan is very mature, similar to most public pension plans in the U.S.

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

Year	Assets	Payroll	Ratio	Impact on Actuarial Contribution
2024	$537.4M	$77.8M	691%	$3.82M

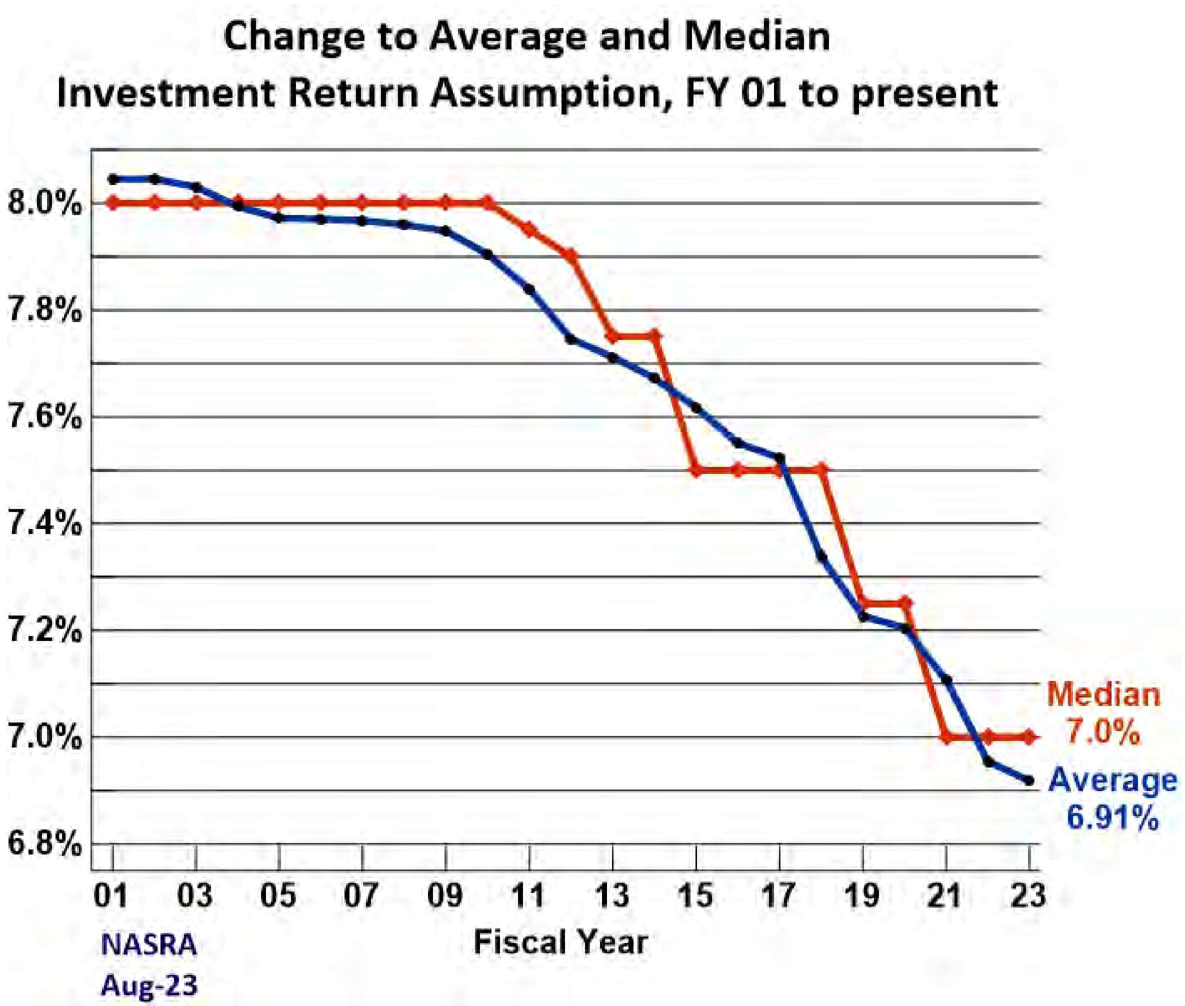
- Assets are more than six times payroll
  - Underperforming the investment return assumption by 10% (earn -3.25%) is equivalent to 69% of payroll
  - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
  - This level of volatility is not unexpected given the asset allocation

Distribution of Investment Return Assumptions - Public Plan Survey



The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 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.

Results Under Alternate Return Assumptions

Investment Return Assumption	6.25%	6.50%	(current) 6.75%
Total Actuarial Contribution Rate	28.44%	25.68%	23.03%
Employee Contribution Rate	(9.00%)	(9.00%)	(9.00%)
District Contribution Rate	**19.44%**	**16.68%**	**14.03%**
District Contribution	**$15.8M**	**$13.6M**	**$11.4M**
Actuarial Liability	$625.9M	$607.3M	$589.6M
Actuarial Value of Assets	548.0M	548.0M	548.0M
Unfunded Actuarial Liability	$ 77.9M	$ 59.3M	$ 41.6M
Funded Ratio	**87.6%**	**90.2%**	**92.9%**

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 18, 2024. 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, 2024 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

Patrice Beckham

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

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

March 29, 2024

Subject: RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

Attached for your review, please find the "Financial Statements and Supplemental Schedules" for the year ended December 31, 2023 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, 2023.

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.

Robert Kreiser, Assurance Senior Manager with RSM, will present a summary of the audit at the April Board meeting.

The aforementioned document will be on the April 3, 2024 Committee and Board Agendas to be placed on file.

Mark F Myers

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

Approved:

Mark E. Doyle

Mark E. Doyle
President

Attachments

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2023 and 2022

(With Independent Auditor’s Report Thereon)

METROPOLITAN UTILITIES DISTRICT

Table of Contents

RSM

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, 2023 and 2022, 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, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our 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 Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
As discussed in Note 2 of the basic financial statements, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* as of January 1, 2022. As a result of the adoption, the District restated the net position and SBITA assets and liabilities for the business-type activities and each major fund. Our opinions are not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 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 29, 2024

"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, 2023 and 2022. This information should be read in conjunction with the Financial Statements, Notes to Basic Financial Statements and Required Supplementary Information.

Overview of Financial Statements

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

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

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

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

Financial Highlights

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

Gas Department

	2023		2022		2021	
Sales, volume sold – DTH:						
Firm gas sales	$ 28,726,337	87%	$ 31,411,793	89%	$ 26,773,756	84%
Interruptible gas sales	4,199,835	13	4,080,279	11	4,919,376	16
Total gas sales	32,926,172	100	35,492,072	100	31,693,132	100
Heating degree days	5,403		6,130		5,323	
Customers (at December 31):						
Firm customers	241,058		239,465		237,814	
Interruptible customers	22		22		20	
	$ 241,080		$ 239,487		$ 237,834	

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

Gas Department Summary of Results of Operations

	2023		2022 (as restated)		2021 (*1)	
Operating revenues:						
Firm and interruptible gas sales	$ 235,535,739	92%	$ 334,265,845	95%	$ 229,577,728	93%
Infrastructure charge	15,737,944	6	13,542,986	4	13,401,667	5
Other	5,604,386	2	6,051,492	1	4,888,620	2
Less bad debt expense	(944,894)	—	(601,056)	—	(377,858)	—
Total operating revenues, net	255,933,175	100%	353,259,267	100%	247,490,157	100%
Operating expenses:						
Cost of natural gas	143,384,526	66%	235,312,368	75%	140,342,276	70%
Other operating expenses	73,543,842	34	76,264,376	25	59,601,280	30
Total operating expenses	216,928,368	100%	311,576,744	100%	199,943,556	100%
Nonoperating revenues (expenses), net	7,084,265		(2,724,388)		(1,041,555)	
Change in net position	46,089,072		38,958,135		46,505,046	
Net position, beginning of year	529,187,180		490,229,045		443,723,999	
Net position, end of year	$ 575,276,252		$ 529,187,180		$ 490,229,045	

(*1) 2021 amounts do not reflect adoption of GASB No. 96, SBITAs.

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. Revenues for gas sales, net, were up 42.7% in 2022 vs. 2021, due to a 12.0% increase in volumes coupled with increased gas costs. The annual revenues for the average residential gas customer were $739.10 in 2023, as compared to $856.29 in 2022 and to $612.41 in 2021.

The District initiated an Infrastructure Replacement Charge effective January 2, 2008. This charge is included in the annual revenue for the average residential customer stated above for all years presented.

Total operating expenses in 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. Total operating expenses in 2022 were up by $111.6 million or 55.8% from 2021. In 2022, the cost of natural gas was $95.0 million, or 67.7% higher than 2021, due to increased gas cost ($78.2 million) and increased volumes ($16.8 million). In 2022, other operating expenses were $16.7 million, or 28.0%, higher than 2021 due primarily to: increased administrative and general expense (largely due to increased pension and Other Post Employment Benefit (OPEB) expense primarily due to investment returns that were well below expectations), increased statutory payments paid to cities due to higher gas sales, and increased depreciation and amortization expense, partially offset by decreased production operating expense (one-time costs for town border station improvements in 2021 to serve the requirements of a large customer).

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

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 2023, the CPEP prepaid gas purchase agreements accounted for approximately 56% of the District's annual natural gas requirements.

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

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

In 2012 the District participated in CPEP Project 3 Series Transaction (CPEP #3). This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017 CPEP 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 11% of the District’s annual natural gas requirements in 2023. Including CPEP, prepaid transactions accounted for approximately 67% of the District’s annual gas supply in 2022.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. 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.

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

	2023	2022 (as restated)	2021 (*1)
Capital assets, net	$ 616,420,719	$ 555,731,054	$ 499,951,308
Noncurrent assets	110,361,442	81,476,590	30,288,011
Current assets	277,266,335	272,243,440	212,026,122
Total assets	1,004,048,496	909,451,084	742,265,441
Deferred outflows of resources			
Pension amounts	15,938,198	37,815,008	5,321,344
OPEB amounts	1,392,310	5,435,868	—
Total deferred outflows of resources	17,330,508	43,250,876	5,321,344
Total assets and deferred outflows of resources	$ 1,021,379,004	$ 952,701,960	$ 747,586,785
Deferred inflows of resources			
Pension amounts	$ 1,628,796	$ 4,072,807	$ 40,075,330
OPEB amounts	10,165,709	17,542,373	29,566,524
Lease amounts	2,687,542	2,743,728	2,799,914
Contributions in aid of construction	41,830,029	41,960,602	41,448,229
Total deferred inflows of resources	56,312,076	66,319,510	113,889,997
Current liabilities	90,321,203	109,576,418	76,335,942
Noncurrent liabilities	299,469,472	247,618,852	67,131,801
Total liabilities	389,790,675	357,195,270	143,467,743
Net position:			
Net investment in capital assets	442,054,853	424,502,370	424,719,273
Restricted	1,529,636	893,724	200,509
Unrestricted	131,691,763	103,791,086	65,309,263
Total net position	575,276,252	529,187,180	490,229,045
Total liabilities, deferred inflows of resources, and net position	$ 1,021,379,003	$ 952,701,960	$ 747,586,785

(*1) 2021 amounts do not reflect adoption of GASB No. 96,SBITAs.

Gas Department Long-Term Debt Activity

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

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Gas Revenue Bonds				
Series 2018	$ 27,115,000	$ -	$ 1,265,000	$ 25,850,000
Plus unamortized premium	875,239	-	97,431	777,808
Gas Revenue Bonds				
Series 2022	112,635,000	-	3,515,000	109,120,000
Plus unamortized premium	15,191,515	-	1,422,304	13,769,211
Gas Revenue Bonds				
Series 2023	-	83,985,000	-	83,985,000
Plus unamortized premium	-	5,198,062	37,790	5,160,272
Total Long-Term Debt	$ 155,816,754	$ 89,183,062	$ 6,337,525	$ 238,662,291

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. During 2023 the District did not have scheduled principal payments towards its outstanding Series 2023 gas revenue bonds. At December 31, 2023, $89.3 million of the net bond proceeds remained, including bond premium, investment income and net of closing costs.

On March 16, 2022, the District issued $115,040,000 of Gas System Revenue Bonds, Series 2022. The proceeds of the sale of the 2022 bonds are being used, together with available funds, to finance the continued replacement of cast iron gas mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and other infrastructure improvements. At December 31, 2023 and 2022, the District's long-term debt included $109,120,000 and $112,635,000, respectively of Series 2022 gas revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of $3,515,000 and $2,405,000 towards its outstanding Series 2022 gas revenue bonds. At December 31, 2023, $26.3 million of the bond proceeds remained.

At December 31, 2023 and 2022, the District's long-term debt included $25,850,000 and $27,115,000, respectively of Series 2018 gas revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of $1,265,000 and $1,205,000 towards its outstanding Series 2018 gas revenue bonds.

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, 2023, 2022 and 2021. 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 $47.6 million, $51.1 million and $44.3 million for 2023, 2022 and 2021, respectively. Please see the chart below for debt service coverage ratio information:

	2023	2022	2021
Debt service coverage ratios	4.20x	6.42x	20.92x
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 330 days at year end 2023, as compared with 174 days at year-end 2022 and 232 days at year end 2021. The increase in days cash on hand at year end 2023 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 2022 to 2023, unrestricted cash balances increased by $41.6 million, to $181.6 million.

The Gas Department's liquidity is further enhanced by a $20,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the "U.S. Prime Rate" less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2023, the interest rate was 5.87% and no amount was outstanding. The District did not draw on the line of credit during 2023, 2022 or 2021.

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 107 miles, over the next five years; the District expended $18.1 million to improve infrastructure and replace cast iron gas mains in 2023, $15.6 million in 2022 and $16.7 million in 2021. Significant projects in 2023 and 2022 are as follows:

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) Liquified 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.

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

Water Department

	2023	2022	2021
Water sales (million gallons)	32,381.8	31,667.0	30,811.6

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

	2023	2022	2021
Customers (December 31)	227,433	225,028	222,715

The number of customers at the end of 2023 increased 2,405, or 1.1%, over 2022. The number of customers at the end of 2022 increased 2,313, or 1.0%, over 2021.

Water Department Summary of Results of Operations

	2023		2022 (as restated)		2021 (*1)	
Operating revenues:						
Water sales	$ 141,509,672	87%	$ 133,276,451	86%	$ 123,193,825	87%
Infrastructure charge	17,215,116	11	15,324,431	11	15,155,428	11
Other	4,081,462	2	4,338,282	3	4,383,817	2
Less bad debt expense	(246,758)	—	(291,355)	—	(251,022)	—
Total operating revenues, net	162,559,492	100%	152,647,809	100%	142,482,048	100%
Operating expenses	106,663,577		104,034,166		88,841,532	
Nonoperating expenses net	3,426,776		6,347,228		6,903,494	
Change in net position	52,469,139		42,266,415		46,737,022	
Net position, beginning of year	470,096,275		427,829,860		381,092,838	
Net position, end of year	$ 522,565,414		$ 470,096,275		$ 427,829,860	

(*1) 2021 amounts do not reflect adoption of GASB No. 96, SBITAs.

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. Operating revenues, net, increased 7.1% in 2022 as compared with 2021 due to an increase to the Commodity Component of rates of 7.8% for residential and small volume commercial customers and 5.6% for large commercial and industrial, commercial sprinkling and wholesale customers effective January 2, 2022 coupled with increased usage associated with precipitation levels that were 9 inches below normal in 2022 and 11 inches lower than 2021 levels.

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. Total operating expenses in 2022 were up by $15.2 million as compared with 2021, or 17.1%, due primarily to administrative and general expense (largely due to increased pension and Other Post Employment Benefit (OPEB) expense due to investment returns that were well below expectations), partially offset by an increase in amounts charged to capital projects (a reduction to operating expense). The increase in operating expenses was also impacted by increases in chemicals and electricity expense, largely due to the higher volume of water sales, increased expenses associated with the water main condition assessment program, and increased depreciation and amortization expense.

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

Water Summary Financial Position

	2023	2022 (as restated)	2021 (*1)
Plant in service, net	$ 1,093,211,593	$ 1,033,228,040	$ 985,875,653
Current assets	188,819,088	155,133,407	142,663,596
Noncurrent assets	24,867,312	57,040,512	29,243,165
Total assets	1,306,897,993	1,245,401,959	1,157,782,414
Deferred outflows of resources			
Pension amounts	13,939,522	32,575,320	4,429,351
OPEB amounts	1,232,270	4,676,780	—
Debt refunding	1,598,872	1,959,771	2,357,745
Total deferred outflows of resources	16,770,664	39,211,871	6,787,096
Total assets and deferred outflows of resources	$ 1,323,668,657	$ 1,284,613,830	$ 1,164,569,510
Deferred inflows of resources			
Pension amounts	$ 1,308,849	$ 3,390,786	$ 33,533,928
OPEB amounts	8,148,438	14,432,264	24,341,982
Lease amounts	818,218	869,802	594,006
Contributions in aid of construction	391,700,124	370,233,553	354,971,325
Total deferred inflows of resources	401,975,629	388,926,405	413,441,241
Current liabilities	111,633,485	95,875,142	91,067,887
Noncurrent liabilities	287,494,129	329,716,008	232,230,522
Total liabilities	399,127,614	425,591,150	323,298,409
Net position:			
Net investment in capital assets	495,656,856	459,060,877	421,851,155
Restricted	2,712,450	2,891,581	2,073,228
Unrestricted	24,196,108	8,143,817	3,905,477
Total net position	522,565,414	470,096,275	427,829,860
Total liabilities, deferred inflows of resources, and net position	$ 1,323,668,657	$ 1,284,613,830	$ 1,164,569,510

(*1) 2021 amounts do not reflect adoption of GASB No. 96, SBITAs.

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Water Department at December 31, 2023 and 2022:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Water Revenue Bonds				
Series 2022	$ 63,085,000	$ -	$ 1,550,000	$ 61,535,000
Plus unamortized premium	3,465,080	-	305,677	3,159,403
Water Revenue Bonds				
Series 2018	32,040,000	-	1,495,000	30,545,000
Plus unamortized premium	807,430	-	91,807	715,623
Water Revenue Bonds				
Series 2015	130,185,000	-	10,155,000	120,030,000
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
Plus unamortized premium	1,290,517	-	129,513	1,161,004
NDEQ Note Payable #2	2,746,700	-	299,618	2,447,082
Total Long Term Debt	$ 262,924,318	$ -	$ 16,952,291	$ 245,972,027

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, 2023 and 2022, the District’s long-term debt included $61,535,000 and $63,085,000, respectively of Series 2022 water revenue bonds outstanding. During 2023 the District made principal payments of $1,550,000 towards its outstanding Series 2022 water revenue bonds. At December 31, 2023, $40.7 million of the bond proceeds remained.

At December 31, 2023 and 2022, the District’s long-term debt included $30,545,000 and $32,040,000, respectively, of Series 2018 water revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of $1,495,000 and $1,425,000 towards its outstanding Series 2018 water revenue bonds.

At December 31, 2023 and 2022, the District’s long-term debt included $120,030,000 and $130,185,000 respectively, of Series 2015 water revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of $10,155,000 and $9,665,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2023 and 2022, the District’s long-term debt included $22,120,000 and $24,140,000, respectively, of Series 2012 water revenue bonds outstanding. During 2023 and 2022, respectively, the District made principal payments of $2,020,000 and $1,970,000 towards its outstanding Series 2012 water revenue bonds.

In 2009, the District entered into an American Recovery and Reinvestment Act loan agreement with the NDEQ for the construction of a contact basin located near its Platte South Water Treatment Plant; the loan is at a 2%

interest rate per annum (NDEQ Note Payable #2). This loan provided for $1,089,775 in loan forgiveness in the form of a grant, at project completion. At December 31, 2023 and 2022, long term obligations for this note were $2,447,082 and $2,746,700 respectively. During 2023 and 2022, the District made principal payments of $299,618 and $293,715 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, 2023, 2022 and 2021. 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 $50.3 million, $42.7 million and $32.2 million for 2023, 2022 and 2021, respectively. Please see the chart below for debt service coverage ratio information:

	2023	2022	2021
Debt service coverage ratios	4.27x	3.78x	3.35x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

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." In July 2021, S&P Global Ratings raised its ratings on the District's water revenue bonds to AA from AA-, citing the District's "consistently robust financial performance."

The District continues to focus on maintaining strong liquidity for the Water Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by the number of "days cash on hand", with 453 days at year-end 2023 as compared with 415 days at year-end 2022 and 390 days at year-end 2021. The increase to "days cash on hand" between 2022 and 2023 is driven by a $18.4 million increase in unrestricted cash balances, which reached $121.6 million at year-end 2023.

The Water Department's liquidity is further enhanced by a $20,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the "U.S. Prime Rate" less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2023, the interest rate was 5.87% and no amount was outstanding. The District did not draw on the line of credit during 2023, 2022 or 2021.

Water Department Capital Asset Activity

Significant projects in 2023 and 2022 are as follows:

- 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.

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

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

Economic Factors and Going Forward

In December 2023, the Board of Directors approved the District's 2024 budget. Also approved was an increase to gas rate commodity charges and a 25-cent increase in the monthly Gas Infrastructure Rate fee. Despite these increases to rates, the 2024 budget projects 13.0% overall annual decrease in the average residential gas bill as compared with 2023 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 a 25-cent increase to the monthly Water Infrastructure Rate fee will result in a 4.7% overall annual increase to the average residential water bill as compared with 2023 budget assumptions. These gas and water rate increases became effective on January 2, 2024.

The District estimates 2024 revenues of $268.2 million for the Gas Department and $173.5 million for the Water Department. The revenues, combined with modest spend-down of cash reserves by the Water Department, will be used to fund the District's operating expenditures, which have been impacted by the current inflationary environment, natural gas purchases and debt service costs.

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 continues on a capital improvement plan at the District's liquefied natural gas plant, an on-site storage facility. The vaporization phase was finished in 2023 and the liquefaction phase is expected to be completed in 2024. 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 will be 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 the District broke ground on the new construction center in October 2023. This facility will improve reliability and business continuity and provide additional space for District employees for generations to come.

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

The District is committed to financial and operational stability and will continue to responsibly invest in infrastructure, systems and people to serve 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, 2023 and 2022

Assets and Deferred Outflows of Resources	2023 Gas Department	2023 Water Department	2023 Eliminations	2023 Business-type Activities Total	2022 (as restated) Gas Department	2022 (as restated) Water Department	2022 (as restated) Eliminations	2022 (as restated) Business-type Activities Total
Capital assets:								
Utility plant in service	$ 755,488,019	1,404,660,992	—	2,160,149,011	$ 721,035,585	1,336,765,056	—	2,057,800,641
Less accumulated depreciation	252,872,621	395,684,111	—	648,556,732	239,195,437	373,824,913	—	613,020,350
Right-to-use lease assets	1,047,211	—	—	1,047,211	1,347,737	—	—	1,347,737
Less accumulated amortization	523,606	—	—	523,606	544,551	—	—	544,551
Right-to-use SBITA assets	8,365,575	—	—	8,365,575	6,364,024	—	—	6,364,024
Less accumulated amortization	4,058,230	—	—	4,058,230	1,756,534	—	—	1,756,534
	507,446,348	1,008,976,881	—	1,516,423,229	487,250,824	962,940,143	—	1,450,190,967
Construction in progress	108,974,371	84,234,712	—	193,209,083	68,480,230	70,287,897	—	138,768,127
Net capital assets	616,420,719	1,093,211,593	—	1,709,632,312	555,731,054	1,033,228,040	—	1,588,959,094
Noncurrent assets:								
Cash and cash equivalents – restricted	90,615,719	22,406,789	—	113,022,508	1,484,480	9,796,843	—	11,281,323
Investments - restricted	14,460,550	—	—	14,460,550	73,870,784	44,824,089	—	118,694,873
Net pension asset	—	—	—	—	—	—	—	—
Lease receivable	2,655,405	839,777	—	3,495,182	2,673,904	871,369	—	3,545,273
Other noncurrent assets	2,629,768	1,620,745	—	4,250,513	3,447,422	1,548,211	—	4,995,633
Total noncurrent assets	110,361,442	24,867,311	—	135,228,753	81,476,590	57,040,512	—	138,517,102
Current assets:								
Cash and cash equivalents	181,611,958	121,568,713	—	303,180,671	140,028,452	103,136,850	—	243,165,302
Cash and cash equivalents – restricted	1,926,625	2,537,246	—	4,463,871	893,724	2,718,072	—	3,611,796
Investments - restricted	10,546,671	21,611,257	—	32,157,928	—	6,970,310	—	6,970,310
Accounts receivable – customers and others, less allowance for doubtful accounts	51,838,841	31,913,416	—	83,752,257	93,306,077	28,458,569	—	121,764,646
Interdepartmental receivable	—	592,365	(592,365)	—	—	4,210,387	(4,210,387)	—
Natural gas in storage	8,808,480	—	—	8,808,480	19,858,767	—	—	19,858,767
Propane in storage	7,150,940	—	—	7,150,940	5,141,555	—	—	5,141,555
Lease receivable	18,499	31,592	—	50,091	17,952	30,657	—	48,609
Interest receivable	13,583	14,341	—	27,924	13,675	12,410	—	26,085
Materials and supplies	5,540,133	6,942,862	—	12,482,995	4,795,720	5,212,165	—	10,007,885
Construction materials	8,385,769	3,218,930	—	11,604,699	5,635,584	4,033,090	—	9,668,674
Prepayments	1,424,836	388,366	—	1,813,202	2,551,934	350,897	—	2,902,831
Total current assets	277,266,335	188,819,088	(592,365)	465,493,058	272,243,440	155,133,407	(4,210,387)	423,166,460
Total assets	1,004,048,496	1,306,897,992	(592,365)	2,310,354,123	909,451,084	1,245,401,959	(4,210,387)	2,150,642,656
Deferred Outflows of Resources								
Pension amounts	15,938,198	13,939,522	—	29,877,720	37,815,008	32,575,320	—	70,390,328
OPEB amounts	1,392,310	1,232,270	—	2,624,580	5,435,868	4,676,780	—	10,112,648
Deferred charge on refunding	—	1,598,872	—	1,598,872	—	1,959,771	—	1,959,771
Total deferred outflows of resources	17,330,508	16,770,664	—	34,101,172	43,250,876	39,211,871	—	82,462,747
Total assets and deferred outflows of resources	$ 1,021,379,004	1,323,668,656	(592,365)	2,344,455,295	$ 952,701,960	1,284,613,830	(4,210,387)	2,233,105,403

See accompanying notes to basic financial statements.

Liabilities, Deferred Inflows and Net Position	2023 Gas Department	2023 Water Department	2023 Eliminations	2023 Business-type Activities Total	2022 (as restated) Gas Department	2022 (as restated) Water Department	2022 (as restated) Eliminations	2022 (as restated) Business-type Activities Total
Net position:								
Net investment in capital assets	$ 442,054,853	495,656,856	—	937,711,709	$ 424,502,370	459,060,877	—	883,563,247
Restricted:								
Environmental	—	175,204	—	175,204	—	173,509	—	173,509
Debt service requirements-sinking fund	1,529,636	2,537,246	—	4,066,882	893,724	2,718,072	—	3,611,796
Unrestricted	131,691,763	24,196,108	—	155,887,871	103,791,086	8,143,817	—	111,934,903
Total net position	575,276,252	522,565,414	—	1,097,841,666	529,187,180	470,096,275	—	999,283,455
Deferred inflows of resources								
Pension amounts	1,628,796	1,308,849	—	2,937,645	4,072,807	3,390,786	—	7,463,593
OPEB amounts	10,165,709	8,148,438	—	18,314,147	17,542,373	14,432,264	—	31,974,637
Lease amounts	2,687,542	818,218	—	3,505,760	2,743,728	869,802	—	3,613,530
Contributions in aid of construction	41,830,029	391,700,124	—	433,530,153	41,960,602	370,233,553	—	412,194,155
Total deferred inflows of resources	56,312,076	401,975,629	—	458,287,705	66,319,510	388,926,405	—	455,245,915
Noncurrent liabilities:								
Long-term debt, excluding current installments	231,347,291	229,296,386	—	460,643,677	151,036,754	247,404,700	—	398,441,454
Lease liability	341,563	—	—	341,563	555,537	—	—	555,537
SBITA liability	1,675,559	—	—	1,675,559	2,070,841	—	—	2,070,841
Self-insured risks	606,445	682,187	—	1,288,632	1,052,973	1,227,066	—	2,280,039
Net pension liability	25,206,838	21,557,619	—	46,764,457	46,608,564	39,788,717	—	86,397,281
Net OPEB liability	38,463,036	34,051,193	—	72,514,229	44,644,506	39,595,785	—	84,240,291
Other accrued expenses	1,828,740	1,906,745	—	3,735,485	1,649,677	1,699,740	—	3,349,417
Total noncurrent liabilities	299,469,472	287,494,130	—	586,963,602	247,618,852	329,716,008	—	577,334,860
Current liabilities:								
Accounts payable	37,382,504	10,634,244	—	48,016,748	66,836,857	10,592,592	—	77,429,449
Customer deposits	29,814,690	8,624,186	—	38,438,876	21,474,736	7,733,652	—	29,208,388
Customer advances for construction	152,912	41,896,621	—	42,049,533	208,284	29,567,178	—	29,775,462
Interdepartmental payable	592,365	—	(592,365)	—	4,210,387	—	(4,210,387)	—
Sewer fee collection due to municipalities	—	25,900,478	—	25,900,478	—	24,095,757	—	24,095,757
Statutory payment due to municipalities	1,268,933	728,194	—	1,997,127	2,009,691	707,918	—	2,717,609
Other accrued expenses	3,549,906	3,701,153	—	7,251,059	3,202,314	3,299,582	—	6,501,896
Current installments of long-term debt	7,315,000	16,675,640	—	23,990,640	4,780,000	15,519,618	—	20,299,618
Current installments of lease liability	213,963	—	—	213,963	284,865	—	—	284,865
Current installments of SBITA liability	1,739,644	—	—	1,739,644	1,888,809	—	—	1,888,809
Unearned revenue - firm service agreement	2,191,907	—	—	2,191,907	—	—	—	—
Accrued interest on revenue bonds	814,272	750,897	—	1,565,169	461,894	1,085,897	—	1,547,791
Accrued interest on leases	—	—	—	—	277	—	—	277
Accrued interest on SBITA's	28,284	—	—	28,284	23,118	—	—	23,118
Self-insured risks	1,431,583	2,722,070	—	4,153,653	3,195,249	3,272,948	—	6,468,197
Other liabilities	3,825,241	—	—	3,825,241	999,937	—	—	999,937
Total current liabilities	90,321,204	111,633,483	(592,365)	201,362,322	109,576,418	95,875,142	(4,210,387)	201,241,173
Total liabilities	389,790,676	399,127,613	(592,365)	788,325,924	357,195,270	425,591,150	(4,210,387)	778,576,033
Total liabilities, deferred inflows of resources, and net position	$ 1,021,379,004	1,323,668,656	(592,365)	2,344,455,295	$ 952,701,960	1,284,613,830	(4,210,387)	2,233,105,403

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

December 31, 2023 and 2022

	2023			2022		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Operating revenues:						
Charges for services	$ 256,878,069	162,806,250	419,684,319	$ 353,860,323	152,939,164	506,799,487
Less bad debt expense	944,894	246,758	1,191,652	601,056	291,355	892,411
Charges for services, net	255,933,175	162,559,492	418,492,667	353,259,267	152,647,809	505,907,076
Operating expenses:						
Cost of natural gas	143,384,526	—	143,384,526	235,312,367	—	235,312,367
Operating and maintenance	49,333,188	87,703,107	137,036,295	52,220,284	85,630,973	137,851,257
Depreciation and amortization	19,677,699	16,740,538	36,418,237	18,835,090	16,293,403	35,128,493
Payment in lieu of taxes	4,532,955	2,219,932	6,752,887	5,209,002	2,109,790	7,318,792
Total operating expenses	216,928,368	106,663,577	323,591,945	311,576,743	104,034,166	415,610,909
Operating income	39,004,807	55,895,915	94,900,722	41,682,524	48,613,643	90,296,167
Nonoperating revenues (expenses):						
Investment income, net	10,820,569	5,409,640	16,230,209	1,671,586	1,074,790	2,746,376
Other income (expense)	767,778	(11,186)	756,592	(699,166)	(376,748)	(1,075,914)
Interest expense, net	(4,504,082)	(8,825,230)	(13,329,312)	(3,696,809)	(7,045,270)	(10,742,079)
Total nonoperating revenues (expenses), net	7,084,265	(3,426,776)	3,657,489	(2,724,389)	(6,347,228)	(9,071,617)
Change in net position	46,089,072	52,469,139	98,558,211	38,958,135	42,266,415	81,224,550
Net position, beginning of year, as restated	529,187,180	470,096,275	999,283,455	490,229,045	427,829,860	918,058,905
Net position, end of year	$ 575,276,252	522,565,414	1,097,841,666	$ 529,187,180	470,096,275	999,283,455

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2023 and 2022

	2023			2022 (as restated)		
	Gas Department	**Water Department**	**Business-type Activities Total**	**Gas Department**	**Water Department**	**Business-type Activities Total**
Cash flows from operating activities:						
Receipts from customers	$ 301,186,311	159,351,403	460,537,714	$ 316,701,864	155,853,936	472,555,800
Payments to suppliers	(165,927,294)	(64,180,232)	(230,107,526)	(225,785,654)	(62,078,118)	(287,863,772)
Cash collections on behalf of other governments	—	217,159,800	217,159,800	—	210,216,670	210,216,670
Cash disbursements to other governments	—	(209,755,032)	(209,755,032)	—	(200,292,707)	(200,292,707)
Payments to employees	(46,091,386)	(39,803,366)	(85,894,752)	(41,728,068)	(35,598,499)	(77,326,567)
Payments in lieu of taxes	(4,532,955)	(2,219,932)	(6,752,887)	(5,209,002)	(2,109,790)	(7,318,792)
Net cash provided by operating activities	84,634,676	60,552,641	145,187,317	43,979,140	65,991,492	109,970,632
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	(3,385,637)	3,385,637	—	332,857	(332,857)	—
Net cash provided by (used in) noncapital financing activities	(3,385,637)	3,385,637	—	332,857	(332,857)	—
Cash flows from capital and related financing activities:						
Plant additions	(87,010,157)	(85,425,598)	(172,435,755)	(79,413,126)	(76,626,963)	(156,040,089)
Plant removal/retirement costs	(1,340,500)	425,559	(914,941)	(4,325,312)	(387,949)	(4,713,261)
Debt issuance costs	(512,354)	—	(512,354)	(712,700)	(298,174)	(1,010,874)
Payments on long-term debt	(4,780,000)	(15,519,619)	(20,299,619)	(3,610,000)	(13,353,716)	(16,963,716)
Payments on SBITA liabilities	(544,447)	—	(544,447)	3,959,650	—	3,959,650
Payments on lease liabilities	(563,398)	—	(563,398)	(225,446)	—	(225,446)
Proceeds from issuance of debt	89,183,062	—	89,183,062	131,387,775	66,601,320	197,989,095
Customer advances/CIAC	806,383	42,083,518	42,889,901	254,625	25,750,561	26,005,186
Interest paid	(5,704,340)	(10,232,005)	(15,936,345)	(4,560,755)	(7,452,089)	(12,012,844)
Net cash provided by (used in) capital and related financing activities	(10,465,751)	(68,668,145)	(79,133,896)	42,754,711	(5,767,010)	36,987,701
Cash flows from investing activities:						
Interest received	12,100,793	5,407,709	17,508,502	1,671,674	1,076,274	2,747,948
Sales of investment securities	52,263,564	64,658,142	116,921,706	—	1,840,460	1,840,460
Purchase of investments	(3,400,000)	(34,475,000)	(37,875,000)	(73,870,785)	(51,794,399)	(125,665,184)
Net cash flows provided by investing activities	60,964,357	35,590,851	96,555,208	(72,199,111)	(48,877,665)	(121,076,776)
Net increase in cash and cash equivalents	131,747,645	30,860,984	162,608,629	14,867,597	11,013,960	25,881,557
Cash and cash equivalents, beginning of year	142,406,656	115,651,765	258,058,421	127,539,059	104,637,805	232,176,864
Cash and cash equivalents, end of year	$ 274,154,301	146,512,749	420,667,050	$ 142,406,656	115,651,765	258,058,421
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 39,004,807	55,895,915	94,900,722	$ 41,682,524	48,613,643	90,296,167
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	19,495,269	16,740,538	36,235,807	18,710,083	16,293,404	35,003,487
Depreciation charged to operating and maintenance	4,647,620	1,430,266	6,077,886	4,039,176	1,279,636	5,318,812
Amortization charged to depreciation and amortization	182,430	—	182,430	125,007	—	125,007
Amortization charged to operating and maintenance	3,147,989	531,044	3,679,033	2,920,002	352,028	3,272,030
Cash flows impacted by changes in:						
Amounts due from customers and others	41,485,188	(3,424,190)	38,060,998	(37,705,514)	2,875,274	(34,830,240)
Natural gas, propane, materials, supplies, and prepayments	9,423,586	(1,768,166)	7,655,420	(7,392,072)	(863,221)	(8,255,293)
Other noncurrent assets	817,654	(72,534)	745,120	(947,504)	47,117	(900,387)
Accounts payable and other	(30,985,242)	1,537,723	(29,447,519)	24,425,849	1,514,083	25,939,932
Customer deposits	8,339,954	890,532	9,230,486	2,519,046	(478,628)	2,040,418
Self-insurance and other liabilities	615,110	(1,095,757)	(480,647)	1,233,086	965,247	2,198,333
Net pension liability (asset)	(21,401,726)	(18,231,099)	(39,632,825)	71,704,800	61,081,867	132,786,667
Deferred inflows pension	(2,444,011)	(2,081,937)	(4,525,948)	(36,002,523)	(30,143,142)	(66,145,665)
Deferred outflows pension	21,876,810	18,635,798	40,512,608	(32,493,664)	(28,145,969)	(60,639,633)
Net OPEB liability	(6,181,470)	(5,544,592)	(11,726,062)	8,677,051	7,164,091	15,841,142
Deferred inflows OPEB	(7,376,664)	(6,283,826)	(13,660,490)	(12,024,151)	(9,909,718)	(21,933,869)
Deferred outflows OPEB	4,043,558	3,444,510	7,488,068	(5,435,868)	(4,676,780)	(10,112,648)
Deferred inflows leases	(56,186)	(51,584)	(107,770)	(56,186)	22,560	(33,626)
Net cash provided by operating activities	$ 84,634,676	60,552,641	145,187,317	$ 43,979,142	65,991,492	109,970,634
Supplemental schedules of noncash capital and related financing items:						
Construction in accounts payable	$ 7,815,757	5,324,301	13,140,058	$ 4,006,540	4,386,795	8,393,335

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Fiduciary Net Position

Pension and Other Post Employment Benefits

December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 1,655,108	$ 1,626,387
Investments at fair value:		
Mutual funds:		
Fixed income funds	190,641,628	168,457,166
Domestic equity funds	284,792,128	237,491,717
International equity funds	152,479,870	134,733,878
Total investments	627,913,626	540,682,761
Total assets	$ 629,568,734	$ 542,309,148
Liabilities		
Accrued expense and benefits payable	-	-
Total liabilities	-	-
Net position held in trust for pension and other post employment benefits	$ 629,568,734	$ 542,309,148

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, 2023 and 2022

	2023	2022
Additions:		
Investment income (loss), net appreciation (depreciation) in the fair value of pooled separate accounts, interest and dividends, net of investment expense	$ 88,339,198	$(111,712,000)
Employer contributions	22,911,205	21,777,253
Employee contributions	6,991,643	5,994,641
Total additions	118,242,046	(83,940,106)
Deductions:		
Benefit payments	30,878,983	30,475,220
Administrative expenses	103,477	109,964
Total deductions	30,982,460	30,585,184
Net increase/(decrease)	87,259,586	(114,525,290)
Net position held in trust for pension and OPEB benefits		
Beginning of year	542,309,148	656,834,438
End of year	$ 629,568,734	$ 542,309,148

See accompanying notes to basic financial statements

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

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

(b) Basis of Presentation

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

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

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

(c) Fiduciary Fund Type

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

(d) Leases

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

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

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

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

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

(e) 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, 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:

	2023	**2022**
Water Department	2.2 %	2.1 %
Gas Department	3.4	3.5

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

(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, 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 issued in March 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements; and $89.3 million of proceeds from the Gas System Revenue Bonds Series 2023 issued in November 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, 2022, the Gas Department held $75.4 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds remaining from the Gas System Revenue Bonds Series 2022 issued in March 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements.

At December 31, 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 issued in March 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements. At December 31, 2022, the Gas Department held current "Cash and cash equivalents – restricted" of $0.9 million pursuant to various bond resolutions.

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 issued in October 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2022, the Water Department held $54.6 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of $0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, $3.0 million pursuant to various bond resolutions, and $51.4 million of proceeds remaining from the Water System Revenue Bond Series 2022 issued in October 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

At December 31, 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 issued in October 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2022, the Water Department also held current "Cash and cash equivalents – restricted" and "Investments – restricted" of $9.7 million which is made up of $2.7 million pursuant to various bond resolutions and $7.0 million of proceeds remaining from the Water System Revenue Bond Series 2022 issued in October 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

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

(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:

		2023	2022
Gas	$	35,197,063	58,026,345
Water		4,146,326	4,120,770
	$	39,343,389	62,147,115

(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, 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. At December 31, 2022, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of $4,170,965. 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 $25,900,478 and $24,095,757 as of December 31, 2023 and 2022, 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 2023 and $5.2 million in 2022. 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.

(t) Recent Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued in June 2022, will be effective beginning with fiscal year December 31, 2024. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently assessing the impact of this Statement.

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

GASB Statement No. 102, *Certain Risk Disclosures*, issued in December 2023, will be effective beginning with fiscal year December 31, 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.

(2) Impact of Adoption of New Accounting Standard

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

The effect of adopting GASB 96 was as follows:

	Gas Department	Water Department	Total
Net position at December 31, 2021, as previously reported	$ 490,229,045	427,829,860	918,058,905
Record right-to-use SBITA asset, net	5,269,642	-	5,269,642
Record SBITA liability	(4,692,588)	-	(4,692,588)
Record prepaid asset	(577,054)	-	(577,054)
Net change	-	-	-
Net position at January 1, 2022, as restated	$ 490,229,045	427,829,860	918,058,905
Net position at December 31, 2022, as previously reported	$ $ 529,240,936	470,064,734	999,305,670
Plant in service, net	(16,977)	(7,881)	(24,858)
Record right-to-use SBITA asset	6,364,024	-	6,364,024
Record right-to-use SBITA amortization	(1,756,534)	-	(1,756,534)
Record SBITA liability	(3,959,650)	-	(3,959,650)
Record prepaid asset	(1,009,600)	-	(1,009,600)
Record accrued liabilities	387,521	-	387,521
Record interdepartmental receivable (payable)	(39,422)	39,422	-
Record accrued liabilities	(23,118)	-	(23,118)
Net change	(53,756)	31,541	(22,215)
Net position at January 31, 2023, as restated	$ 529,187,180	470,096,275	999,283,455

(3) Deposits and Investments

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

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be returned. At December 31, 2023 and 2022, 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, 2023 and 2022, the District had the following investments and maturities:

Investment Type		Fair Value	Investments in Maturities in Years: Less Than One	Investments in Maturities in Years: 1-5	Hierarchy Level	Ratings Standard & Poors
2023						
U.S. Treasury and agency obligations	$	38,860,636	24,400,086	14,460,550	1	AA+ to AAA
State and municipal		7,161,617	7,161,617	-	1	AA- to AA
Corporate bonds and notes		596,225	596,225	-	1	AA-
	$	46,618,478	32,157,928	14,460,550		
2022						
U.S. Treasury and agency obligations	$	108,265,779	6,970,310	101,295,469	1	AAA
State and municipal		15,430,462	-	15,430,462	1	AA- to AA
Corporate bonds and notes		589,644	-	589,644	1	AA-
Foreign bonds		1,379,298	-	1,379,298	1	AA-
	$	125,665,183	6,970,310	118,694,873		

As of December 31, 2023 and 2022, the District's fiduciary funds had the following investments.

Investment Type	Fair Value Pension Plan	Fair Value OPEB	Fair Value Total	Hierarchy Level
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
	$ 535,729,263	92,184,363	627,913,626	
2022				
Mutual Funds:				
Fixed Income Funds	$ 150,317,897	18,139,269	168,457,166	1
Domestic Equity Funds	203,865,896	33,625,821	237,491,717	1
International Equity Funds	114,796,578	19,937,300	134,733,878	1
	$ 468,980,371	71,702,390	540,682,761	

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy over credit risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The pension and OPEB plans' investments in mutual funds are not rated. Purchases of fixed income investments must be rated BBB by Standard and Poor's or Baa by Moody's or higher. The investment policy statements of the pension and OPEB plans define fixed income investments as U.S. government and agency securities, corporate notes and bonds and private and agency residential and commercial mortgage-backed securities.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal policy over interest rate risk for investments, other than pension and OPEB plan investments. Although the District does not have a formal policy, investments other than those in the pension and OPEB plans are generally short-term, reducing exposure to fair value losses arising from increasing interest rates. The investment policy statements of the pension and OPEB plans do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Mutual funds (debt and equity funds) are not subject to interest rate risk given they have no maturity dates.

Concentration of credit risk: The District does not have a formal policy over concentration of credit risk for investments, other than pension and OPEB investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The investment policy statements of the pension and OPEB plans apply the prudent investor guidelines. Consistent with prudent standards for the preservation of capital and maintenance of liquidity, the goal of the plans is to earn the highest possible rate of return consistent with the plans' tolerance for risk. It is the policy of the pension and OPEB plans that the portfolios should be well diversified in an attempt to reduce the overall risk of the portfolios. The investment policy statements of the pension and OPEB plans limit the amount invested in a single investment security to 5 percent of the total portfolio, with the exception of investments guaranteed by the U.S. government. The investment policy statements also limit the amount invested in a single investment pool or company (mutual fund) to 20 percent of the total portfolio, with the exception of passively-managed investment vehicles seeking to match the returns on a broadly-diversified market index.

Rate of return: For the years ended December 31, 2023 and 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 16.2% and -17.1%, respectively. For the years ended December 31, 2023 and 2022, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 17.0% 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:

	Target Allocation	
Asset Class	**Pension Plan**	**OPEB**
Domestic (U.S.) Equities	36.0 %	40.0 %
International (Non-U.S.) Equities	24.0	27.0
U.S. Aggregate Bonds	15.0	11.0
International Bonds	3.0	3.0
Intermediate Term Credit	11.0	9.0
Short Term Credit	3.0	2.0
REITS	8.0	8.0
Total	100.0 %	100.0 %

Mutual funds may be used for these asset classes. Investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District and the pension and OPEB plans do not have a policy for custodial credit risk. As of December 31, 2023 and 2022, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

(4) Capital Assets

Capital assets at December 31, 2023 and 2022 is summarized as follow

	Gas Department	Water Department	Total
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	764,900,805	1,404,660,992	2,169,561,797
Construction in progress (nondepreciable)	108,974,371	84,234,712	193,209,083
	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	$ 616,420,719	1,093,211,593	1,709,632,312

	Gas Department	Water Department	Total
2022			
Capital assets:			
Utility Plant - Depreciable	$ 716,497,414	1,321,280,066	2,037,777,480
Utility Plant - Nondepreciable (land)	4,538,171	15,484,990	20,023,161
Right-to-use (RTU) lease assets (buildings)	1,347,737	-	1,347,737
Right-to-use (RTU) subscription assets (SBITA)	6,364,024	-	6,364,024
Total	728,747,346	1,336,765,056	2,065,512,402
Construction in progress (nondepreciable)	68,480,230	70,287,897	138,768,127
	797,227,576	1,407,052,953	2,204,280,529
Less:			
Utility Plant - Accumulated depreciation	(239,195,437)	(373,824,913)	(613,020,350)
RTU - Lease accumulated amortization	(544,551)	-	(544,551)
RTU - SBITA accumulated amortization	(1,756,534)	-	(1,756,534)
Total capital assets, net	$ 555,731,054	1,033,228,040	1,588,959,094

The provision for depreciation expense is as follows:

	2023			2022 (as restated)		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Charged to depreciation	$ 19,495,269	$ 16,740,538	$ 36,235,807	$ 18,835,090	$ 16,293,403	$ 35,128,493
Charged to operating and maintenance	7,978,039	1,961,310	9,939,349	6,942,202	1,623,782	8,565,984
	$ 27,473,308	$ 18,701,848	$ 46,175,156	$ 25,777,292	$ 17,917,185	$ 43,694,477

The depreciation expense presented above includes a reduction of expense of $7,460,967 and $7,668,732 for the year ended December 31, 2023 and 2022, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2023 and 2022 is as follows:

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year
2023				
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	(45,602,042)	108,974,371
Utility plant - Accumulated depreciation	(239,178,460)	(24,810,769)	11,116,608	(252,872,621)
Right-to-use lease assets	1,347,737	—	(300,526)	1,047,211
RTU - Lease accumulated amortization	(544,551)	—	20,945	(523,606)
Right-to-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)
	$ 555,748,031	106,554,311	(45,881,623)	616,420,719
Water Department:				
Utility plant in service	$ 1,336,765,056	73,230,450	(5,334,514)	1,404,660,992
Construction in progress	70,287,898	87,177,333	(73,230,519)	84,234,712
Accumulated depreciation	(373,824,913)	(26,523,657)	4,664,459	(395,684,111)
	$ 1,033,228,041	133,884,126	(73,900,574)	1,093,211,593
	$ 1,588,976,072	240,438,437	(119,782,197)	1,709,632,312
2022 (as restated)				
Gas Department:				
Utility plant in service	$ 694,206,264	36,564,022	(9,734,701)	721,035,585
Construction in progress	32,951,153	72,093,098	(36,564,021)	68,480,230
Utility plant - Accumulated depreciation	(228,414,449)	(23,645,435)	12,881,424	(239,178,460)
Right-to-use lease assets	1,347,737	—	—	1,347,737
RTU - Lease accumulated amortization	(139,397)	(405,154)	—	(544,551)
Right-to-use subscription assets (SBITA)	5,269,642	1,094,382	—	6,364,024
RTU - SBITA accumulated amortization	—	(1,756,534)	—	(1,756,534)
	$ 505,220,950	83,944,379	(33,417,298)	555,748,031
Water Department:				
Utility plant in service	$ 1,285,258,123	55,369,847	(3,862,914)	1,336,765,056
Construction in progress	53,001,376	72,637,408	(55,350,886)	70,287,898
Accumulated depreciation	(352,383,846)	(25,556,086)	4,115,019	(373,824,913)
	$ 985,875,653	102,451,169	(55,098,781)	1,033,228,041
	$ 1,491,096,603	186,395,548	(88,516,079)	1,588,976,072

(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:

	2023			2022		
	Gas Department	Water Department	Total	Gas Department	Water Department	Total
Lease Revenue	$ 56,186	51,584	107,770	56,186	48,043	104,229
Interest Income	81,957	29,407	111,364	82,490	20,177	102,667

(6) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2023 and 2022 is as follows:

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year	Due within one year
2023:					
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 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 (asset)	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
	$ 612,778,245	100,521,232	88,986,916	624,312,561	37,348,959

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year, as restated	Due within one year
2022:					
Water Revenue Bonds					
Series 2022	$ —	63,085,000	—	63,085,000	1,550,000
Plus unamortized premium	—	3,516,320	51,240	3,465,080	—
Water Revenue Bonds					
Series 2018	33,465,000	—	1,425,000	32,040,000	1,495,000
Plus unamortized premium	905,063	—	97,633	807,430	—
Water Revenue Bonds					
Series 2015	139,850,000	—	9,665,000	130,185,000	10,155,000
Plus unamortized premium	6,163,307	—	998,716	5,164,591	—
Water Revenue Bonds					
Series 2012	26,110,000	—	1,970,000	24,140,000	2,020,000
Plus unamortized premium	1,420,030	—	129,513	1,290,517	—
Gas Revenue Bonds					
Series 2022	—	115,040,000	2,405,000	112,635,000	3,515,000
Plus unamortized premium	—	16,347,775	1,156,260	15,191,515	—
Gas Revenue Bonds					
Series 2018	28,320,000	—	1,205,000	27,115,000	1,265,000
Plus unamortized premium	978,712	—	103,473	875,239	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	3,040,415	—	293,715	2,746,700	299,618
Lease liability	1,221,006	—	380,604	840,402	284,865
SBITA liability	4,692,588	—	732,938	3,959,650	1,888,809
Net OPEB liability	68,399,149	15,841,142	—	84,240,291	—
Net pension liability (asset)	(46,389,386)	132,786,667	—	86,397,281	—
Self-insured risks	7,097,033	4,101,152	2,449,949	8,748,236	6,468,197
Other accrued expenses	9,273,025	6,467,088	5,888,800	9,851,313	6,501,896
	$ 284,545,942	357,185,144	28,952,840	612,778,245	35,443,385

(a) Water Revenue Bonds

Water Revenue Bonds Series 2012

On December 17, 2012, the District issued Water Revenue Bonds Series 2012 for a par value of $40,745,000. The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

		Annual	Principal outstanding	
	Interest rate	installment	2023	2022
Series 2012 bonds:				
Serial	2.000% - 4.000%	$ 1,185,000 - 2,335,000	8,845,000	10,865,000
Term	3.0	2,455,000 - 2,865,000	13,275,000	13,275,000

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

	Principal	Interest	Total
2024	$ 2,095,000	768,644	2,863,644
2025	2,170,000	684,844	2,854,844
2026	2,245,000	598,044	2,843,044
2027	2,335,000	508,244	2,843,244
2028	2,455,000	414,844	2,869,844
2029 – 2032	10,820,000	861,719	11,681,719
	$ 22,120,000	3,836,339	25,956,339

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 $2,020,000 and $849,444, respectively, were paid on these bonds in 2023. Principal and interest payments of $1,970,000 and $908,544, respectively, were paid on these bonds in 2022. Total water revenues for the year ended December 31, 2023 and 2022 were $162,806,250 and $152,939,164, respectively.

Water Revenue Bonds Series 2015

On December 8, 2015, the District issued Water System Improvement and Refunding Revenue Bonds, Series 2015 (the 2015 Bonds) for a par value of $188,895,000. The 2015 Bonds were issued for the purpose of financing a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Florence Water Treatment Plant, and to refund $153,780,000 aggregate principal amount of the District's outstanding 2006A Bonds and 2006B Bonds.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the 2015 Bonds. The 2015 Bonds are payable solely from water revenues and are payable through 2035. Principal and interest payments of $10,155,000 and $4,766,255, respectively, were paid on these bonds in 2023. Principal and interest payments of $9,665,000 and $5,249,505, respectively, were paid on these bonds in 2022. Total water revenues for the year ended December 31, 2023 and 2022 were $162,806,250 and $152,939,164, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2015 bonds:				
Serial	2.850% - 5.000%	$ 7,330,000 - 14,115,000	112,210,000	122,365,000
Term	3.500	2,520,000 - 2,695,000	7,820,000	7,820,000

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

	Principal	Interest	Total
2024	$ 10,680,000	4,258,505	14,938,505
2025	11,220,000	3,724,505	14,944,505
2026	11,790,000	3,163,505	14,953,505
2027	12,125,000	2,827,490	14,952,490
2028	12,480,000	2,451,615	14,931,615
2029 – 2033	56,435,000	5,863,633	62,298,633
2034 – 2035	5,300,000	279,825	5,579,825
	$ 120,030,000	22,569,078	142,599,078

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 $1,495,000 and $1,133,769, respectively, were paid on these bonds in 2023. Principal and interest payments of $1,425,000 and $1,205,019, respectively, were paid on these bonds in 2022. Total water revenues for the year ended December 31, 2023 and 2022 were $162,806,250 and $152,939,164, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2018 bonds:				
Serial	2.500% - 5.000%	$ 1,255,000 - 2,540,000	30,545,000	32,040,000

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

	Principal	Interest	Total
2024	$ 1,570,000	1,059,019	2,629,019
2025	1,645,000	980,519	2,625,519
2026	1,690,000	939,394	2,629,394
2027	1,775,000	854,894	2,629,894
2028	1,845,000	783,894	2,628,894
2029 - 2033	10,110,000	3,030,094	13,140,094
2034 - 2038	11,910,000	1,229,399	13,139,399
	$ 30,545,000	8,877,213	39,422,213

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 $1,550,000 and $3,402,373, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2023 and 2022 were $162,806,250 and $152,939,164, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2022 bonds:				
Serial	4.250% - 5.000%	$ 1,550,000 - 4,740,000	61,535,000	63,085,000

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

	Principal	Interest	Total
2024	$ 2,025,000	2,924,594	4,949,594
2025	2,125,000	2,823,344	4,948,344
2026	2,235,000	2,717,094	4,952,094
2027	2,345,000	2,605,344	4,950,344
2028	2,460,000	2,488,094	4,948,094
2029 - 2033	14,285,000	10,466,469	24,751,469
2034 - 2038	18,235,000	6,519,469	24,754,469
2039 - 2042	17,825,000	1,974,280	19,799,280
	$ 61,535,000	32,518,688	94,053,688

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

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

	Principal	Interest	Total
2024	$ 16,370,000	9,010,761	25,380,761
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 – 2033	91,650,000	20,221,914	111,871,914
2034 – 2038	35,445,000	8,028,694	43,473,694
2039 – 2042	17,825,000	1,974,282	19,799,282
	$ 234,230,000	67,801,315	302,031,315

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 $15,220,000 and $10,151,841, respectively, were paid on these bonds in 2023. Principal and interest payments of $13,060,000 and $7,363,068, respectively, were paid on these bonds in 2022. Total water revenues for the year ended December 31, 2023 and 2022 were $162,806,250 and $152,939,164, 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 $50.3 million for 2023; funds available for debt service were equal to 4.3 times average debt service costs in 2023.

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

The Series 2012, 2015, 2018 and 2022 water revenue bond agreements contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(b) Gas Revenue Bonds

Gas Revenue Bonds Series 2018

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

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

The District has pledged future gas revenues to repay the 2018 Gas Bonds. The 2018 Gas Bonds are payable solely from gas revenues and are payable through 2038. Principal and interest payments of $1,265,000 and $980,929, respectively, were paid on these bonds in 2023. Principal and interest payments of $1,205,000 and $1,041,179, respectively, were paid on these bonds in 2022. Total gas revenues for the year ended December 31, 2023 and 2022 was $256,878,069 and $353,860,323, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2018 bonds:				
Serial	2.750% - 5.000%	$ 1,040,000 - 2,175,000	16,445,000	17,710,000
Term	3.500% - 4.000%	$ 1,650,000 - 2,095,000	9,405,000	9,405,000

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

	Principal	Interest	Total
2024	$ 1,330,000	917,679	2,247,679
2025	1,395,000	851,179	2,246,179
2026	1,435,000	812,816	2,247,816
2027	1,490,000	755,416	2,245,416
2028	1,550,000	695,816	2,245,816
2029 - 2033	8,555,000	2,688,556	11,243,556
2034 - 2038	10,095,000	1,143,832	11,238,832
	$ 25,850,000	7,865,294	33,715,294

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 $3,515,000 and $4,561,800, respectively, were paid on these bonds in 2023. Principal and interest payments of $2,405,000 and $3,316,452, respectively, were paid on these bonds in 2022. Total gas revenues for the year ended December 31, 2023 and 2022 was $256,878,069 and $353,860,323, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2022 bonds:				
Serial	3.000% - 5.000%	$ 2,405,000 - 7,845,000	109,120,000	112,635,000

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

	Principal	Interest	Total
2024	$ 3,695,000	4,386,050	8,081,050
2025	3,875,000	4,201,300	8,076,300
2026	4,070,000	4,007,550	8,077,550
2027	4,275,000	3,804,050	8,079,050
2028	4,490,000	3,590,300	8,080,300
2029 - 2033	26,045,000	14,351,250	40,396,250
2034 - 2038	32,635,000	7,759,800	40,394,800
2039 - 2042	30,035,000	2,285,850	32,320,850
	$ 109,120,000	44,386,150	153,506,150

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. Total gas revenues for the year ended December 31, 2023 and 2022 was $256,878,069 and $353,860,323, respectively.

The balance, annual installments, and interest rates at December 31, 2023 and 2022 consist of:

	Interest rate	Annual installment	Principal outstanding 2023	Principal outstanding 2022
Series 2022 bonds:				
Serial	5.000%	$ 2,290,000 - 6,440,000	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:

	Principal	Interest	Total
2024	$ 2,290,000	4,467,535	6,757,535
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 - 2033	17,965,000	15,832,250	33,797,250
2034 - 2038	22,935,000	10,868,250	33,803,250
2039 - 2043	29,265,000	4,532,750	33,797,750
	$ 83,985,000	51,210,035	135,195,035

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:

	Principal	Interest	Total
2024	$ 7,315,000	9,771,264	17,086,264
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 - 2033	52,565,000	32,872,056	85,437,056
2034 - 2038	65,665,000	19,771,881	85,436,881
2039 - 2043	59,300,000	6,818,601	66,118,601
	$ 218,955,000	103,461,479	322,416,479

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 $4,780,000 and $5,542,729, respectively, were paid on these bonds in 2023. Principal and interest payments of $3,610,000 and $4,357,631, respectively, were paid on these bonds in 2022. Total gas revenues for the year ended December 31, 2023 and 2022 was $256,878,069 and $353,860,323, 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 $47.6 million for 2023; funds available for debt service were equal to 4.2 times average debt service costs in 2023.

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.

(c) Direct Borrowings and Direct Placements

NDEQ Note Payable

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

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

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

During 2023 and 2021, the District paid back $299,618 and $293,715, respectively, as principal. The note payable requirements to maturity, June 15, 2031, for the NDEQ note payable are as follows:

	Principal	Interest	Administrative fee	Total
2024	$ 305,641	47,421	23,711	376,773
2025	311,784	41,278	20,639	373,701
2026	318,051	35,011	17,505	370,567
2027	324,444	28,618	14,309	367,371
2028	330,965	22,097	11,048	364,110
2029-2031	856,197	25,843	12,922	894,962
	$ 2,447,082	200,268	100,134	2,747,484

(d) Lease Liability

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

Building Lease - 14242 C Circle

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

As of December 31, 2023, the District had outstanding principal and interest of $577,839 related to this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023 were as follows:

	Principal	Interest	Total
2024	$ 213,963	13,977	227,940
2025	225,199	7,300	232,499
2026	116,364	1,036	117,400
	$ 555,526	22,313	577,839

Building Lease – 444 South 16th Street Mall

On August 20, 2019, the District entered into a lease agreement with for certain space within the building located at 444 South 16th Street Mall, Omaha, Nebraska. The property was used for the purpose of a customer service area for the District for customer service tellers, a self-service kiosk, an automated teller machine, and supporting office(s) and related ancillary purposes. The initial term of the lease was for ten years beginning September 1, 2019 and ending on August 31, 2029. The District had the option to renew the lease for a five-year term through August 31, 2034. The lease liability is measured at a discount rate of 3.048%. In December 2022, the District notified the landlord of its intent to terminate the lease agreement in 2023. The lease was terminated on June 26, 2023.

(e) 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% or 3.177%, 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, 2023, the District had outstanding principal and interest of $3,536,445 related to these subscriptions.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of December 31, 2023 were as follows:

	Principal	Interest	Total
2024	$ 1,739,644	75,599	1,815,243
2025	1,085,519	33,796	1,119,315
2026	490,930	10,176	501,106
2027	99,110	1,671	100,781
	$ 3,415,203	121,242	3,536,445

(7) Line of Credit

The District has an unsecured line of credit for $20,000,000. The current Loan Agreement matures July 1, 2024. The interest rate on the line of credit is variable and is calculated based on the U.S. Prime Rate less 2.63 percentage points with a minimum rate of 1.95%. As of December 31, 2023, the interest rate was 5.87% and no amount was outstanding. The District did not draw on the line of credit during 2023 or 2022.

(8) Defined-Benefit Pension Plan

General Information about the Pension Plan

(a) Plan Description

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

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

(b) Benefits Provided

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

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

(c) Employees Covered by Benefit Terms

As of January 1, 2023, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	722
Disabled members	20
Inactive members entitled to but not yet receiving benefits	59
Inactive non-vested members	5
Active members	865
Total	1,671

(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 2023, 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 $11,055,924 for the fiscal year ending December 31, 2023 and $10,500,000 for the fiscal year ending December 31, 2022.

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, 2023 and 2022 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 1,655,108	1,626,387
Investments at fair value		
Mutual funds:		
Fixed income funds	168,236,192	150,317,897
Domestic equity funds	240,038,198	203,865,896
International equity funds	127,454,873	114,796,578
Total investments	535,729,263	468,980,371
Total assets	537,384,371	470,606,758
Net position restricted for pensions	$ 537,384,371	470,606,758

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2023 and 2022

	2023	2022
Additions:		
Employer contributions	$ 11,055,924	10,500,000
Employee contributions	6,991,643	5,994,641
Total contributions	18,047,567	16,494,641
Net investment income (loss)	75,376,746	(97,597,177)
Total additions	93,424,313	(81,102,536)
Deductions:		
Service benefits	26,553,746	25,339,507
Administrative expenses	92,954	100,218
Total deductions	26,646,700	25,439,725
Net increase (decrease)	66,777,613	(106,542,261)
Net position restricted for pensions:		
Beginning of year	470,606,758	577,149,019
End of year	$ 537,384,371	470,606,758

Net Pension (Asset) Liability

All of the District's pension assets are available to pay member's benefit. The net pension (asset) liability as of December 31, 2023 and 2022 was as follows:

		2023	2022
Total pension liability	$	584,148,828	557,004,039
Fiduciary net position		537,384,372	470,606,758
Net pension liability		46,764,456	86,397,281
Fiduciary net position as a % of total pension liability		91.99%	84.49%
Covered payroll	$	77,757,044	70,609,770
Net pension (asset)/liability as a % of covered payroll		60.14%	122.36%

(a) Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2023, rolled forward one year to December 31, 2023.

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated October 25, 2021. In November 2021, the Board adopted a revision to the Investment Policy Statement, including lowering the long-term investment return assumption to 6.75%. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Projected future benefit payments for all current plan members were projected through 2122.

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic (U.S.) equities	36.0 %	3.7 %
International (Non-U.S.) equities	24.0	6.3
U.S. aggregate bonds	15.0	1.4
International bonds	3.0	0.9
Intermediate term credit	11.0	1.8
Short term credit	3.0	1.7
REITS	8.0	3.4
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total pension liability at December 31, 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.

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

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

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

The following presents the net pension liability of the District as of December 31, 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:

	1% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
2023 $	121,506,164	46,764,457	(15,673,947)

The following presents the net pension liability of the District as of December 31, 2022, calculated using the discount rate of 6.75%, as well as the District's net pension liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

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

(d) Changes in Net Pension (Asset) Liability

		Increases (Decreases)		
		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2021	$	530,759,633	577,149,019	(46,389,386)
Changes for the year:				
Service cost		13,490,074	-	13,490,074
Interest on total pension liability		34,985,031	-	34,985,031
Differences between expected and actual experience		3,108,808	-	3,108,808
Assumption changes		-	-	-
Employer contributions		-	10,500,000	(10,500,000)
Employee contributions		-	5,994,641	(5,994,641)
Net investment income/(loss)		-	(97,597,177)	97,597,177
Benefit payments, including member refunds		(25,339,507)	(25,339,507)	-
Administrative expenses		-	(100,218)	100,218
Net changes		26,244,406	(106,542,261)	132,786,667
Balances at December 31, 2022	$	557,004,039	470,606,758	86,397,281
Changes for the year:				
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
Employer contributions		-	11,055,924	(11,055,924)
Employee contributions		-	6,991,643	(6,991,643)
Net investment income/(loss)		-	75,376,746	(75,376,746)
Benefit payments, including member refunds		(26,553,746)	(26,553,746)	-
Administrative expenses		-	(92,954)	92,954
Net changes		27,144,789	66,777,613	(39,632,824)
Balances at December 31, 2023	$	584,148,828	537,384,371	46,764,457

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The District recognized pension expense of $7,409,761 and $16,501,369 for the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	2,937,645
Changes of assumptions		4,138,456	-
Differences between projected and actual earnings on pension plan investments		25,739,264	-
Total	$	29,877,720	2,937,645

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	-	7,463,593
Changes of assumptions		6,673,525	-
Differences between projected and actual earnings on pension plan investments		63,716,803	-
Total	$	70,390,328	7,463,593

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended December 31:		Net Deferred Outflows/(Inflows) of Resources
2024	$	4,712,651
2025		10,918,533
2026		18,432,366
2027		(8,116,025)
2028		650,532
Thereafter		342,018
	$	26,940,075

(9) Postemployment Benefits

General Information about the OPEB Plan

(a) Plan Description

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

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

(b) Plan Membership

As of January 1, 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	1,746

(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, 2023 and 2022, the following payments were made:

	2023	2022
Water retirees	$ 3,140,604	$ 3,393,234
Gas retirees	3,686,797	3,983,362
Total claims/fees paid	$ 6,827,401	$ 7,376,596
Prefunded benefits	7,530,044	6,141,540
Retiree contributions	(2,502,164)	(2,240,883)
Total	$ 11,855,281	$ 11,277,253

Retiree health premiums are calculated based on a three-year rolling average, with 2023 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2023. 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, 2023 are as follows: 1) ages 59 and older: $259.68 per month, 2) age 58: $389.51 per month and 3) ages 55 through 57: $779.03 per month. If spousal coverage is purchased, the same age-based monthly rates apply based on the retiree's age, meaning that the cost for spousal coverage is the same as the cost for the retiree's coverage (i.e. in the case of a married couple comprised of a retiree who is 59 and a spouse who is 55; each would pay $259.68 per month).

OPEB Plan Fiduciary Net Position

Financial information about the OPEB plan's fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2023 and 2022 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2023 and 2022

		2023	2022
Assets			
Investments at fair value			
Mutual funds:			
Fixed income funds	$	22,405,436	18,139,269
Domestic equity funds		44,753,930	33,625,821
International equity funds		25,024,997	19,937,300
Total investments		92,184,363	71,702,390
Total assets		92,184,363	71,702,390
Net position restricted for other postemployment benefits	$	92,184,363	71,702,390

Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2023 and 2022

		2023	2022
Additions:			
Employer contributions	$	11,855,281	11,277,253
Net investment income (loss)		12,962,452	(14,114,823)
Total additions		24,817,733	(2,837,570)
Deductions:			
Benefit payments		4,325,237	5,135,713
Administrative expenses		10,523	9,746
Total deductions		4,335,760	5,145,459
Net increase (decrease)		20,481,973	(7,983,029)
Net position restricted for other postemployment benefits:			
Beginning of year		71,702,390	79,685,419
End of year	$	92,184,363	71,702,390

Net OPEB Liability

The net OPEB liability as of December 31, 2023 and 2022 was as follows:

		2023	2022
Total OPEB liability	$	164,698,591	155,942,681
Fiduciary net position		92,184,362	71,702,390
Net OPEB liability		72,514,229	84,240,291
Fiduciary net position as a % of total OPEB liability		55.97%	45.98%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2023, 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, 2023.

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.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic (U.S.) equities	40.0	%	3.7	%
International (Non-U.S.) equities	27.0		6.3	
U.S. aggregate bonds	11.0		1.4	
International bonds	3.0		0.9	
Intermediate term credit	9.0		1.8	
Short term credit	2.0		1.7	
REITS	8.0		3.4	
Total	100.0	%		

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2022 was 6.75%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of January 1, 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.

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, 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:

2023		**1% Decrease (5.75%)**	**Discount Rate (6.75%)**	**1% Increase (7.75%)**
Net OPEB Liability	$	94,597,267	72,514,229	54,310,057

The following presents the net OPEB liability of the District as of December 31, 2022, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

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

(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, 2023, 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:

2023		**1% Decrease**	**Current Trend Rates**	**1% Increase**
Net OPEB Liability	$	52,256,243	72,514,229	97,446,528

The following presents the net OPEB liability of the District as of December 31, 2022, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.25% decreasing to 4.50% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

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

(e) Changes in Net OPEB Liability

		Increases (Decreases)		
		Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB (Asset) Liability (a) - (b)**
Balances at December 31, 2021	$	148,084,568	79,685,419	68,399,149
Changes for the year:				
Service cost		3,168,618	-	3,168,618
Interest on total OPEB liability		9,825,208	-	9,825,208
Employer contributions		-	11,277,253	(11,277,253)
Net investment income/(loss)		-	(14,114,823)	14,114,823
Benefit payments		(5,135,713)	(5,135,713)	-
Administrative expenses		-	(9,746)	9,746
Net changes		7,858,113	(7,983,029)	15,841,142
Balances at December 31, 2022	$	155,942,681	71,702,390	84,240,291
Changes for the year:				
Service cost		3,263,676	-	3,263,676
Interest on total pension 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/(loss)		-	12,962,452	(12,962,452)
Benefit payments		(4,325,237)	(4,325,237)	-
Administrative expenses		-	(10,524)	10,524
Net changes		8,755,910	20,481,972	(11,726,062)
Balances at December 31, 2023	$	164,698,591	92,184,362	72,514,229

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District recognized OPEB (income)/expense of ($6,043,204) and ($4,928,122) for the years ended December 31, 2023 and 2022, respectively.

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:

		Deferred Outflow of Resources	Deferred Inflow of Resources
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	$	2,624,580	18,314,147

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

		Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$	-	16,171,618
Changes of assumptions		-	15,803,019
Difference between projected and actual earnings on OPEB plan investments		10,112,648	-
Total	$	10,112,648	31,974,637

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense in future years as follows:

Year ended December 31:		Net Deferred Outflows/(Inflows) of Resources
2024	$	(11,426,427)
2025		(1,697,692)
2026		(623,144)
2027		(1,805,317)
2028		(85,616)
Thereafter		(51,371)
	$	(15,689,567)

(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 matches 50% of the first $2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first $2,000 deferred by employees. Effective April 1, 2023, for bargaining employees, the District matches 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 matches 50% of the first $2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matches 100% of the first $2,000 deferred by employees. Effective April 1, 2023, for employees not covered by the collective bargaining agreement, the District matches 100% of the first $2,000 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 $893,369 and $750,310 for 2023 and 2022, 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.

Beginning January 1, 2024, for bargaining employees, the District will match 50% of the first $3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District will match 100% of the first $2,500 deferred by employees effective upon hire date. For employees not covered by the collective bargaining agreement, the District will match 50% of the first $3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District will match 100% of the first $2,500 deferred by employees effective upon hire date.

(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 $1,688,883 and $1,909,267 at December 31, 2023 and 2022, respectively.

Changes in the District's self-insured risk balances for the health plan during 2023 and 2022 are as follows:

	Business-type Activities Total	
	2023	**2022**
Beginning balance	$ 1,909,267	1,710,773
Expenses	31,972,166	29,683,130
Payments	(32,192,550)	(29,484,636)
Ending balance	$ 1,688,883	1,909,267

The District carries commercial insurance coverage for property with deductibles ranging from $40,000 to $250,000. The District is also self-insured for workers' compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2022. Effective June 15, 2023, the District is also self-insured for auto physical damage. In 2023, 2022, and 2021, 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 2023 and 2022 are as follows:

	Gas Department		Water Department	
	2023	**2022**	**2023**	**2022**
Beginning balance	$ 4,248,222	3,562,266	4,500,014	3,534,767
Expenses	2,098,470	1,954,030	627,577	2,559,581
Payments	(4,308,664)	(1,268,074)	(1,723,334)	(1,594,334)
Ending balance	$ 2,038,028	4,248,222	3,404,257	4,500,014

(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 2023, the Water Department and Gas Department wrote off receivables totaling $711,015 and $666,571, respectively. During 2022, the Water Department and Gas Department wrote off receivables totaling $662,225 and $562,886, respectively. The allowance consists of the following at December 31:

		2023	2022
Water Department	$	1,716,623	1,830,755
Gas Department		3,804,876	3,526,830
	$	5,521,499	5,357,585

(13) Commitments

(a) Central Plains Energy Project (CPEP)

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

In 2007, MUD participated in the CPEP Project 1 Series transaction. Terms of this gas supply agreement were renegotiated in 2009 and again in 2012; the gas flows under this agreement ended on October 31, 2020.

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

In 2012, the District participated in CPEP Project 3 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 86% of the gas acquired in this agreement or 15% of the District's annual gas requirements. This agreement is for a 30-year fixed term with defined savings over the life of the project. In 2017, CPEP issued crossover refunding bonds to refinance this transaction. The refinancing increased the District's savings from and after the September 1, 2022 crossover date.

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, 2023, the District owed CPEP $6,846,327 for gas purchases under these agreements, which is recorded within "Accounts payable" in the statements of net position. During the year ended December 31, 2023, billings from CPEP to the District for services provided under these agreements were $63,839,306.

The District has contracted to purchase the following volumes of gas from CPEP, through 2053, at a discount to market-based pricing on a pay-as-you-go basis:

	DTH
2024	18,950,366
2025	18,862,293
2026	18,862,293
2027	18,862,293
2028	18,950,366
2029-2054	465,254,240
	559,741,851

In 2023, the District purchased 18,541,393 DTH of gas under these agreements, representing 56% of the District's annual gas requirements.

(b) Other Gas Supply Agreements

The District has various other gas supply contracts with a variety of suppliers, which consist of contracts that expire March 31, 2023 and October 31, 2023 and are generally renewed on an annual basis. The District has other gas supply contracts that expire December 31, 2022 and March 31, 2027 that were purchased based off market conditions and are not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of $1.4 million vs. market prices over the initial five-year term of the deal. 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:

	DTH
2024	1,068,600
2025	1,063,400
2026	1,401,600
2027	1,358,500
2028	1,571,300
2029 – 2053	38,211,700
	44,675,100

In February 2018, the District entered into a 30-year gas supply contract with the Public Energy Authority of Kentucky (PEAK) for approximately five percent of our annual gas requirements. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of $1.7 million vs. market prices over the initial five-year term of the deal. 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.

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:

	DTH
2024	1,562,009
2025	1,554,305
2026	1,554,305
2027	1,315,481
2028	1,638,960
2029 – 2053	45,985,124
	53,610,184

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:

	DTH
2024	1,009,200
2025	1,004,200
2026	1,319,795
2027	1,443,640
2028	1,715,640
2029 – 2048	33,738,200
	40,230,675

(c) Gas Transportation Agreement

On November 7, 2012, the District's entered into a twenty (20) year firm transportation agreement with Northern Natural Gas; the term of the agreement runs from November 1, 2016 to October 31, 2036. Under this agreement, NNG will provide 198,975 Dth/day of firm transportation service during the months of November through March and 139,283 Dth/day of firm transportation service during the months of April through October. Per the terms of the agreement, 61% of the transportation volumes are priced at a discounted rate below NNG's maximum tariff rate with the remaining 39% priced at NNG's maximum tariff rates. The District's annual pipeline demand costs under this agreement, based on NNG's current tariff rates, will be $15 million.

In June 2019, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates by over 90%. NNG and its shippers agreed to a settlement in June 2020. The

District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of $20 million. After settlement, all of the District's transportation rates are now discounted below their proposed rates. Since the settlement rates were higher than our discounted rates with our contract cap we did not receive any refunds from the interim rates in effect until settlement. The District did have some additional commodity fees from the settlement period that were refunded to the District. The rate cap in our contract is approximately $8 million dollars lower than the annual settlement demand rates.

(d) Construction

At December 31, 2023, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately $0.2 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 $3.3 million at December 31, 2023, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2022 and Series 2023.

(14) Subsequent Events

On February 13, 2024, the District entered into a loan agreement with the Nebraska Department of Environment and Energy (NDEE) in the principal amount not to exceed $40 million related to the Water System. The purpose of this loan is to finance a portion of the costs of extending, improving and equipping improvements and additions to the District's Water System, including the launch of the District's Lead Water Service Line Replacement Program. The District has pledged future water revenues to repay the note payable. The lien of the NDEE on the water revenues is on parity to the lien on such revenues of the District's water revenue bonds. Upon the meeting of certain requirements set forth in the loan agreement, up to a maximum of $24.8 million of the principal amount of the promissory note is eligible for forgiveness from the NDEE. Loan terms include a 0% interest rate and no annual administrative fee. The payment period begins no later than one year after the initiation of operation, or three years from the effective date, whichever occurs first. The payment period ends no later than thirty years from the effective date of either one year after the initiation of operation, or three years from the effective date of loan, whichever occurs first.

METROPOLITAN UTILITIES DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 3,263,676	3,168,618	3,937,556	3,804,402	4,185,594	7,514,662	7,150,328
Interest	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	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	8,755,910	7,858,113	(6,625,561)	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	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)	$ 164,698,591	155,942,681	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position							
Employer contributions	$ 11,855,281	11,277,253	13,250,226	14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	12,962,452	(14,114,823)	9,692,659	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(10,524)	(9,746)	(9,001)	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	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	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	$ 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	$ 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 OBEP liability	55.97%	45.98%	53.81%	38.98%	28.78%	17.01%	6.97%
Covered payroll	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 payrol	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

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%
7. Health care cost trend rates and retiree claim costs were updated.
8. Monthly retiree premiums were updated.

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, as such, only seven 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, 2014 Through December 31, 2023
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 15,297	$ 3,225	$ 12,072	$ 59,332	5.44%
2015	16,874	3,935	12,939	63,385	6.21%
2016	16,874	8,167	8,707	66,054	12.36%
2017	15,950	11,015	4,935	67,761	16.26%
2018	15,950	16,704	(754)	67,761	24.65%
2019	13,545	14,254	(709)	69,759	20.43%
2020	13,545	14,242	(697)	73,975	19.25%
2021	10,565	13,250	(2,685)	74,635	17.75%
2022	10,565	11,277	(712)	78,036	14.45%
2023	11,790	11,855	(65)	86,492	13.71%

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

Fiscal Year Ending December 31	Annual Money-Weighted Rate of Return
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 eight years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Fiscal Years ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 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	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	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	(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	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	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)	$ 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
Plan Fiduciary Net Position									
Employer contributions	$ 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	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	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	(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	(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	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	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)	$ 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)	$ 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	91.99%	84.49%	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%	83.28%
Covered payroll*	$ 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	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 scheduled
2022: The member contribution rate increased from 8.00% to 8.50% of total pay, as scheduled
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 is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only nine years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Employer Contributions - Defined Benefit Pension Plan
January 1, 2014 Through December 31, 2023
($ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered* Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 8,988	$ 10,300	$ (1,312)	$ 59,332	17.36%
2015	9,956	10,301	(345)	63,385	16.25%
2016	10,215	10,300	(85)	61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%
2022	8,588	10,500	(1,912)	70,610	14.87%
2023	10,204	11,056	(852)	77,757	14.22%

* 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, 2023 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 12 to 21 years (single equivalent amortization period is 24 years)
Asset valuation method	Expected Value + 25% of (market - expected values)
Inflation	2.50%
Salary increases	3.65% to 11.40%, depending on years of service
Long-term investment rate of return	6.75%
Retirement	Service-based table of rates.
Mortality	Pub-2010 Mortality Tables projected generationally using Scale MP-2020.
Cost of living adjustments	2.50% per year

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments
Fiscal Years ended December 31

Fiscal Year Ending December 31	Annual Money-Weighted Rate of Return
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 is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only nine years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2023

(Unaudited)

Coverage	Description	Name of insurer	Deductible or coinsurance amounts	Expiration date
Buildings (including contents)	Fire and extended coverage	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2024
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2024
Contractors Equipment floater	Construction equipment and communication equipment	CNA Financial Corporation	$40,000 deductible	6-15-2024
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-1-2025

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, 2023

(Unaudited)

Operating revenues, net	$	162,559,492
Thousands of gallons of water supplied to mains		35,889,860
Thousands of gallons of water sold		32,381,759
Maintenance	$	37,458,722
Gross additions to utility plant in service, exclusive of land	$	72,747,490
Land purchased	$	—
Depreciation charged to operations and other accounts	$	18,170,803
Cost per thousand gallons of water sold (schedule A)	$	3.57
Collected for sale and rent of meters, net	$	82,633
Assessments against property for extension of mains	$	126,665
Operating expenses (schedule B)	$	106,663,577
Average number of employees for the year		418
Compensation of employees for the year	$	39,803,366
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, 2023

(Unaudited)

Operating expenses:		
Operations	$	50,244,385
Maintenance		37,458,722
Depreciation and amortization		16,740,538
Provision for statutory payments to municipalities		2,219,932
Total operating expenses		106,663,577
Other deductions:		
Interest		8,825,230
Total operating expenses and other deductions	$	115,488,807
Thousands of gallons of water sold		32,381,759
Cost per thousand gallons of water sold	$	3.57

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department

Operating Expenses

Year ended December 31, 2023

(Unaudited)

Operating expenses:		
Operations:		
Primary pumping	$	10,952,148
Purification		13,261,904
Booster pumping		2,982,549
Distribution		11,205,739
Customer accounting		7,365,946
Marketing		1,335,508
Administrative		3,140,591
Total operating		50,244,385
Maintenance:		
Primary pumping		3,677,461
Purification		2,814,829
Booster pumping		2,445,608
Distribution		28,520,824
Total maintenance		37,458,722
Depreciation and amortization		16,740,538
Provision for statutory payments to municipalities		2,219,932
Total operating expenses	$	106,663,577

METROPOLITAN UTILITIES DISTRICT

Gas Department

Schedule of Insurance Coverage

December 31, 2023

(Unaudited)

Coverage	Description	Name of insurer	Deductible or coinsurance amounts	Expiration date
Buildings (including contents)	Fire and extended coverage	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2024
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$100,000 deductible	6-15-2024
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	CNA Financial Corporation	$40,000 deductible	6-15-2024
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	$200,000 per loss	2-1-2025
Cyber Liability	Privacy, data, and network exposures	AIG Specialty Insurance Company	$150,000 deductible	6-15-2024
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2024
Propane caverns	Two caverns - special cause of loss, including earthquake and flood	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	$250,000 deductible	6-15-2024

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, 2023

(Unaudited)

Operating revenues, net	$	255,933,175
Dekatherms of gas delivered to mains		32,926,172
Dekatherms of gas sold		32,926,172
Maintenance	$	16,542,295
Gross additions to utility plant in service	$	43,636,270
Land purchased	$	—
Depreciation charged to operations and other accounts	$	24,142,888
Cost per thousand cubic feet of gas sold (schedule A)	$	6.59
Collected for sale and rent of meters	$	—
Assessments against property for extension of mains	$	—
Operating expenses (schedule B)	$	216,928,368
Average number of employees for the year		483
Compensation of employees for the year	$	46,091,386
Direct taxes levied against property at request of District	$	—
All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant		—

Schedule A

METROPOLITAN UTILITIES DISTRICT

Gas Department

Cost per Thousand Cubic Feet of Gas Sold

Year ended December 31, 2023

(Unaudited)

Operating expenses:		
Natural gas	$	143,384,526
Operations		32,790,893
Maintenance		16,542,295
Depreciation and amortization		19,677,699
Provision for statutory payments to municipalities		4,532,955
Total operating expenses	$	216,928,368
Other deductions:		
Interest		4,504,082
Total operating expenses and other deductions	$	221,432,450
Thousands of cubic feet of gas sold		33,618,448
Cost per thousand cubic feet of gas sold	$	6.59

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2023

(Unaudited)

Operating expenses:		
Natural gas	$	143,384,526
Operations:		
Production		3,371,138
Distribution		13,848,853
Customer accounting and collecting		9,996,067
Marketing		1,667,481
Administrative		3,907,354
Total operations		32,790,893
Maintenance:		
Production		3,156,286
Distribution		13,386,009
Total maintenance		16,542,295
Depreciation and amortization		19,677,699
Provision for statutory payments to municipalities		4,532,955
Total operating expenses	$	216,928,368

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2023, 2022, and 2021

(Unaudited)

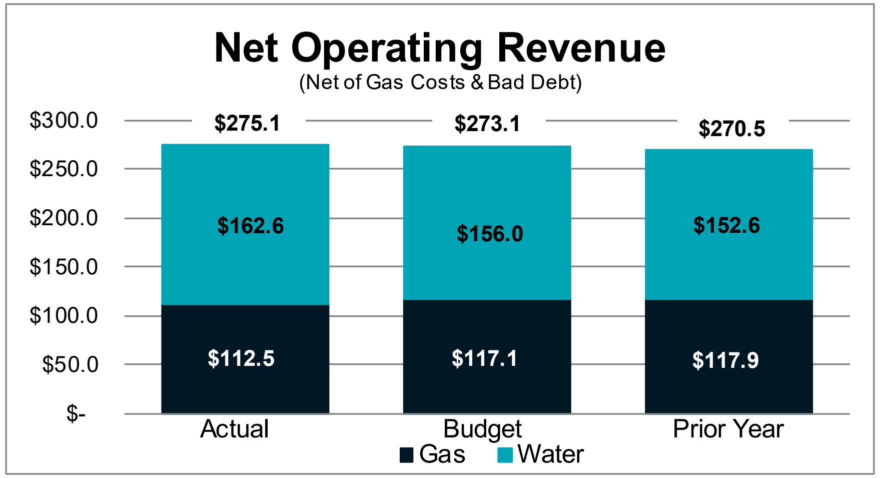
Water Department		**2023**	**2022 (as restated)**	**2021**
Number of customers (December)		227,433	225,028	222,715
Sales (thousand gallons)		32,381,759	31,666,992	30,811,555
Operating revenues, net	$	162,559,492	152,647,809	142,482,048
Operating expenses		106,663,577	104,034,166	88,841,532
Operating income	$	55,895,915	48,613,643	53,640,516
Plant additions and replacements, net	$	86,158,744	75,334,732	53,156,411
Plant in service		1,404,660,992	1,336,765,056	1,285,258,123
Miles of mains		3,180	3,155	3,110
Average daily pumpage (thousand gallons)		98,379	96,909	93,421
Gas Department				
Number of customers (December)		241,080	239,487	237,834
Sales (DTH):				
Firm		28,726,337	31,411,793	26,773,756
Interruptible		4,199,835	4,080,279	4,919,376
Total		32,926,172	35,492,072	31,693,132
Operating revenues, net	$	255,933,175	353,259,267	247,490,157
Cost of gas sold		143,384,526	235,312,368	140,342,276
Other operating expenses		73,543,842	76,264,375	59,601,281
Operating income	$	39,004,807	41,682,524	47,546,600
Plant additions and replacements, net	$	91,905,485	84,239,555	48,996,092
Plant in service		755,488,019	721,035,585	694,206,264
Miles of mains		2,970	2,972	2,931
Average daily sendout (DTH)		98,121	105,368	91,107
Number of active employees – water and gas combined		905	876	823

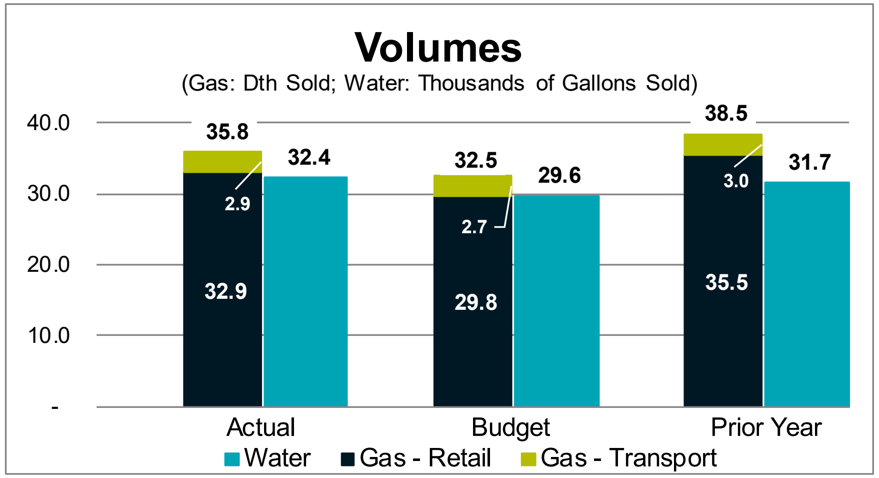
2023 FINANCIAL REVIEW

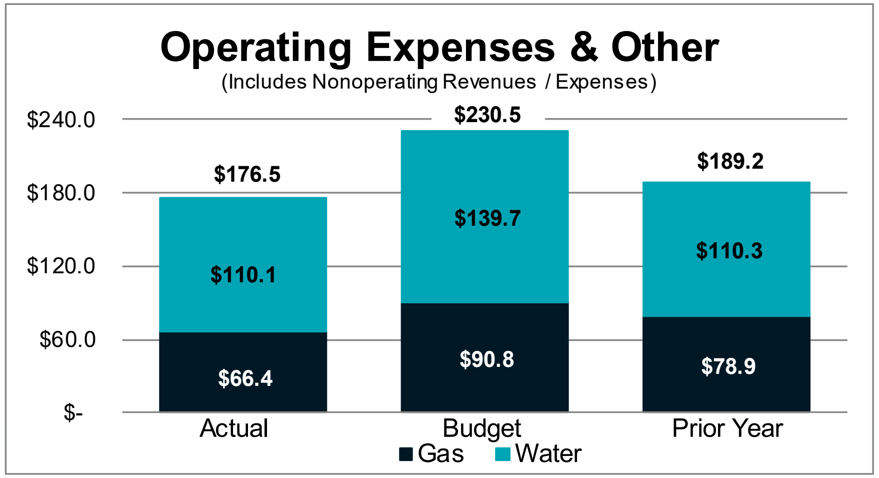
APRIL 3, 2024

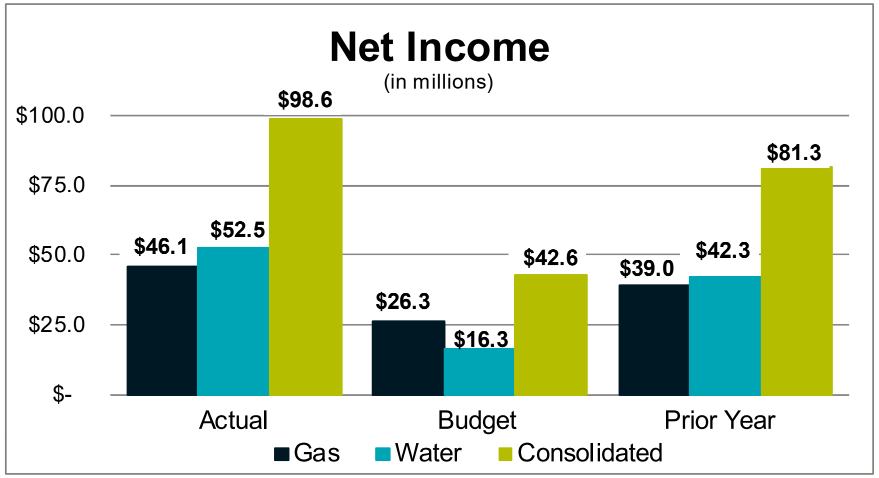
2023 FINANCIAL SUMMARY

GAS & WATER COMBINED (in millions)



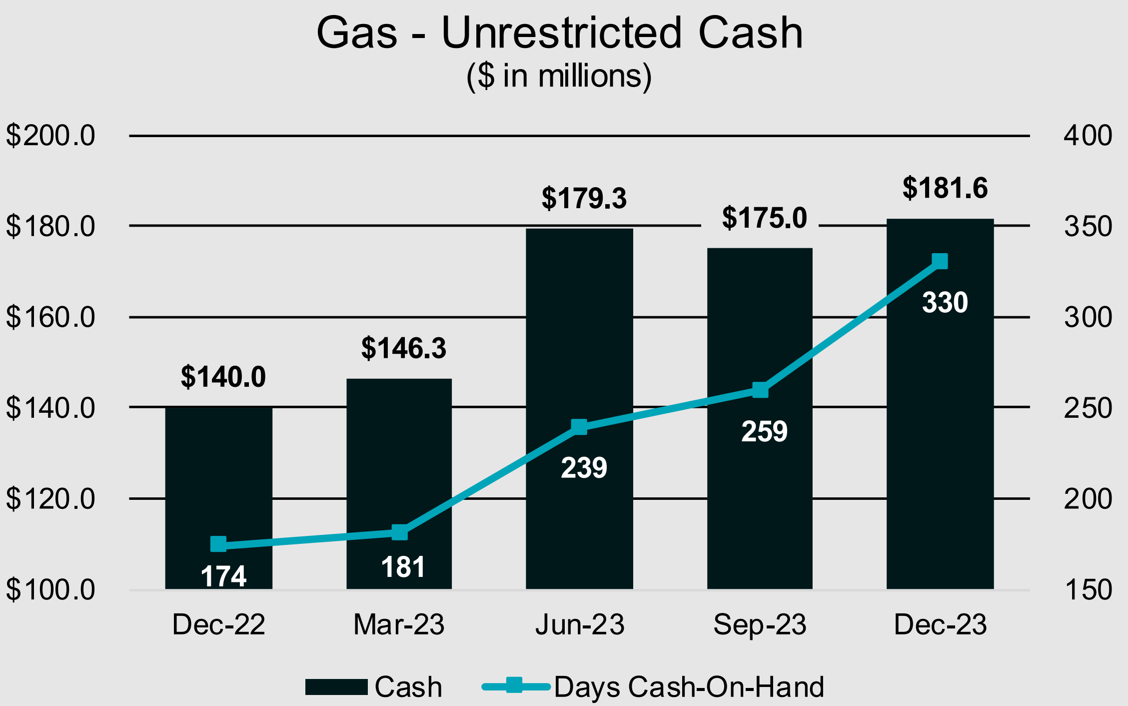


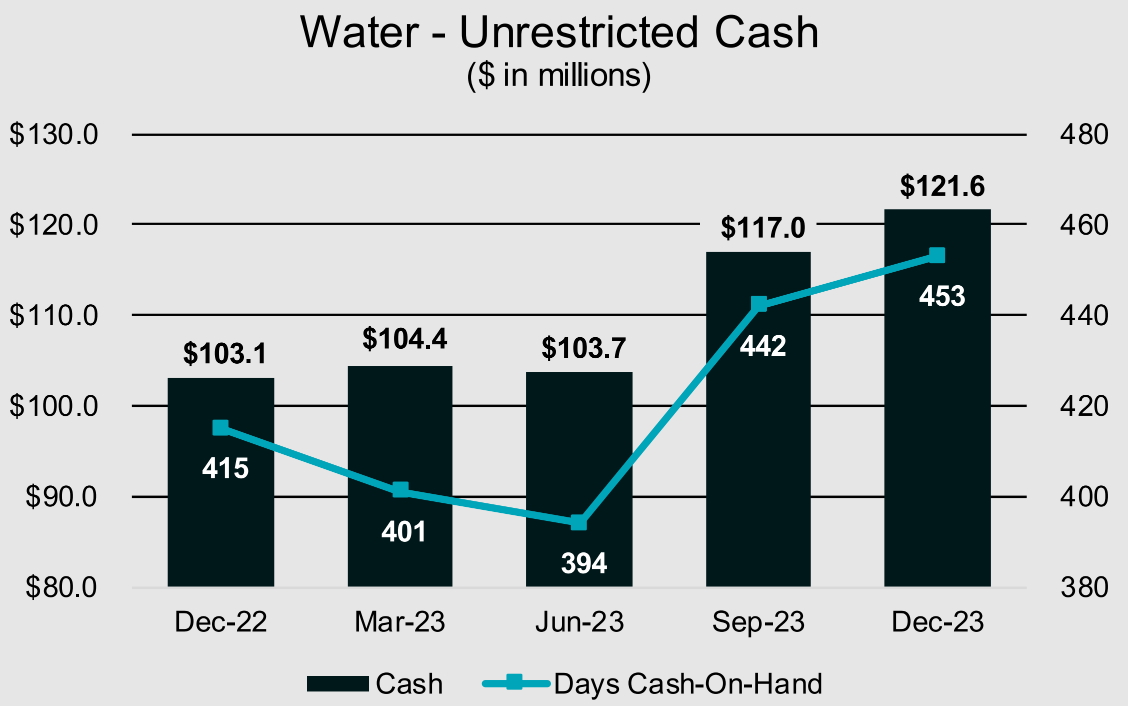




METROPOLITAN UTILITIES DISTRICT

CASH POSITION – GAS & WATER DEPARTMENTS
DECEMBER 31, 2023





FINANCIAL STABILITY – KEY MEASURES

	2023	2022
Debt Service Coverage:		
Water Debt service coverage ratios	4.27x	3.78x
Gas Debt service coverage ratios	4.20x	6.42x
Debt service coverage requirements	1.20x	1.20x
Pension Funding:		
Funded Ratio (Actuarial Value of Assets / Actuarial Liability)	93%	94%
OPEB Funding ($ in millions):		
District contribution to OPEB trust fund	$7.5	$6.1
Retiree medical claims/fees paid	$4.4	$5.2
Total District contribution to OPEB Plan	$11.9	$11.3

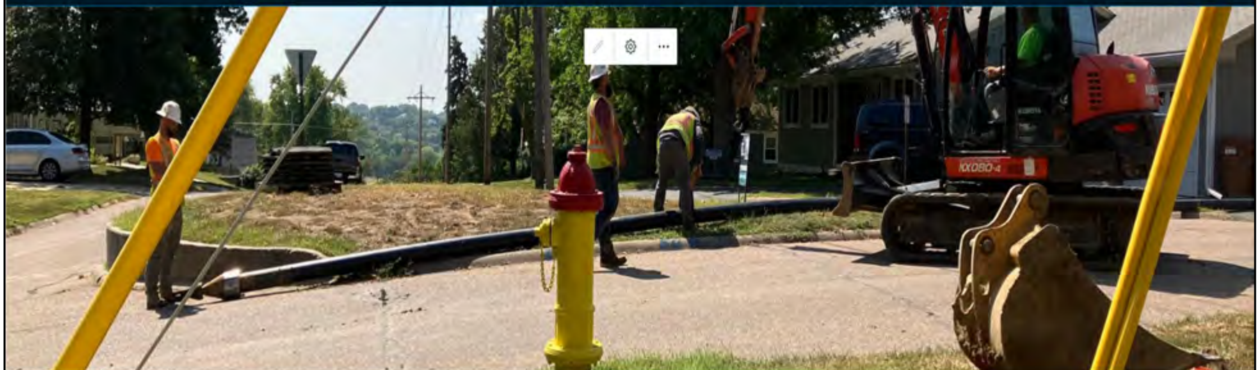
Credit Ratings:

Gas Department		
Fitch Ratings - October 2023	AA+	2nd highest rating - No change
Moody's Investor Services - October 2023	Aa2	3rd highest rating - No change
S&P Global Ratings - November 2019	AA+	2nd highest rating - Upgrade
Water Department		
Fitch Ratings - N/A	-	Does not rate the Water Dept.
Moody's Investor Services - October 2023	Aa2	3rd highest rating - No change
S&P Global Ratings - July 2021	AA	3rd highest rating - Upgrade

METROPOLITAN

UTILITIES DISTRICT

METROPOLITAN UTILITIES DISTRICT 2024 Infrastructure Replacement Program Update



2024 Infrastructure Replacement Program Update

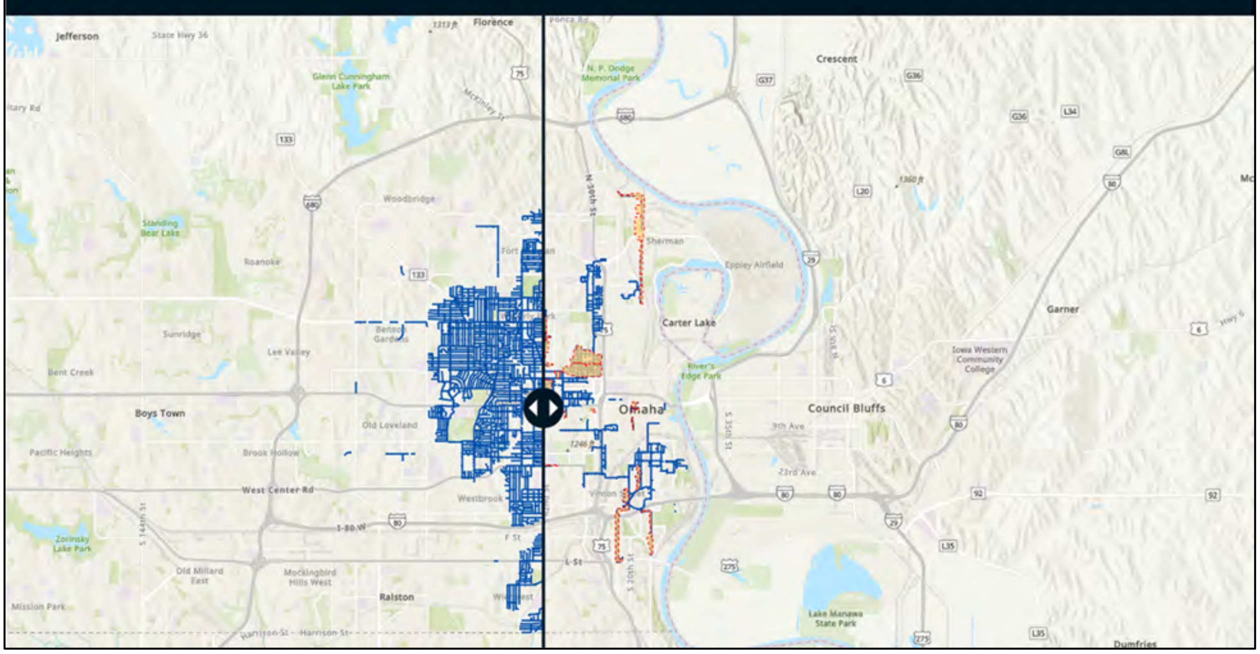
April 3rd, 2024

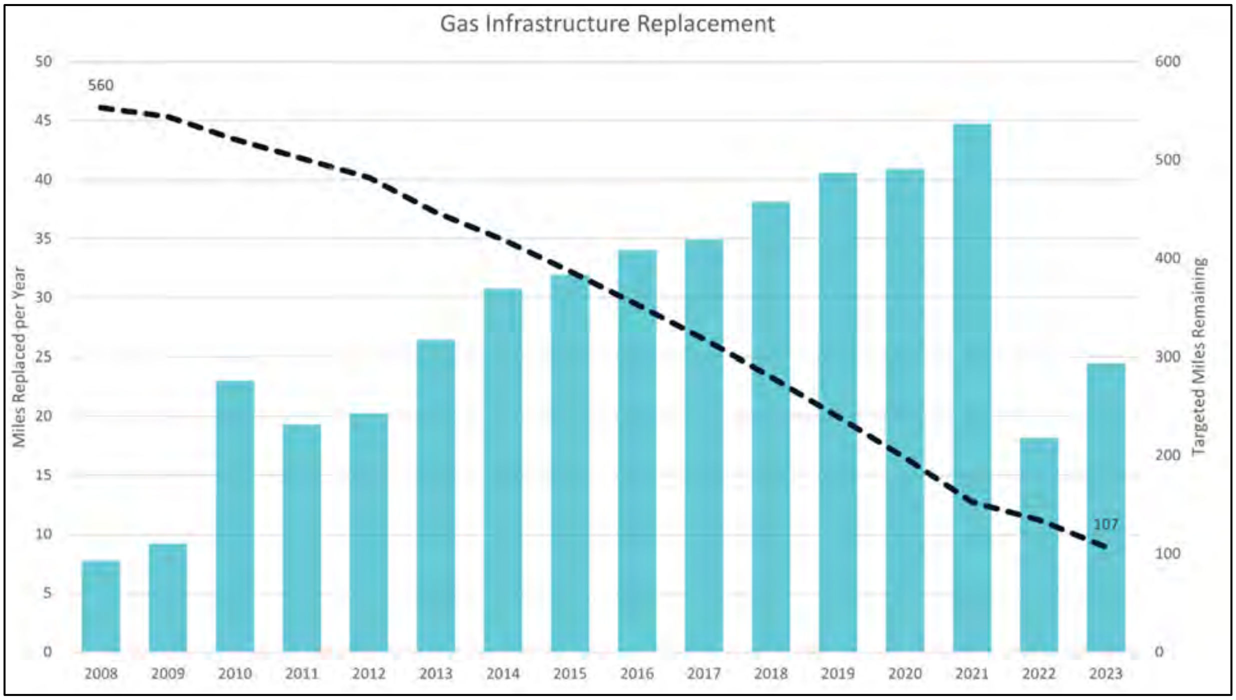
Jared Svagera & Evan Martin

Natural Gas Distribution System

Over 560 miles of targeted gas mains in 2008

107 miles remaining and being targeted with more grant funding



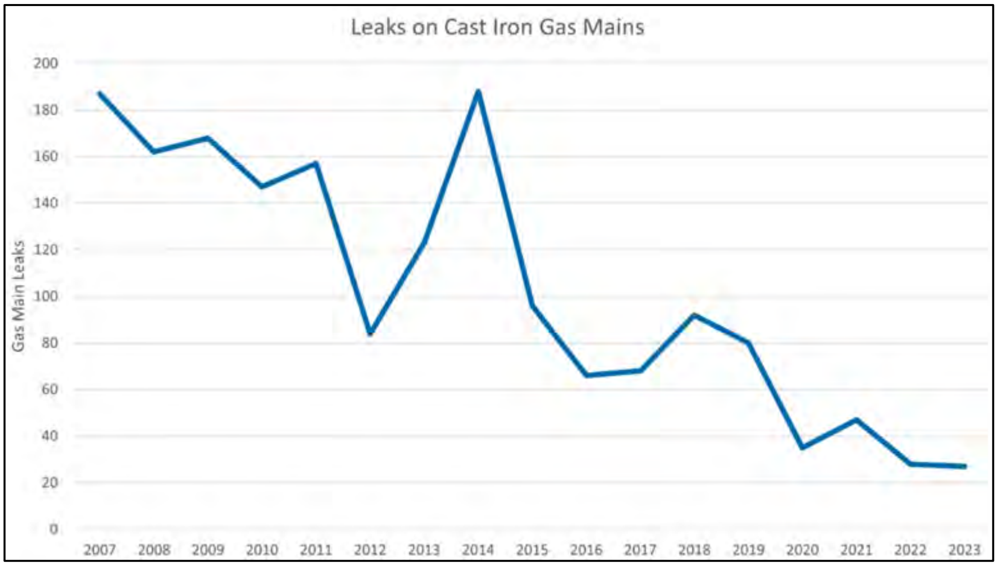


Progress to Date

- 2024 Goals and beyond
- Final Mileage is the most difficult
- Focus is on getting to zero miles safely cost-effectively

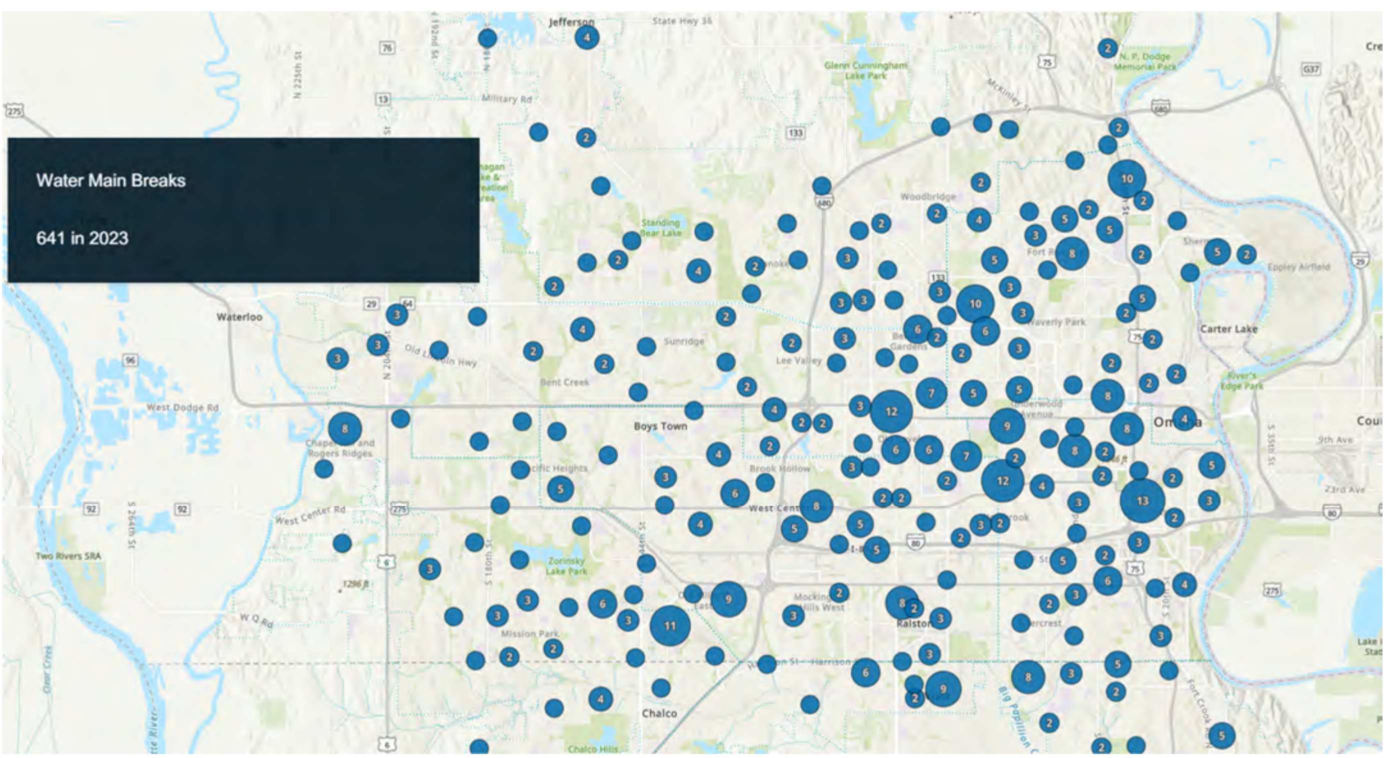
Gas IR 2.0

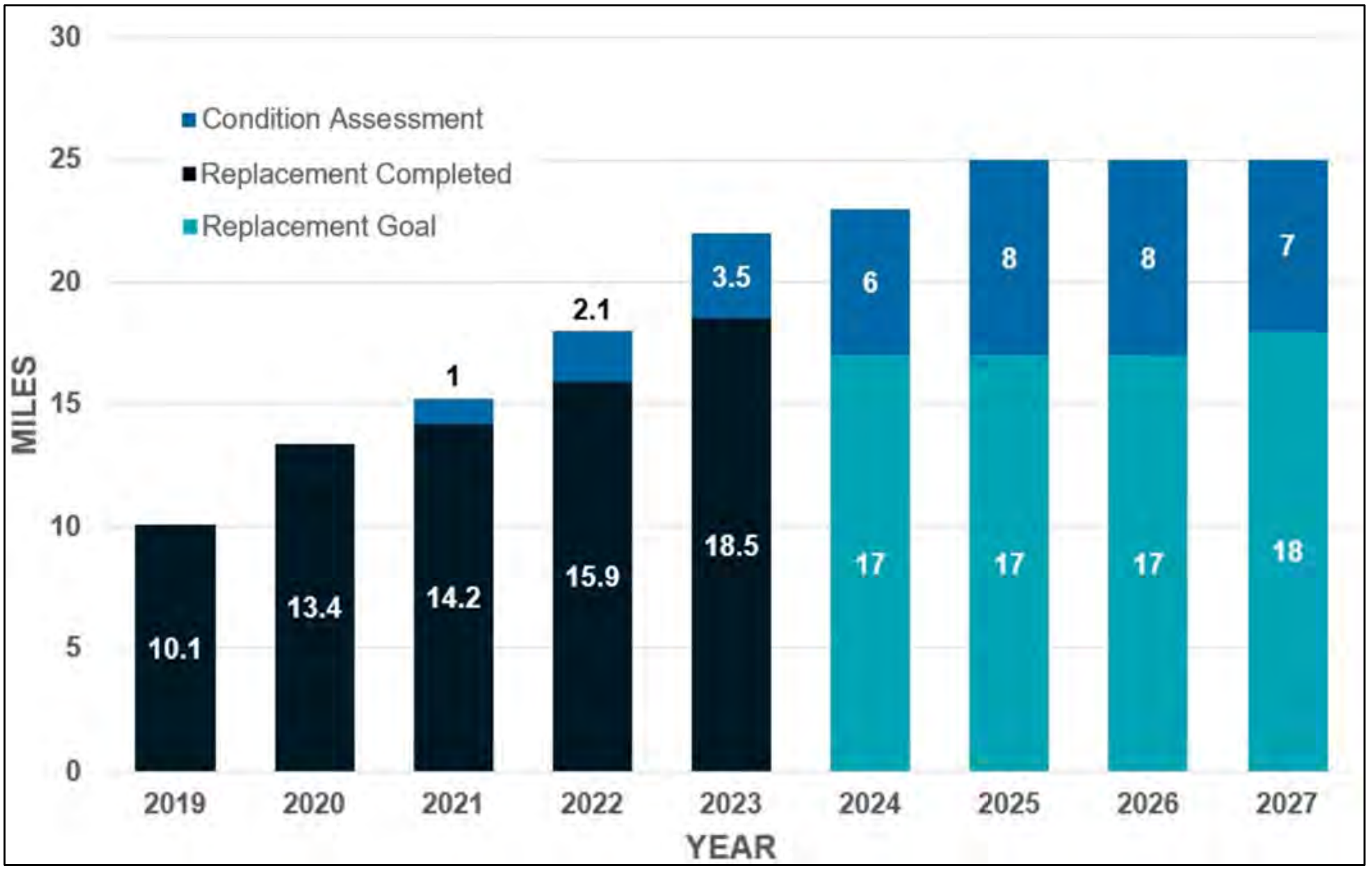
- Targeting Inside Meter Sets on High Pressure System
  - Decision was based on Distribution Integrity Management Plan evaluation of highest risks
- Service replacement will almost always be required
  - Mains will be evaluated for replacement at this time
- Uprates and below-ground reg station abandonments



Less Cast Iron Gas Leaks

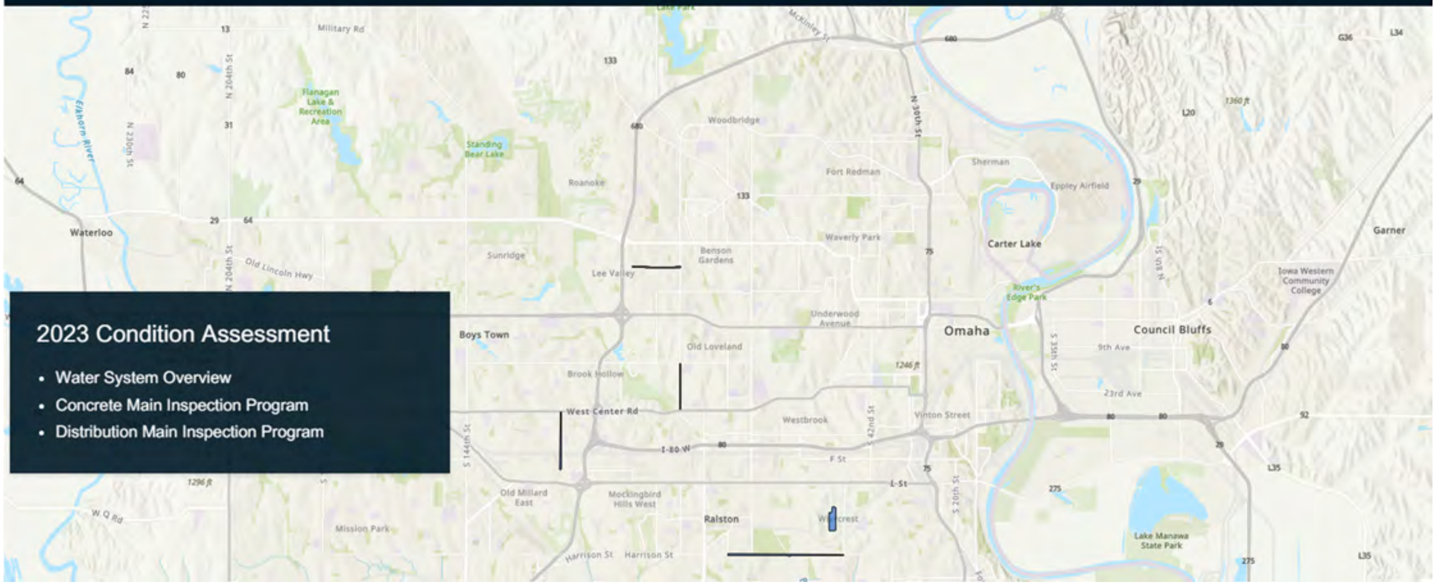
- Efforts today have led to a safer system
- Fewer methane emissions from gas main leaks
- Less unplanned maintenance required





- Opportunistic Replacements in 2023
  - Crews becoming more experienced with HDPE and Pipe Bursting
- Leveraging more condition assessment and focusing on less invasive methods.
  - Continues to help refine replacement decisions
- Planning to continue increasing replacement goals

Condition Assessment Program Update



2023 Condition Assessment

- Water System Overview
- Concrete Main Inspection Program
- Distribution Main Inspection Program

2023 Concrete Water Main Inspection

- Pure Technologies Pipediver
- 42 Inch Prestressed Concrete Cylinder Pipe
- 2.5 mile Inspection

2023 Distribution Water Main Condition Assessment

- Pica Corp - SeeSnake
- 12-Inch and 16-Inch Cast Iron Mains
- 2 Miles Inspected
- Improvements
- Benefits/Risks
- MUD crews

- 1.5 Miles Inspected
- Hydromax P-Cat Infinity Pilot
- 6-Inch Cast Iron Mains
- Benefits and Risks
- 3.5 Miles/ 4 Mile goal
- 2024 Goal of 6 Miles

MUD Firsts

- Insertion Valves


MUD Firsts
• 16" Cast Iron Inspection

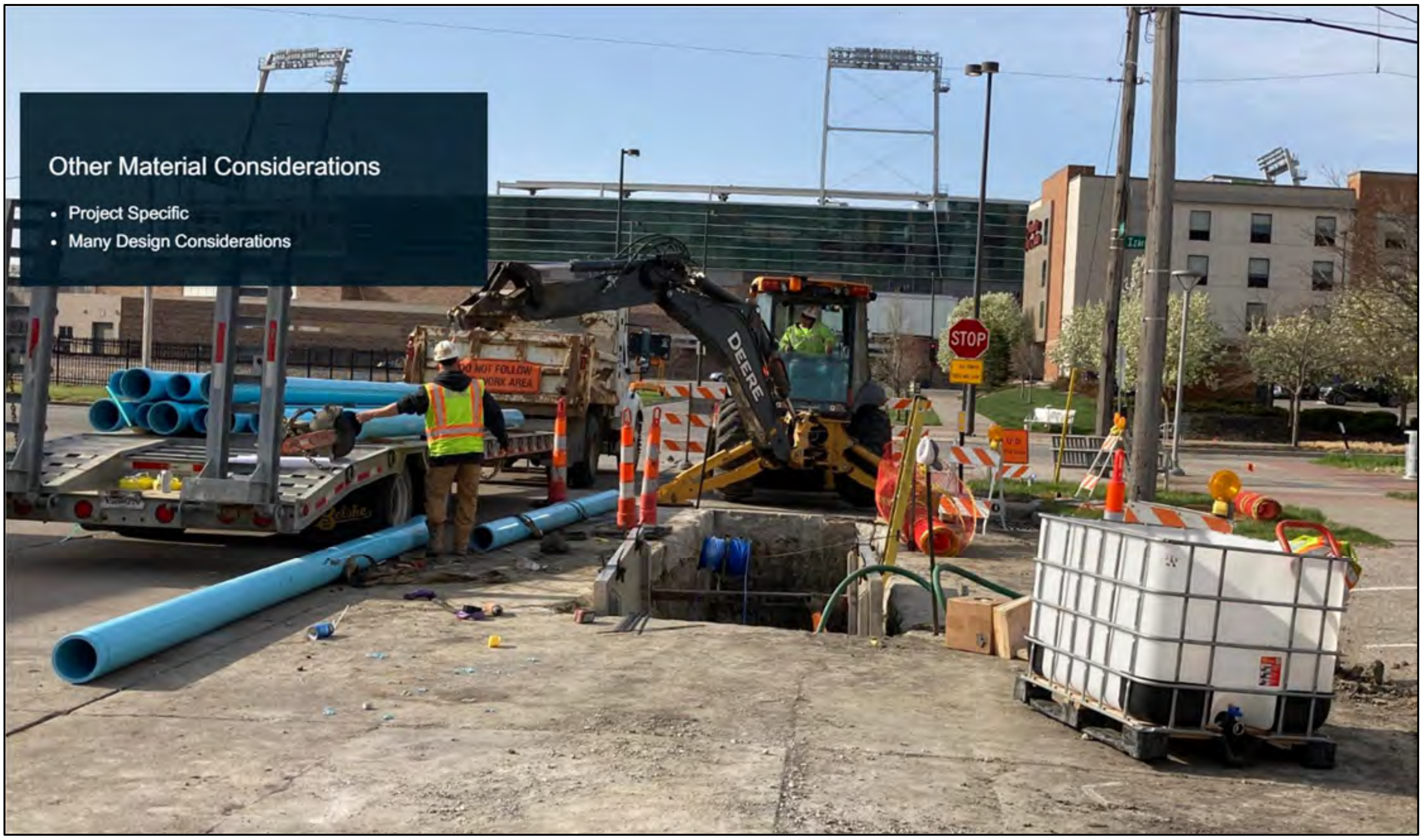

High Density Polyethylene (HDPE)
• Design
• Constructibility
• Cost
• Durability / Corrosion Resistance
• Transition
• 6 miles in 2023

Pipe Bursting

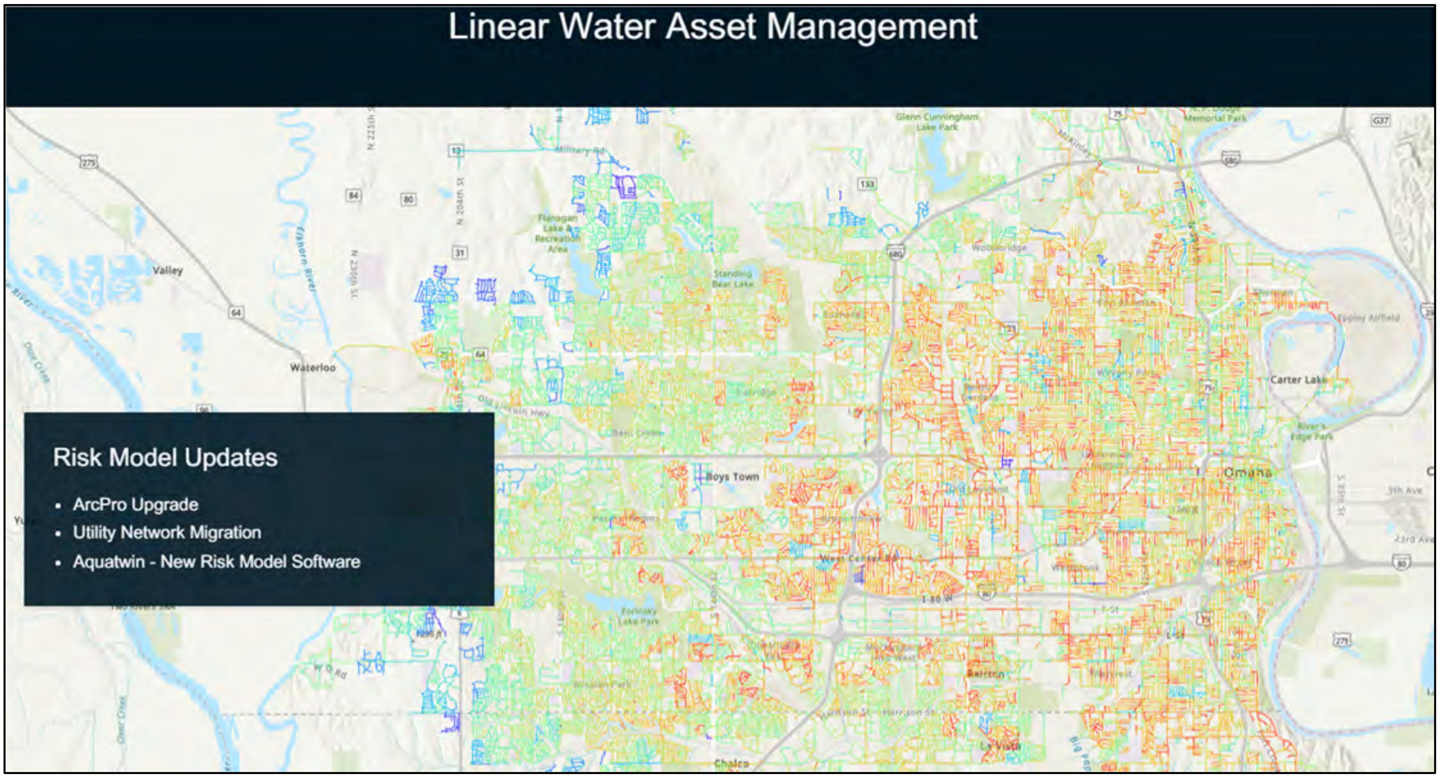
- 5.3 Miles Complete
- Efficiency

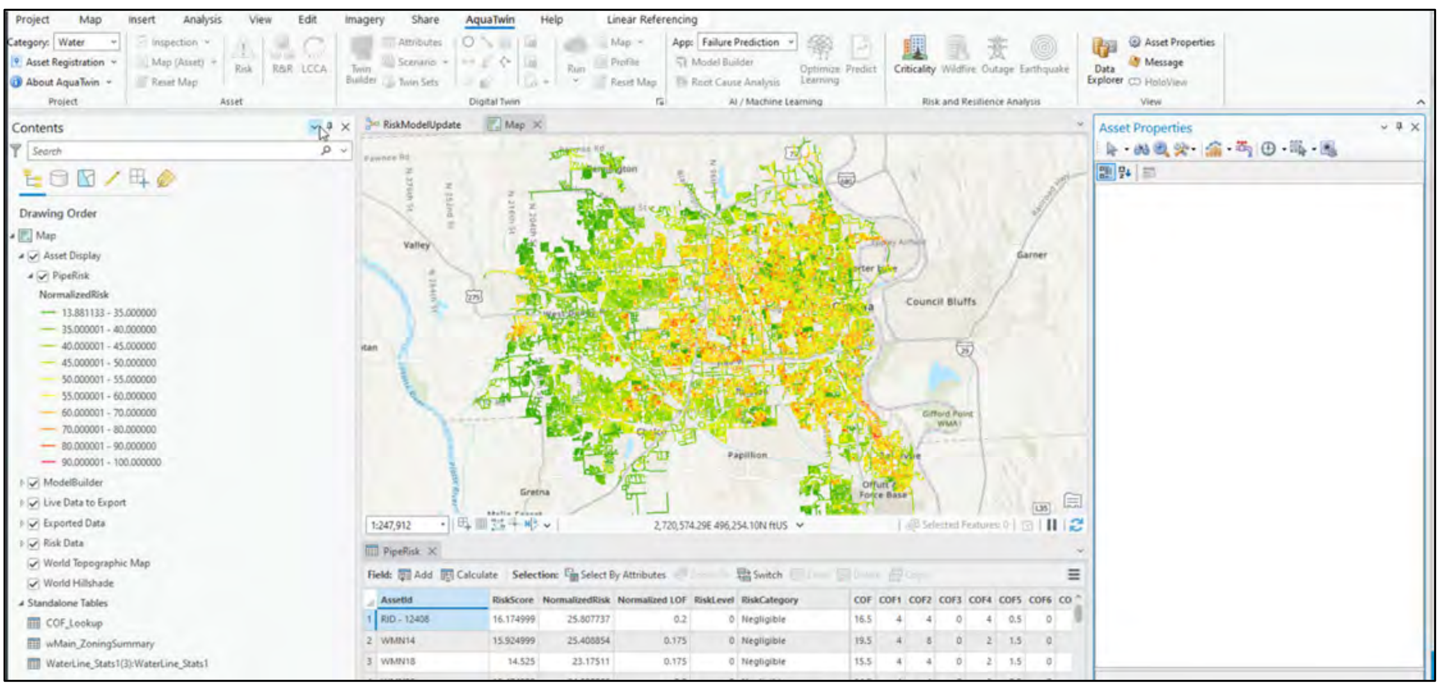
Pipe Bursting

- Installation Process
- Limitations
- 2024 Projections of 6.1 Miles


Other Material Considerations
• Project Specific
• Many Design Considerations
DO NOT FOLLOW WORK AREA
STOP
DEERE


CAUTION


Linear Water Asset Management
Risk Model Updates
ArcPro Upgrade
Utility Network Migration
Aquatwin - New Risk Model Software
Valley
Waterloo
Boys Town
Omaha
Carter Lake
West Center Rd
Chalco


Project
Map
Insert
Analysis
View
Edit
Imagery
Share
AquaTwin
Help
Linear Referencing
Asset Registration
About AquaTwin
Failure Prediction
Model Builder
Root Cause Analysis
Criticality
Wildfire
Outage
Earthquake
Data Explorer
Asset Properties
Message
Contents
Drawing Order
Map
Asset Display
PipeRisk
NormalizedRisk
13.881133 - 35.000000
35.000001 - 40.000000
40.000001 - 45.000000
45.000001 - 50.000000
50.000001 - 55.000000
55.000001 - 60.000000
60.000001 - 70.000000
70.000001 - 80.000000
80.000001 - 90.000000
90.000001 - 100.000000
ModelBuilder
Live Data to Export
Exported Data
Risk Data
World Topographic Map
World Hillshade
Standalone Tables
COF_Lookup
wMain_ZoningSummary
WaterLine_Stats1(3):WaterLine_Stats1
RiskModelUpdate
Council Bluffs
Papillion
Gretna
1:247,912
PipeRisk
AssetId
RiskScore
NormalizedRisk
Normalized LOF
RiskLevel
RiskCategory
RID - 12408
16.174999
25.807737
Negligible
WMN14
15.924999
25.408854
Negligible
WMN18
14.525
23.17511
Negligible

Questions?