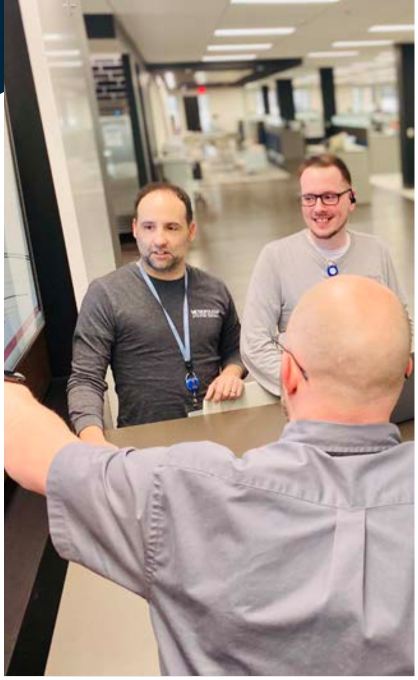
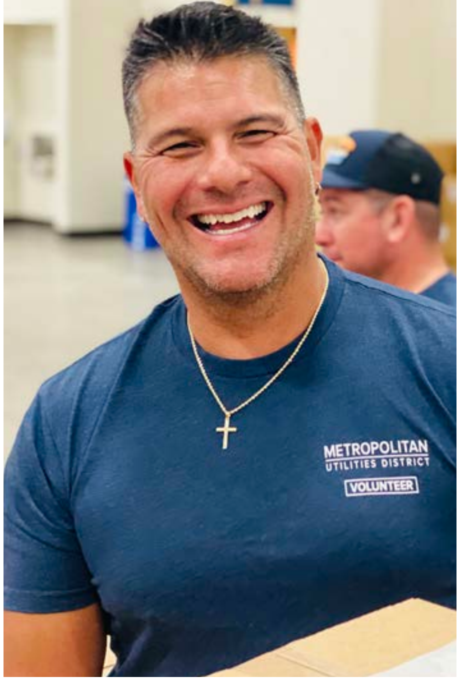
2023 Annual Report

mudomaha.com

METROPOLITAN UTILITIES DISTRICT





TO OUR CUSTOMER-OWNERS,

While financial and operational sustainability continued to be a priority in 2023, Metropolitan Utilities District strengthened its commitment to the community through key partnerships and investments in infrastructure and capital improvements.

As part of the District's latest focus on infrastructure, we marked the official dedication of the new West Dodge Pump Station at 153rd and Dodge. The facility was built to meet the needs of our growing community and provide increased efficiency and reliability across our water distribution system. The pump station went into service last summer and improves water service to northwest Omaha where significant development continues to take place.

The reliability of our water production system was tested during the summer. Repairs were necessary on a large diameter water pipe at the Florence Water Production Facility during a time when the region was experiencing extreme temperatures and drought conditions. Reduced production capacity resulted in the District asking customers to voluntarily restrict their outdoor water use. Cooperation was paramount and allowed the District to continue to meet customer demand and eliminate the need for mandatory water restrictions. Notwithstanding that period, system-wide, water demand approximated 1 million gallons per four-minute period. Daily consumption hit its highest since 2017 at 188 million gallons a day (MGD), and peak hour demand of 388 MGD tied an all-time peak hour record previously set in 2012.

We continue to make progress on the District's capital improvement plans at our Florence and Platte South Water production facilities. The District also began work to develop a capital improvement plan for our Platte West Water Production Facility.

At our liquefied natural gas plant, work continued as part of the $86 million capital improvement plan. We completed the vaporization phase in 2023 and will finish upgrades for the liquefaction phase in 2024. These improvements will positively impact customer-owners for many years to come by doubling output capacity and providing a hedge against market price spikes. From 2000-2023, the District's peak shaving plants provided a total savings of approximately $273 million for our customers!

Our work to replace and update critical distribution infrastructure continued to progress throughout 2023. Prioritization of main replacements is based on a sophisticated risk model and asset management plan that considers a variety of components, including break history and material vintage. District and contracted crews replaced more than 24 miles of gas mains and more than 18 miles of water mains. Condition assessment on an additional 3.5 miles of water main was completed. This allows the District to plan and mitigate the risk of future breaks.

In our effort to improve reliability and business continuity, we were excited to break ground on our second Construction Center. The facility will provide a new space for our highly skilled employees to work for generations to come. Administrative staff, maintenance, gas crews, water crews and construction personnel will occupy the facility, located off Interstate 680 near Potter Street and Blair High Road. Renovations to our existing Construction Center and Operations Center are underway, allowing the District to continue serving our growing community and increasing continuity for day-to-day operations across the Omaha metro.

The District's financial health was affirmed via the issuance of third-party credit ratings. In October 2023, Fitch Ratings affirmed the AA+ Stable rating of our Gas Department, their second highest rating. In October 2023, Moody's Investor Services affirmed the Aa2 credit rating of our Water Department, their third highest rating.

In partnership with IBEW Local 1521, a new three-year bargaining agreement was approved. The dedication from union leadership and members continues to help the District remain a great place to work. We sincerely thank IBEW Local 1521 for their support to the community.

Employees rallied to support the community through various volunteer initiatives. As part of the M.U.D. Serves program, the District partnered with five local non-profit organizations – City Sprouts, Habitat for Humanity of Omaha, Intercultural Senior Center, Salvation Army Heritage Place Housing Center and the United Way of the Midlands – to put in more than 285 volunteer hours. Additionally, the District's Hydration Station was present at 15 community events, providing fresh tap water to more than 172,000 event attendees.

The District's utility assistance program, the Home Fund, celebrated its 40th anniversary. Established in 1983, the fund assists seniors, people with disabilities and limited-income customers suffering severe financial hardships. More than $5 million has been donated to the fund by generous customer-owners. In addition, various events occurred last year as a way for employees to donate to the fund. Customers have the option of donating by rounding up their bill or making one-time or recurring donations. Our customers, employees and other donors contributed nearly $250,000 to the fund in 2023. The Home Fund plays a critical role in assisting our customer-owners in times of hardship, and the generosity of our community is unwavering.

The progress we've made with succession planning was realized when our Chief Financial Officer Joseph Schaffart retired and was succeeded by Vice President of Accounting Mark Myers. Mr. Schaffart's contributions over his decade at the District provided guidance and ensured efficient and equitable oversight and management of District funds. Additionally, we were saddened by the death of our friend, former Board Director Jack Frost, who served for 36 years.

Our commitment to the community is stronger than ever and we strive to continually improve our customer experience efforts. Our dedicated employees are committed to our mission of providing safe, reliable and cost-effective natural gas and water services to our customer-owners.

Mark E. Doyle

Mark E. Doyle
President & Secretary to the Board

Jim Begley

Jim Begley
M.U.D. Board Chairperson

THEN AND NOW

Prior to 1913, Omaha residents received their water and gas services from private water and gas companies. Fed up with high costs, constant ownership changes and poor service, they voted to take control and ownership of their utilities. And on March 3, 1921, the Nebraska Legislature formed the Metropolitan Utilities District. From that day, we vowed to provide our community with safe, reliable and cost-effective services.

Today, we continue to provide quality services at rates lower than area investor-owned utilities and among the lowest in the Midwest. We proudly serve natural gas to more than 241,000 customer accounts, making us the fifth largest public gas utility in the U.S. We also provide safe drinking water to more than 227,000 customer accounts, meaning we provide life-essential services to nearly 600,000 people in the region.

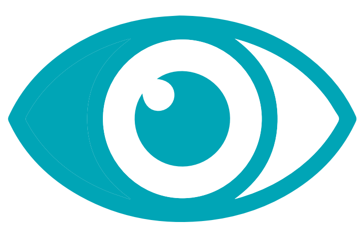
We own and operate three water treatment facilities and an extensive water distribution system capable of supplying over 300 million gallons of water per day to our customers. The tap water we deliver is tested more than 1,000 times per day by our team of chemists and biologists to ensure it meets every federal and state standard outlined by the U.S. Environmental Protection Agency. We also maintain more than 27,000 hydrants for fire protection.

The natural gas we provide is an economical, safe and environmentally-friendly energy option. Natural gas plays a vital role in local power production as it complements renewable energy sources because of their inherent intermittency. The District owned gas storage facilities and long-term pipeline transportation and storage contracts save our customers approximately $24 million per year in gas supply and pipeline transportation costs. These assets help ensure our customers' homes stay warm even on the coldest days and contribute to increased reliability and cost savings.

We take natural gas safety very seriously. Our experienced personnel routinely inspect and maintain our natural gas system, and crews are available to respond to emergencies 24/7.

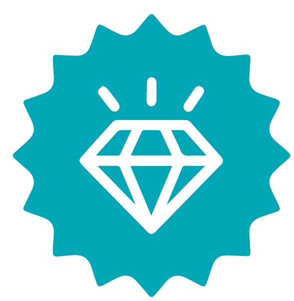
OUR MISSION

To provide safe, reliable and cost-effective natural gas and water services to our community.



OUR VISION

To maintain our commitment to serve our community, while becoming one of the nation's top utilities.



CORE VALUES

Safety, Reliability, Fiscal Responsibility and Organizational Excellence

OUR BOARD OF DIRECTORS

JIM BEGLEY
Board Chairperson

DAVID J. FRIEND
Vice Chairperson

GWEN HOWARD
Director

TIM CAVANAUGH
Director

TANYA COOK
Director

MIKE McGOWAN
Director

BOB SIDZYIK
Director

OUR SENIOR MANAGEMENT

MARK DOYLE
President

STEVE AUSDEMORE
SVP, Safety, Security & Field Operations

KENDALL MINOR
SVP, Chief Operations Officer

SUE LOBSIGER
SVP, Chief Information Officer

MARK MENDENHALL
SVP, General Counsel

MARK MYERS
SVP, Chief Financial Officer

Water Department	2023	2022	2021
Number of Customers (Dec.)	227,433	225,028	222,715
Sales (1,000 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/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 (1,000 Gallons)	98,379	96,909	93,421

*****Restated due to implementation of GASB Statement 96, Subscription-Based Information Technology Arrangements.***

****Restated due to implementation of GASB Statement 87, Leases.***

Employees supporting the 2023 American Lung Association Corporate Cup.

Gas Department	2023	2022	2021
Number of Customers (Dec.)	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	$235,312,367**	$140,342,276*
Other Operating Expenses	$73,543,842	$76,264,376**	$59,601,281*
Operating Income	$39,004,807	$41,682,524**	$47,546,600*
Plant Additions/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
# of Active Employees (Water and Gas)	905	876	823

*****Restated due to implementation of GASB Statement 96, Subscription-Based Information Technology Arrangements.***

****Restated due to implementation of GASB Statement 87, Leases.***

Financial Stability Measures

		2023	2022
Debt Service Coverage The District continues to be in compliance with water and gas revenue bond debt service requirements.	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
Cash Reserves Days cash on hand as of December 31.	Water Department	453 Days	415 Days
	Gas Department	330 Days	174 Days
Pension Funding Continued focus on the promise to our employees related to proper pension plan funding.	Funded Ratio *(Actuarial Value of Assets/ Actuarial Liability)*	93%	94%
Other Post-Employment Benefits (OPEB) Funding Continued focus on the promise to our employees related to proper OPEB plan funding.	District Contribution to OPEB Trust Fund *($ in millions)*	$7.5	$6.1

Credit Rating

M.U.D. Gas Revenue Bonds - Fitch Ratings (*October 2023*)	AA+	M.U.D. Water Revenue Bonds - Moody's (*October 2023*) M.U.D. Gas Revenue Bonds - Moody's (*October 2023*)	Aa2

Employees, retirees, board members and family support the 2023 Heat the Streets Run & Walk for Warmth.

$142,100

Raised during the 2023 Heat the Streets Run & Walk for Warmth.

862 Customers

Received **$304,858** in utility assistance. That's an average of **$354** per household.

Our customers, employees and Heat the Streets fundraiser contributed **$249,644** to the Home Fund in 2023.

33% ↓

Decrease in gas emergency response time since 2015

12

Recordable injuries in 2023

1.2

YTD recordable injury rate

Recordable injury rate = number of recordable injuries x 200,000/ number of hours worked

Goal Rate: 1.6

14

Vehicle accidents in 2023

4.0

YTD preventable vehicle accident rate

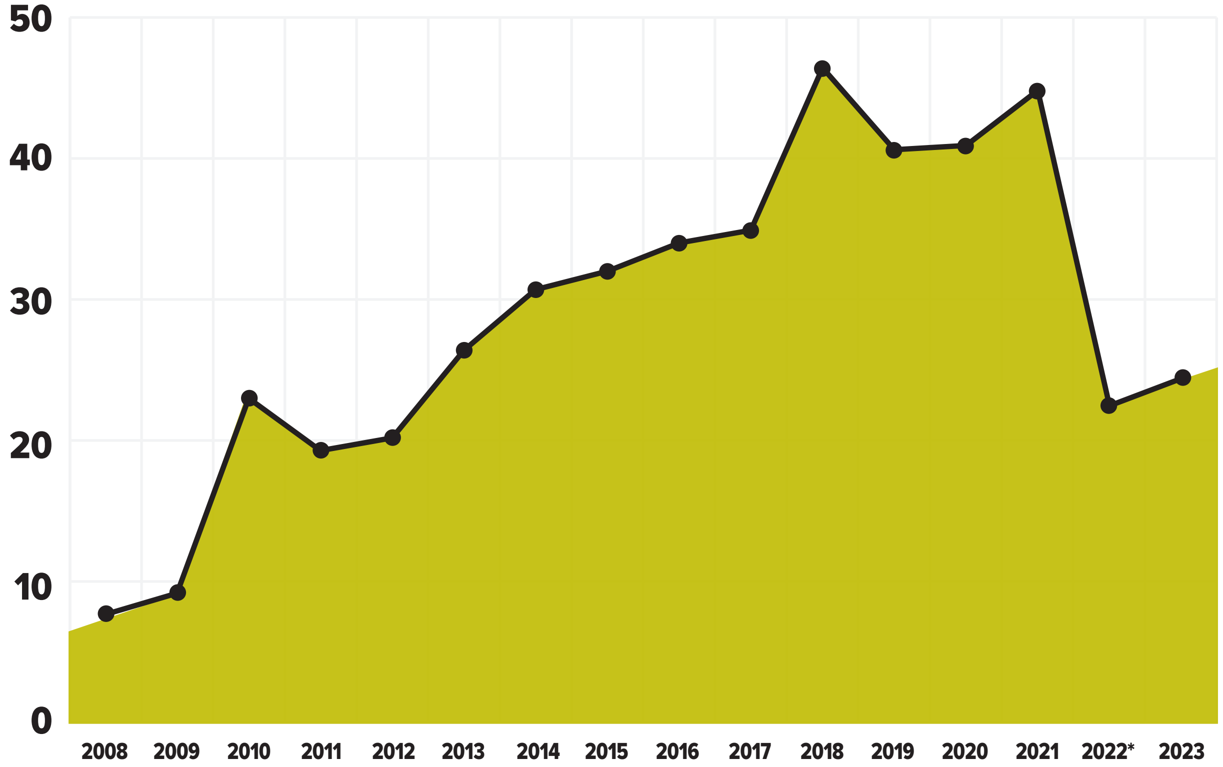
Preventable vehicle accident rate = number of preventable accidents x 1,000,000/ number of miles driven

Goal Rate: 4.3

140,162

Gas and water lines located by the District in 2023.

Gas Infrastructure Mileage Replaced



*MIleage drop due to supply chain constraints.

From 2008 — 2023

The District has replaced

450

miles of cast iron gas mains and

50,559

gas services

458,000

metric tons of carbon dioxide emissions (CO_2) removed from 2008 to 2023 through gas IR program.

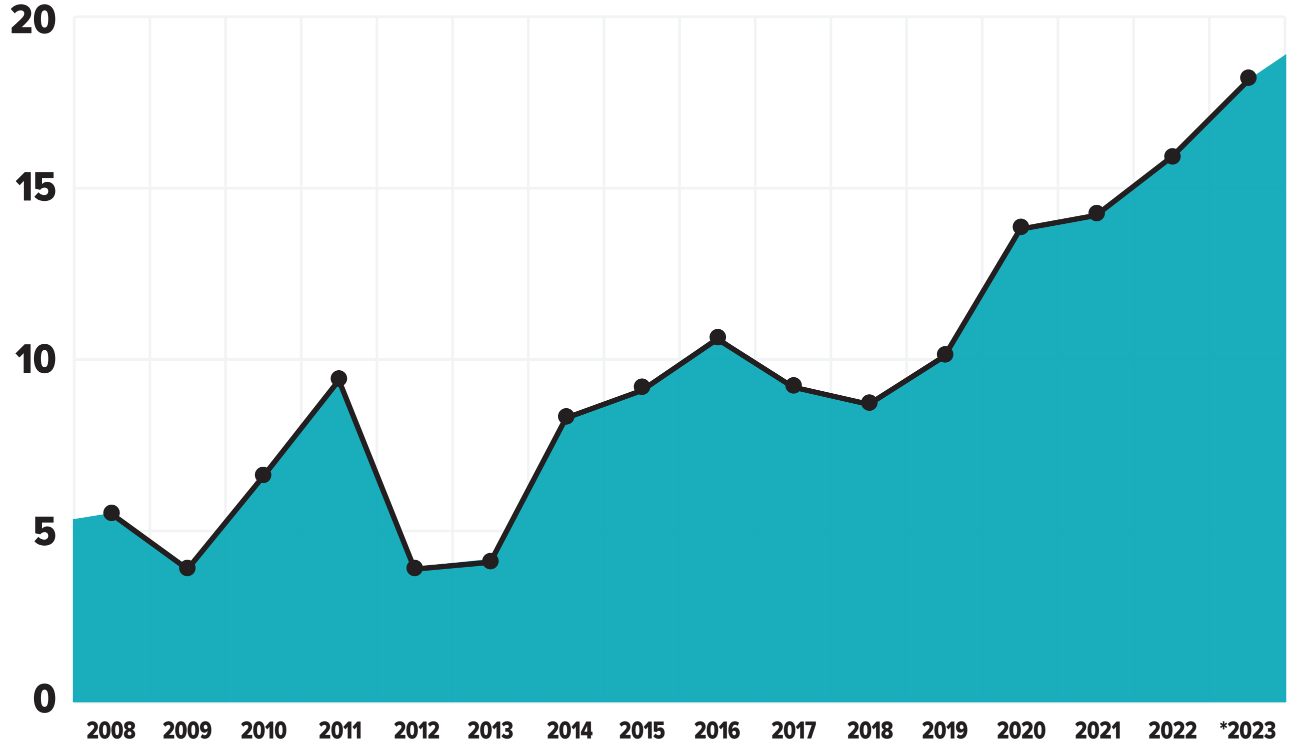
That is equal to:

504 Million
pounds of coal burned.

51 Million
gallons of gasoline consumed.

59,728
homes' energy use for one year.

Water Infrastructure Mileage Replaced and Evaluated



*3.5 miles of conditional assessment completed for additional risk mitigation.

The District has replaced

150

miles of water mains from 2008-2023 and

667

lead service lines since 2017

Investing in Infrastructure to Improve Service, Continuity

Top: M.U.D. President Mark Doyle, M.U.D. Board Vice Chair Jim Begley and Board Director Tim Cavanaugh at the ribbon cutting for the West Dodge Pump Station.

Bottom: Leadership, board members and union representatives from IBEW 1521 break ground on M.U.D.'s second Construction Center.

Years of Service at the District

Years of Service	Employees
40+ years	8 Employees
30 years	50 Employees
20 years	160 Employees
10 years	216 Employees
0-9 years	473 Employees

Represents full-time employees only.

Employee Training & Development

900+

Hours of training programs and development completed by District supervisors.

130

Employees participated in voluntary employee development training for a total of 1,100 training hours.

56

Employees attended specialized leadership training.

22

Employees took advantage of the District's tuition assistance benefit through 36 classes from five different institutions.

Call Center

317,709
Calls presented

91.6%
Precentage of calls answered

1 min 14 sec
Average wait time

Customer & Employee Surveys

48
Total surveys

32,590
Total survey responses

Service Orders

12,013
Emergency orders

78,985
Non-emergency orders

Social Media Metrics

Facebook	Twitter	Nextdoor	LinkedIn
4,190 Followers	4,299 Followers	287,083 Members	2,190 Followers
221 Posts	628 Posts	43 Posts	160 Posts
1,442,434 Impressions	703,500 Impressions	145,602 Impressions	88,222 Impressions

Proactive Outreach for IR Projects

9,803
Notification letters/emails sent to customers

1,304
Phone calls to customers

Customer Experience

73
Employees completed 146 hours of customer experience training

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

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 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). 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 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, 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 the management's discussion and analysis, and other postemployment benefit plan and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers 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.

RSM US LLP

Omaha, Nebraska
March 29, 2024

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2023 and 2022

“Management’s Discussion and Analysis” presents management’s analysis and overview of the Metropolitan Utilities District’s (the District) financial condition and activities as of and for the years ended December 31, 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	

2023 ANNUAL REPORT

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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.

2023 ANNUAL REPORT

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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,

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

Gas Department Capital Asset Activity

The District remains committed to expending the funds necessary to allow for continued safe and reliable delivery of natural gas to the District's customers. A key component of this commitment is addressing the District's aging infrastructure, as evidenced by the District's ongoing efforts to replace all remaining cast iron gas mains, approximately 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.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2023 and 2022

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 func	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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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	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.

	Fair Value			Hierarchy
Investment Type	**Pension Plan**	**OPEB**	**Total**	**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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

	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

2023 ANNUAL REPORT

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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	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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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

2023 ANNUAL REPORT

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

2023 ANNUAL REPORT

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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2023 and 2022

(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

@mudwaterontap

/mudomahane

@mudomahane

mudomaha.com

METROPOLITAN
UTILITIES DISTRICT