

METROPOLITAN UTILITIES DISTRICT

Committee Meetings Agenda

1:00 p.m.

April 1, 2026

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

Construction & Operations – Friend, Sidzyik, Cavanaugh

4. Capital Expenditures [Kendall Minor – SVP & Chief Operations Officer] – **Tab 5**
5. Acceptance of Contracts and Payment of Final Estimates [Trevor Tonniges – Director, Plant Engineering] – **Tab 7**
6. Change Order 1 – WP2152 - Plattsmouth Service Connection – Valley [Trevor Tonniges – Director, Plant Engineering] – **Tab 8**
7. Change Order 5 – WP1910 - PW WPF Lime Grit Removal System Upgrades [Emily Hovda Walton – Director, Program Management] – **Tab 9**
8. Walnut Hill Update [Emily Hovda Walton – Director, Program Management] – **Tab A (INFORMATION ONLY)**
9. Bids on Materials and Contracts [Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 10**

Services & Extensions – Friend, Begley, Howard

10. Main Extensions [Masa Niiya – VP, Engineering] – **Tab 11**

Personnel – Begley, Sidzyik, Friend

11. Wage and/or Salary Increases and Ratification [Bonnie Savine – VP, Human Resources] – **Tab 12**
12. Selection of Vice President, Safety & Security – **Tab 13**
13. Collective Bargaining Agreement [Bonnie Savine – VP, Human Resources] – **Tab 14**

Judicial & Legislative – Cavanaugh, Cook, Howard

14. Third Legislative Report for 2026 [Rick Kubat – Government Relations Attorney] – **Tab 15**
15. Surplus Property Declaration and Proposed Conveyance – 6161 South 132nd Street [Mark Mendenhall – SVP & General Counsel] – **Tab 16**
16. Close on Purchase – Northwest Reservoir 192nd Street and State Street [Mark Mendenhall – SVP & General Counsel] – **Tab 17**

Governance – Begley, Cook, Cavanaugh

17. Delegation of Authority [Mark Mendenhall – SVP & General Counsel] – **Tab 18**

Insurance & Pensions – Howard, McGowan, Cook

18. Actuarial Valuation Report on the Retirement Plan [Steve Dickas – SVP & Chief Financial Officer] – **Tab 19**

Audit – McGowan, Howard, Begley

19. 2025 Audited Financial Statements [Robert Kreiser – VP, Accounting] – **Tab 20**

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

20. 2025 Financial Review [Robert Kreiser – VP, Accounting] – **Tab B (INFORMATION ONLY)**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT

Regular Monthly Board Meeting Agenda

1:45 p.m.

April 1, 2026

1. Roll Call
 2. Open Meetings Act Notice
 3. Pledge of Allegiance
 4. Approval of Minutes – Committee Meetings and Regular Board Meeting for March 4, 2026
- CONSTRUCTION & OPERATIONS**
5. Capital Expenditures
 6. Capital Expenditures between \$25,000 and \$50,000
 7. Acceptance of Payments and Final Estimates
 8. Change Order 1 – WP2152 - Plattsmouth Service Connection – Valley
 9. Change Order 5 – WP1910 - PW WPF Lime Grit Removal System Upgrades
 10. Bids on Materials and Contracts
- SERVICES & EXTENSIONS**
11. Main Extensions
- PERSONNEL**
12. Wage and/or Salary Increases and Ratifications
 13. Selection of Vice President, Safety and Security
 14. Collective Bargaining Agreement
- JUDICIAL & LEGISLATIVE**
15. Third Legislative Report of 2026
 16. Surplus Property Declaration and Proposed Conveyance – 6161 South 132nd Street
 17. Close on Purchase – Northwest Reservoir 192nd Street and State Street
- GOVERNANCE**
18. Delegation of Authority
- INSURANCE & PENSION**
19. Actuarial Valuation Report on the Retirement Plan
- AUDIT**
20. 2025 Audited Financial Statements
- BOARD**
21. President’s Performance and Salary Review
 22. Other Matters of District Business for Discussion
 23. Public Comment
 24. CLOSED SESSION

Adjourn Regular Monthly Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of the Committee Meeting

March 4, 2026

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

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 22, 2026. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on Friday, February 27, 2026.

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

Safety Briefing

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

Roll Call

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

Open Meetings Act Notice

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

Construction and Operations – Friend, Sidzyik, Cavanaugh

Senior Vice-President and Chief Operations Officer Kendall Minor presented the proposed capital expenditures as outlined in his letter to the Committee dated March 2, 2026.

Director of Plant Engineering Trevor Tonniges presented the acceptance of contracts and payment of final estimates as outlined in his letter to the Committee dated February 25, 2026.

Mr. Tonniges continued, presenting change order number 1 for the Rainwood & Skyline Pump Engine Overhauls - Interstate Power Systems as outlined in the letter from

Director of Program Management Emily Hovda Walton to the Committee dated January 30, 2026.

Vice-President of Procurement & Enterprise Services Jon Zellars presented the bids on materials and contracts as outlined in the letter to the Committee from Director of Procurement Sherri Lightfoot dated February 24, 2026. Discussion took place regarding acceptance of bids from local vs regional vendors.

Services and Extensions – Friend, Begley, Howard

Vice-President of Engineering Masa Niiya presented the proposed main extensions as outlined in his letter to the Committee dated February 23, 2026.

Personnel – Begley, Sidzyik, Friend

Vice-President of Human Resources Bonnie Savine reviewed the wage and/or salary increases and ratifications as outlined in her letter to the Committee dated February 19, 2026.

Judicial and Legislative – Cavanaugh, Cook, Howard

Government Relations Attorney Rick Kubat reviewed the second legislative report of the 2026 session as outlined in his letter to the Committee dated February 24, 2026.

Attorney Justin Cooper presented the ratification of purchase of 2822 State Street as outlined in his letter to the Committee dated February 26, 2026.

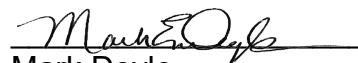
Public Comment

Chairperson Howard asked if there was any member of the public who would like to address the Board.

Member of the public, Jon Traudt, requested the Board review information he provided regarding reduction of natural gas consumption and energy efficiency as it relates to consumer health.

Chairperson Howard asked if there were any further comments from the Board or Management. There was none.

At 1:37 p.m., Chairperson Howard announced the Committee Meetings had concluded, and the Board would reconvene in ten minutes for the regular monthly Board Meeting.



Mark Doyle

President & Secretary to the Board

MD/sec

METROPOLITAN UTILITIES DISTRICT
Minutes of the Regular Monthly Board Meeting
March 4, 2026

Chairperson Gwen Howard called to order the Regular Board meeting of the Metropolitan Utilities District Board of Directors at 1:47 p.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on Sunday, February 22, 2026. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and all pertinent Board materials to be presented at the meeting were emailed to Directors and posted on the MUD website on Friday, February 27, 2026.

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

AGENDA NO. 1

ROLL CALL

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

AGENDA NO. 2

OPEN MEETINGS ACT NOTICE

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

AGENDA NO. 3

PLEDGE OF ALLEGIANCE

Chairperson Howard invited all who wished to participate to recite the Pledge of Allegiance.

AGENDA NO. 4

APPROVAL OF MINUTES FOR THE COMMITTEE MEETINGS AND REGULAR MONTHLY BOARD MEETING FOR FEBRUARY 4, 2026

Director Cavanaugh moved to approve the minutes for the Committee Meetings and Regular Monthly Board Meeting for February 4, 2026, which was seconded by Director Begley and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 5
CAPITAL EXPENDITURES

Director Friend moved to approve the proposed Capital Expenditures as presented in the Committee Meetings by Senior Vice-President and Chief Operations Officer Kendall Minor as outlined in his letter to the Committee dated March 2, 2026. The motion was seconded by Director Sidzyik and carried on a roll call vote.

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

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

Director Friend moved to approve the Acceptance of Contracts and Payment of Final Estimates as presented in the Committee Meetings by Director of Plant Engineering Trevor Tonniges and as outlined in his letter to the Committee dated February 25, 2026. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 7
CHANGE ORDER NO 1 – WP2217 – RAINWOOD AND SKYLINE PUMP ENGINE OVERHAULS – INTERSTATE POWER SYSTEMS

Director Friend moved to approve the Change Order 1 – WP2217– Rainwood & Skyline Pump Engine Overhauls - Interstate Power Systems as presented in the Committee Meetings by Director of Plant Engineering Trevor Tonniges and as outlined in the letter to the Committee dated January 30, 2026, from Director of Program Management Emily Hovda Walton. The motion was seconded by Director Sidzyik and carried on a roll call vote.

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

AGENDA NO. 8
BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve the Bids on Materials and Contracts as presented in the Committee Meetings by Vice-President of Procurement and Enterprise Services Jon Zellars and as outlined in the letter to the Committee dated February 24, 2026, from Director of Procurement Sherri Lightfoot. The motion was seconded by Director Begley and carried on a roll call vote.

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

AGENDA NO. 9
MAIN EXTENSIONS

Director Friend moved to approve the proposed Main Extensions as presented in the Committee Meetings by Vice-President of Engineering Masa Niiya and as outlined in his letter to the Committee dated February 23, 2026, which was seconded by Director Cavanaugh and carried on a roll call vote.

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

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

Director Begley moved to approve the Wage and/or Salary Increases and Ratifications as presented in the Committee Meetings by Vice-President of Human Resources Bonnie Savine and as outlined in her letter dated February 19, 2026. The motion was seconded by Director Sidzyik and carried on a roll call vote.

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

AGENDA NO. 11
SECOND LEGISLATIVE REPORT FOR 2026

Director Cavanaugh moved to approve the recommended positions on legislative bills outlined in the Second Legislative Report for 2026 as presented in the Committee Meetings by Government Relations Attorney Rick Kubat and as outlined in his letter dated February 24, 2026. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 12
RATIFICATION – PURCHASE OF 2822 STATE STREET

Director Cavanaugh moved to approve the Ratification of Purchase of 2822 State Street as presented in the Committee Meetings by Attorney Justin Cooper and as outlined in his letter dated February 26, 2026. The motion was seconded by Director Cook and carried on a roll call vote.

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

AGENDA NO. 13
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Chairperson Howard asked whether any Board Members or Management had any comments they wished to share.

Senior Vice President and General Counsel Mark Mendenhall gave a brief reminder of the upcoming Heat the Streets fundraiser.

AGENDA NO. 14
PUBLIC COMMENT

Chairperson Howard asked if there were any members of the public who would like to address the Board. There was none.

AGENDA NO. 15
CLOSED SESSION

A closed session was not necessary.

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

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

Voting No: None

The regular Board Meeting was adjourned at 1:56 p.m.



Mark Doyle
President & Secretary to the Board

MD/sec

METROPOLITAN UTILITIES DISTRICT*Inter-Department Communication*April 1, 2026**March 26, 2026****Subject: CAPITAL EXPENDITURES****To:** Construction and Operations Committee
cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Dickas, Mendenhall, and all Vice Presidents**From:** Kendall Minor, SVP & Chief Operations Officer

The following capital expenditures will be on the April 1, 2026, Committee Agenda for consideration and the Board Agenda for approval:

BUILDINGS, PLANTS & EQUIPMENT**1. JOB #:** GP2946 (100020000022 - \$290,000)**TOTAL COST:** \$290,000**LOCATION:** LNG**PURPOSE:** Safety Improvements to staircase**DESCRIPTION:** The District has identified safety improvements to the staircase on the LNG Tank as necessary to enhance user safety for District personnel when performing their duties on the tank. These improvements include adding toe-kicks to the side and back of each stair, increasing the height of the safety handrail, adding a cross-bar to the safety handrail, and structural reinforcements to the safety railing.**2. JOB #:** WP2041 (100035000004 - \$202,000)**TOTAL COST:** \$202,000**LOCATION:** Platte West Water Production Facility**PURPOSE:** Wellfield Generator Improvements Design**DESCRIPTION:** The Platte West Water Production Facility currently relies on two mobile trailer-mounted generators for backup power, but this approach has significant limitations — the generators can only support about 35% of annual production demand, require shore power connection at the plant before deployment, and must be manually set up. A Feasibility Study evaluated three options for a more permanent solution, ultimately recommending Option #2: permanently sited, fully automated diesel generators sized to support full production capacity in both the Douglas and Saunders County wellfields. Following a competitive selection process, the engineering firm Schemmer is being recommended to lead the design phase, with construction to be competitively bid under a separate future approval.**3. JOB #:** WP2148 (100085000677 - \$3,000,000)**TOTAL COST:** \$3,000,000**LOCATION:** Northwest Pump Station and Reservoir**PURPOSE:** Final Design**DESCRIPTION:** The District's 2022 Water System Master Plan identified the need for a new Zone 3 pump station and reservoir in northwest Omaha. Property northeast of 195th and State Street has been secured, with closing expected in April 2026. The District is now seeking authorization to hire a consultant for final design, construction documents, and

construction support — with construction tentatively set to begin in 2027 and be completed by summer 2029. Following a competitive RFP process in which five firms submitted proposals, a District selection team unanimously recommended Black and Veatch. They will partner with local firms HGM and Thiele Geotech, both of which have an extensive positive history with the District.

4. JOB #: (100033000142 - \$1,954,575) & (100033000081 - \$1,839,600)

TOTAL COST: \$3,794,175

LOCATION: Platte South Water Production Facility

PURPOSE: Replace North and South Upflow Basin roof and skylights

DESCRIPTION: The roof and skylights for the North and South Upflow Basins at the Platte South Water Treatment Facility are at the end of their service life and require replacement. Based on available 2026 budgeted funds, Facilities Management is seeking approval to replace the South Upflow Basin roof and skylights and to replace underground drain piping for roof drainage of both upflow basins to meet City of Bellevue code and defer the replacement of the North Upflow Basin roof and skylights until 2027. Additional funds will be budgeted in 2027 for the replacement of the North Upflow Basin roof and skylights. Capital expenditure authorization is requested now as the low bid for this work includes a no price escalation for the replacement of the North Upflow Basin roof and skylight in 2027.

SYSTEM IMPROVEMENTS

1. JOB #: WP2192 (100051001097 - \$80,000)

TOTAL COST: \$80,000

LOCATION: Pratt Street between North 24th Street and North 25th Avenue

PURPOSE: Install water mains

DESCRIPTION: This work is being done to improve water system reliability and meet modern fire protection requirements for the area. The new 6” water main along Pratt Street between North 24th Street and North 25th Avenue will provide a new feed for this area and better interconnect the distribution system. This project is anticipated to start in Spring 2026 and will be constructed along with infrastructure replacement work occurring in adjacent streets.

Approved:

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Mark Doyle
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Mark E. Doyle
President

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Kendall Minor
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Kendall Minor
SVP, Chief Operations Officer

April 1, 2026**METROPOLITAN UTILITIES DISTRICT***Inter-Department Communication***March 25, 2026****Subject: CAPITAL EXPENDITURES FROM \$25,000 TO \$50,000****To:** Committee on Construction and Operations
cc: all Board Members; President Doyle; Senior Vice Presidents Ausdemore, Dickas, Mendenhall, and all Vice Presidents**From:** Kendall Minor, SVP & Chief Operations Officer

These capital expenditures were released in February 2026

BUILDINGS, PLANTS & EQUIPMENT**1. JOB #:** (100033000121- \$46,000)**TOTAL COST:** \$ 46,000**LOCATION:** Platte South Water Production Facility**PURPOSE:** Catalysts for High Service Gas Engines**DESCRIPTION:** This request is to purchase a spare set of catalyst elements for the high service pump #1 and #3 natural gas fired engines at the Platte South water production facility. These catalyst elements are part of the engines' emissions control system and require periodic cleaning to comply with state and federal regulations. Purchasing a spare set of catalysts will allow the engines to remain in service while the original catalyst set is sent out for professional cleaning and inspection.**2. JOB #:** (100071000863- \$36,910)**TOTAL COST:** \$ 36,910**LOCATION:** Florence Water Treatment Plant**PURPOSE:** Chlorine Building Valve Replacement**DESCRIPTION:** The chlorine building at the Florence Water Treatment Plant was constructed in 2003. There are several one-inch valves that isolate the individual chlorine cylinders when changing cylinders or performing maintenance. These valves are original to the building and are showing signs of corrosion and are becoming difficult to operate. This C&A will cover the replacement of 32 valves.**SYSTEM IMPROVEMENTS****1. JOB #: R2391** (100054001315 - \$36,000) & (100068001301 - \$5,200)**TOTAL COST:** \$41,200**LOCATION:** North 204th Street and Fort Street**PURPOSE:** Replace gas mains**DESCRIPTION:** This work is required to eliminate conflicts with proposed grading and storm sewers being done for the Fort Street realignment and Highway N-31 widening on Douglas County's Project C-28(327). This project is anticipated to begin spring 2026 and will be constructed by a District crew.

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Kendall Minor

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Kendall Minor
SVP, Chief Operations Officer

Approved:

DocuSigned by:

Mark Doyle

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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

April 1, 2026

March 24, 2026

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

From: Trevor Tonniges, Director, Plant Engineering

The following items will be on the April 1, 2026, Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
a. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2024/2025); PLUMBRITE, LLC; WP2081 (100097000018)	5/21/2024	\$250,385.00	\$412,951.86

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
b. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2024/2025); BACKLUND PLUMBING; WP2112 (100097000020, 100097000027, 100097000028, 100097000029, 100097000030, 100097000031, 100097000032, 100097000033)	6/14/2024	\$698,020.00	\$562,134.10

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
c. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2024/2025); BACKLUND PLUMBING; WP2130 (100097000035)	10/16/2024	\$530,561.12	\$971,768.20

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
d. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2024/2025); HARRISON PLUMBING; WP2131 (100097000036)	10/16/2024	\$270,228.60	\$485,627.29

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
e. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2024/2025); PLUMBRITE, LLC.; WP2132 (100097000037)	10/18/2024	\$265,041.70	\$684,733.29

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
f. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2025); EYMAN PLUMBING; WP2172 (100097000065, 100097000066)	2/10/2025	\$1,706,881.00	\$534,364.53

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
g. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2025); PLUMBRITE, LLC.; WP2173 (100097000067, 100097000068)	2/13/2025	\$1,706,881.00	\$997,100.66

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
h. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2025); BURTON PLUMBING SERVICES, LLC.; WP2174 (100097000069, 100097000070)	3/11/2025	\$1,706,881.00	\$796,782.78

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

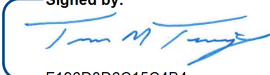
Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
i. LEAD SERVICE LINE REPLACEMENTS AT VARIOUS LOCATIONS (2025); OMAHA COUNCIL BLUFFS PLUMBING; WP2175 (100097000071, 100097000072)	3/12/2025	\$1,706,881.00	\$901,276.04

Comments: All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
j. PLATTE SOUTH DEHUMIDIFIER REPLACEMENT; PRAIRIE MECHANICAL CORPORATION; WP2198 (100033000027)	7/1/2025	\$1,110,764.00	\$1,117,895.00

Comments: There was an increase of \$7,131.00 (+0.6%) for this project due to a previously approved change order required to complete the work. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.


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

Signed by:

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Trevor Tonniges
 Director, Plant Engineering

Approved:

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Masa Niya
 Vice President
 Engineering

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Kendall Minor
 Senior Vice President
 Chief Operations Officer

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Mark Doyle
 President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

April 1, 2026

March 16, 2026

Subject: CHANGE ORDER 1 – 24" SERVICE VALVE INSTALLATION, S. 36TH ST. & LA PLATTE RD.; VALLEY CORPORATION, WP2152 (100051001095)

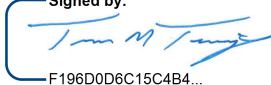
To: Construction and Operations Committee
CC: All Board Members, President Doyle, Senior Vice Presidents Ausdemore, Mendenhall, Minor, Dickas, and all Vice Presidents

From: Trevor Tonniges, Director, Plant Engineering


On October 1, 2025, the District entered into a contract with Valley Corporation to install the 24" service tap and water main for the Plattsmouth water main connection. The original contract price was \$204,447.76. Change Order No. 1 results in an increase of \$36,509.03. This will change the total contract price to \$240,956.79.

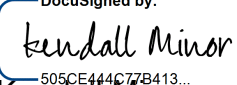
Change Order No. 1 represents an additional cost of \$36,509.03 for additional materials, efforts and adjustments to finalize the connection of the Plattsmouth service to the District's water system.

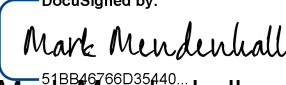
This work has already been completed to prevent delays and your approval is requested. The developer has approved these costs.


Signed by:

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Trevor Tonniges
Director, Plant Engineering

Approved:

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Masa Niya
Vice President,
Engineering

DocuSigned by:

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Kendall Minor
Sr. Vice President,
Chief Operations Officer

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Mark Mendenhall
Sr. Vice President,
General Counsel

DocuSigned by:

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Mark Doyle
President

QA/QC
JCT
03/16/2026

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

April 1, 2026

March 18, 2026

Subject: CHANGE ORDER #5 – LIME GRIT REMOVAL SYSTEM UPGRADES;
PLATTE WEST WPF, 21212 Q ST., ELKHORN, NE; BUILDING CRAFTS,
INC.; WP1910 (100035000010)

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

From: Emily Hovda Walton, Director, Program Management

On November 30, 2023 the District entered into a contract with Building Crafts, Inc. to perform Lime Grit Removal System Upgrades. The original contract price, with previously approved Change Orders 1, 2, 3, and 4, was \$1,333,663.69. Change Order No. 5 results in a net add of \$73,109.89. This will change the total contract price to \$1,406,773.58.

The first item is an addition to perform modifications to the Lime Feed Area in order to improve performance and usability of the space. These modifications include changes to the suction piping assemblies, the lime slurry return line, and the lime grit drop line.

The second item is an addition to add flushing taps to the classifier manifold system. This serves to increase usability and serviceability of the system.

This work is in progress and your approval is requested.


Signed by:

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Emily Hovda Walton
Director, Program Management

Approved:

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Kendall Minor
Sr. Vice President,
Chief Operations Officer

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Mark Mendenhall
Sr. Vice President,
General Counsel

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Mark Doyle
President

April 1, 2026

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 24, 2026

Subject: Walnut Hill Reservoir and Pump Station Project

To: All Board Members

Cc: President Doyle, Senior Vice Presidents Ausdemore, Dickas, Mendenhall and Minor; and all Vice Presidents

From: Emily Hovda Walton, Director, Program Management

The purpose of this memorandum is to summarize the evaluation of the Walnut Hill Reservoir property, present the conceptual redevelopment options prepared by Erhart Griffin & Associates (EGA), and recommend a preferred alternative for Board awareness as the project advances into detailed design.

The Walnut Hill Reservoir was removed from service and disconnected from the District's distribution system in 2015, and the structure has since deteriorated, creating both a safety liability and an aesthetic concern for the surrounding neighborhood. On October 1, 2025, the Board approved a C&A for design services with EGA to assess site conditions, develop conceptual alternatives, and prepare detailed design for the District's selected option. EGA has now completed the site assessment and conceptual alternatives, and the District is prepared to move into detailed design.

EGA's Technical Memorandum (TM) outlined several options ranging from minimal intervention to full restoration of the Pump Station structures. On February 9, 2026, District Management, Engineering, and Water Operations staff met with EGA and their architectural subconsultant, Jackson and Jackson, to review the TM findings. Based on this joint evaluation, project team recommend removing both the reservoir, the west connecting structure and staircase, as shown in Figures 01 and 02, with staircase photograph provided in Figures 03.

Removing the western staircase, connecting structure and the reservoir, ensures a safe and stable demolition process. The west staircase sits significantly higher than the Pump Station ground floor, and the substantial elevation difference creates a risk of undermining the soil and footings supporting the staircase during reservoir demolition. Preserving the staircase and connecting structure would require highly controlled demolition methods, extensive shoring, and large quantities of imported fill to maintain stability. The staircase and western structure do not provide functional, structural, or historical value to the site or the Pump Station building. Removing it provides the best opportunity to preserve the Pump Station, which is the most historically significant structure on the site.

Following demolition, the western portion of the site will be regraded with a gentle slope extending westward from the Pump Station. This will create a uniform, well-drained, and relatively flat site that is safer, easier to maintain, and more attractive for future development and community use. The recommended approach, removing the reservoir and staircase, regrading the site, and preserving the Pump Station, offers the safest, most cost-effective, and most flexible long-term solution for the Walnut Hill property.

Detailed design for demolition of the reservoir and staircase is already included in EGA's current scope of services, and no additional appropriation is required at this time. District staff is providing this update to keep the Board informed as the project transitions into detailed design. The District will continue to work closely with the Board of Directors, community members, and City of Omaha Representatives to ensure clear communication and alignment on next steps for the property.

Signed by:

Emily Hovda Walton

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Emily Hovda Walton
Director, Program Management

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Melissa Polito

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Melissa Polito
Director, Water Production & Pumping

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Doug Whitfield

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Doug Whitfield
Vice President, Water Operations



Figure 01, Recommended Removals

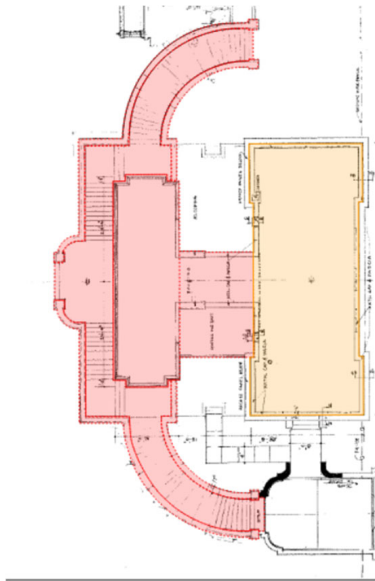


Figure 02, Recommended Removals, Detail



Figure 03, Staircase Photo South

April 1, 2026

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

March 24, 2026

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

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

From: Sherri A Lightfoot, Director, Procurement

The following items will be on the April 1, 2026 Committee Agenda for consideration and the April 1, 2026 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

<u>Item</u>	<u>Bids Sent</u> <u>/ Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Install Water Mains in 168th & Giles Apartments Phase 1 Lot 1 - NW of S. 168th St. & Giles Rd. 100055001581 WP2259 Engineering Estimate: \$91,325.00 (A C&A in the amount of \$169,017.00 will be presented to the Board on April 1, 2026 for approval.)	41/4	Kersten Construction <i>Pat Thomas Construction</i> Cedar Construction MC Wells Contracting	\$77,462.25 88,820.00 105,250.00 117,625.00

Install Water Mains in Hillcrest Landing Lots 1-3, SE of S. 76th St. & Main St. 100055001601 100051001183 100041000395 WP2262 Engineering Estimate: \$332,600.00 (A C&A in the amount of \$414,208.00 will be presented to the Board on April 1, 2026 for approval.)	41/2	MC Wells Contracting Kersten Construction	\$328,500.00 421,598.00
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RATIFICATION

<u>Item</u>	<u>Bids Sent</u> <u>/ Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
SuccessFactors & Work Force SAP Cloud Services Renewal Two (2) Year Contract (March 27, 2026 to March 26, 2028)	1/1	SuccessFactors	\$685,579.84
One (1) Electric 3,500lb. Reach Truck Forklift 100090001789	3/3	Lift Solutions MH Equipment Lift Solutions	\$61,546.00 * 61,389.70 82,966.00

*2nd Low Bid Recommended due to the equipment in stock for CC2.
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 7, 2026 in the amount of \$21,769,000.00.)

INFORMATION TECHNOLOGY

<u>Item</u>	<u>Bids Sent</u> <u>/ Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Benefits Administration System Five (5) Year Contract 100086000780	3/3	Empyrean <i>BenefitFocus</i> <i>AspireHR</i>	\$876,960.00 1,355,500.00 365,080.00 *
SSAM, Mirata Forms and FSM Implementation 100086000780	7/3	Delaware Consulting <i>Bridge Atlantic</i> <i>Havensight</i>	\$1,536,777.00 3,391,000.00 562,400.00 *

*Bid Rejected, Incomplete Bid did not include the Interactive Decision Support Tool.

*Bid Rejected, Incomplete Bid did not include the Field Service Management (FSM) Implementation.
(C&A for 100086000780 approved November 5, 2025 in the amount of \$3,500,000.00.)

OTHER

<u>Item</u>	<u>Bids Sent</u> <u>/ Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Replace Platte South Upflow Basin Roofs South Upflow Basin Roof in 2026 and North Upflow Basin Roof in 2027 Combined 30 - Year Warranty 100033000142(2026) 100033000081(2027) (A C&A in the amount of \$3,794,175.00 will be presented to the Board on April 1, 2026 for approval.)	10/4	Anderson Enterprises 10 Men Roofing <i>Stonebrook Exterior</i> <i>McKinnis Roofing</i>	\$3,231,122.00 3,246,000.00 3,559,700.00 3,875,759.21
Liquefied Natural Gas (LNG) Plant Staircase Safety Improvements 100020000022 GP2946 *Bid Rejected, Contractor Challenges on previous Florence Water Treatment Facility Project. (A C&A in the amount of \$290,000.00 will be presented to the Board on April 1, 2026 for approval.)	8/3	Omaha Mechanical <i>NV5 LNG Engineering</i> Cummings and Sons	\$242,069.50 268,330.46 147,389.42 *
Four (4) CNG Regular Cab Single Axle Chassis and Dump Bodies 100088000899 (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 7, 2026 in the amount of \$21,769,000.00.)	9/3	Reading Truck Equipment MHC Kenworth Omaha Truck Center Companies	\$920,980.00 948,780.00 1,010,064.00

ANNUALS


<u>Item</u>	<u>Bids Sent</u> <u>/ Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Concrete and Asphalt Pavement Repairs at Various District Construction Sites - Year Two (2) of Three (3) Year Contract (June 1, 2026 to May 31, 2027)	1/1	Burrell Enterprises	\$814,785.00

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

Approved:


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Jon Zellars
Vice President, Procurement and Enterprise Services

Signed by:


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

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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

April 1, 2026

March 18, 2026

Subject: MAIN EXTENSIONS

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

From: Masa Niiya, Vice President, Engineering

The following main extensions will be on the April 1, 2026, Committee Agenda for consideration and the Board Agenda for approval:

1. JOB #: WP2286 (100059000296 - \$53,400)

PROJECT COST: \$53,400

DISTRICT COST: \$0

LOCATION: Southwest of South 204th Street and Harrison Street

DISTRICT SUBDIVISION: Cavanaugh

PURPOSE: Install water mains for Sunset Meadows Subdivision Phase 3

DESCRIPTION: Work to be done will provide water service and fire protection to 121 single-family residential lots and 9 outlots in Sunset Meadows Subdivision Phase 3.

2. JOB #: WP2262 (100055001601- \$352,038), (100051001183 - \$52,685) & (100041000395 - \$9,485)

PROJECT COST: \$414,208

DISTRICT COST: \$52,685

LOCATION: Southeast of South 76th Street and Main Street

DISTRICT SUBDIVISION: McGowan

PURPOSE: Install water mains for Hillcrest Landing Subdivision

DESCRIPTION: Work to be done will provide water service and fire protection to 3 multi-family residential lots in the Hillcrest Landing Subdivision.

3. JOB #: WP2259 (100055001581 - \$169,017)

PROJECT COST: \$169,017

DISTRICT COST: \$0

LOCATION: Northwest of South 168th Street and Giles Road

DISTRICT SUBDIVISION: Cavanaugh

PURPOSE: Install water mains for Divine Shepherd Subdivision

DESCRIPTION: Work to be done will provide domestic water service and fire protection to 2 multi-family residential lots for the 168th and Giles Apartments in the Divine Shepherd Subdivision.

Approved:

DocuSigned by:
Kendall Minor
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Kendall Minor
Sr. Vice President, Chief Operations Officer

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Masa Niiya
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Masa Niiya
Vice President, Engineering

DocuSigned by:
Mark Doyle
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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT*Inter-Department Communication*April 1, 2026**March 26, 2026****Subject: WAGE AND/OR SALARY INCREASES AND RATIFICATIONS, APRIL 2026 BOARD MEETING****To:** Personnel Committee**cc:** All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Dickas, Mendenhall, Minor and all Vice Presidents**From:** Bonnie Savine, Vice President, Human Resources

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

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

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

Employee: **Alex Case**
Current position (department): Customer Service Technician Trainee (Field Service Operations)
New position (department): Water Plant Maintenance Mechanic (Platte West Plant)
Current rate; step/grade: \$32.41; Step 4
Proposed rate; step/grade: \$34.99; Step 1
Percent of increase: 7.96%
District hire date: July 10, 2023

Employee: **Joseph Cummings**
Current position (department): Mechanic II (Transportation)
New position (department): Sr. Mechanic (Transportation)
Current rate; step/grade: \$44.95; Step 4
Proposed rate; step/grade: \$49.30; Step 4
Percent of increase: 9.68%
District hire date: May 7, 2018

Employee: **Tom Finn**
Current position (department): Mechanic II (Transportation)
New position (department): Sr. Mechanic (Transportation)
Current rate; step/grade: \$44.95; Step 4
Proposed rate; step/grade: \$49.30; Step 4
Percent of increase: 9.68%
District hire date: March 2, 2020

Wage and/or Salary Increases and Ratifications

April 2026

Page 2

Employee: **Logan McGill**
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Utility Locator (Safety and Security)
Current rate; step/grade: \$31.17; Step 3
Proposed rate; step/grade: \$35.25; EN
Percent of increase: 13.09%
District hire date: July 1, 2024

Employee: **Steve Novak**
Current position (department): Water Maintenance Worker (Water Distribution)
New position (department): Material Handler Trainee (Stores)
Current rate; step/grade: \$34.90; Step 2
Proposed rate; step/grade: \$37.48; Step 4
Percent of increase: 7.39%
District hire date: April 24, 2023

Employee: **Josiah Pesek**
Current position (department): Customer Service Technician (Field Service Operations)
New position (department): Customer Service Technician – Fitter (Field Service Operations)
Current rate; step/grade: \$42.27; Step 2
Proposed rate; step/grade: \$46.41; Step 3
Percent of increase: 9.79%
District hire date: May 10, 2021

Employee: **Martin Smith**
Current position (department): Water Maintenance Trainee (Water Distribution)
New position (department): Plant & Wellfield Maintenance Worker (Platte West Plant)
Current rate; step/grade: \$31.32; Step 3
Proposed rate; step/grade: \$34.71; Step 1
Percent of increase: 10.82%
District hire date: September 9, 2024

Employee: **Shane Zeimen**
Current position (department): Electrician (Central Maintenance)
New position (department): Sr. Electrician (Central Maintenance)
Current rate; step/grade: \$50.45; Step 4
Proposed rate; step/grade: \$52.97; Step 4
Percent of increase: 5.00%
District hire date: January 11, 2016

Wage and/or Salary Increases and Ratifications

April 2026

Page 3

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

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

There are no recommendations for approval this month

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

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

There are no recommendations for approval this month

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

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

Employee: Angela Burgett
Current position (department): Geographic Information System Technician II (Infrastructure Integrity)
New position (department): Sr. Engineering Technician – Operations (Plant Engineering)
Current rate; step/grade: \$35.48; Step 2
Proposed rate; step/grade: \$88,023; SPA – 03
Percent of increase: 19.28%
District hire date: July 3, 2023

Employee: Colton Carey
Current position (department): Mechanic II (Transportation Operations)
New position (department): Foreman, Transportation – Shift (Transportation Administration)
Current rate; step/grade: \$44.95; Step 4
Proposed rate; step/grade: \$98,171; SPA – 04S
Percent of increase: 5.00%
District hire date: July 19, 2021

Wage and/or Salary Increases and Ratifications

April 2026

Page 4

Employee: **Matthew Davison**
Current position (department): Sr. Mechanic (Transportation Operations)
New position (department): Foreman, Transportation – Shift (Transportation Administration)
Current rate; step/grade: \$49.30; Step 4
Proposed rate; step/grade: \$107,671; SPA – 04S
Percent of increase: 5.00%
District hire date: March 31, 1998


Employee: **Tricia Gosson**
Current position (department): Buyer (Purchasing)
New position (department): Sr. Buyer (Purchasing)
Current rate; step/grade: \$110,232; SPA – 03
Proposed rate; step/grade: \$115,744; SPA – 04
Percent of increase: 5.00%
District hire date: January 11, 2021

Employee: **Daniel Iliff**
Current position (department): Engineering Technician – Corrosion (Infrastructure Integrity)
New position (department): Sr. Engineering Technician – Operations (Plant Engineering)
Current rate; step/grade: \$46.67; Step 4
Proposed rate; step/grade: \$101,928; SPA – 03
Percent of increase: 5.00%
District hire date: September 19, 2005


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


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

There are no ratifications for approval this month

DocuSigned by:

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 Bonnie Savine
 Vice President, Human Resources

APPROVED:

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 Mark A. Mendenhall
 Senior Vice President, General Counsel

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 Mark E. Doyle
 President

April 1, 2026

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

March 23, 2026

Subject: PROMOTION OF VICE PRESIDENT, SAFETY & SECURITY

To: Personnel Committee

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

From: Bonnie Savine, Vice President, Human Resources

The District recommends that the Board of Directors approve a promotional salary increase for Shane Docken, from Manager, Safety to Vice President, Safety & Security.

Mr. Docken was hired by the District on April 9, 2018 as a Safety Specialist. He was promoted to Manager, Safety in August 2019. Mr. Docken holds Bachelor of Science degrees in Criminology & Criminal Justice and Emergency Management as well as a Master of Science in Justice Administration & Crime Management. Additionally, he holds several professional certifications, notably Certified Safety Professional, Certified Protection Professional and Certified Business Continuity Professional.

Human Resources and the Senior Management team conducted a thorough recruitment and job placement process. The District's Senior Management team and I agree on this selection. Based on his extensive, proven work experience, Mr. Docken is recommended for promotion to the position of Vice President, Safety & Security. Mr. Docken's promotion will be from Grade SPA-6S to Grade SPA-11S on the Supervisory, Professional and Administrative Scale.

Given the expanded responsibilities associated with the Vice President, Safety & Security role, it is recommended that the President be authorized to increase Mr. Docken's salary to \$180,073 per year, effective April 16, 2026, in accordance with District policy.

DocuSigned by:

Bonnie Savine

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Bonnie Savine

Vice President, Human Resources

APPROVED:

DocuSigned by:

Mark Mendenhall

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Mark A. Mendenhall
Senior Vice President, General Counsel

DocuSigned by:

Mark Doyle

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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT*Inter-Department Communication*April 1, 2026**March 20, 2026****Subject: COLLECTIVE BARGAINING AGREEMENT
(EFFECTIVE APRIL 1, 2026 - MARCH 31, 2030)****To:** Personnel Committee
cc: All Board Members; President Doyle, Senior Vice Presidents Ausdemore,
Dickas, Mendenhall, Minor**From:** Bonnie Savine, Vice President, Human Resources

The District reached a tentative agreement with IBEW 1521 on February 25, 2026, for an updated Collective Bargaining Agreement ("Agreement"). IBEW 1521 members voted and approved the tentative Agreement on March 11, 2026.

The Agreement was reached after extensive and significant work by Management and the IBEW 1521's representatives. Both groups recognize the importance of having an effective contract and the goal to improve the financial viability of the District.

Management recommends the President be authorized to enter into the updated Collective Bargaining Agreement with the IBEW 1521. I will be available to answer questions at the April 1, 2026 Board meeting.

DocuSigned by:

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Bonnie Savine

Vice President, Human Resources

DocuSigned by:

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Mark Mendenhall

Senior Vice President, General Counsel

APPROVED:

DocuSigned by:

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Mark E. Doyle
President

Bargaining Agreement Components:

The agreement begins April 1, 2026, and ends March 31, 2030.

Wage increases:

Wage increases are as follows:

	2026	2027	2028	2029
General Increase	4.00%	4.00%	3.10%	3.50%

Group Medicare Supplement Plan for employees hired on or after 9/28/2013:

Employees hired on or after 9/28/2013 are removed from the District’s PPO health insurance plan once they reach Medicare eligible age. Effective 1/1/2027, employees hired on or after 9/28/2013 will have an option to transition to the District’s Group Medicare Supplement Plan upon reaching Medicare eligible age.

	Up to 12/31/2026
Employees hired on or after September 28, 2013	<p>Employees hired on or after September 28, 2013 will be eligible for the current Retiree PPO health insurance plan until they reach Medicare eligible age.</p> <p>Upon reaching Medicare eligible age, the Retiree will be removed from the District’s PPO health insurance plan.</p> <p>A qualified spouse may also participate in the District’s Retiree PPO health insurance plan until they reach Medicare eligible age.</p>
	Effective 1/1/2027
Employees hired on or after September 28, 2013	<p>Employees hired on or after September 28, 2013 will be eligible for the current Retiree PPO health insurance coverage until they reach Medicare eligible age.</p> <p>A qualified spouse may also participate in the District’s Retiree PPO health insurance until they reach Medicare eligible age.</p> <p>Upon reaching Medicare eligible age, a Retiree covered under the PPO health insurance plan will be eligible to transition to the District’s Group Medicare Supplement Plan. If an employee elects to participate in the District’s Group Medicare Supplement Plan, the District will contribute a \$200 monthly subsidy toward the retiree’s monthly premium, paid directly to the plan administrator.</p> <p>Upon reaching Medicare eligible age, a qualified spouse under the PPO health insurance plan, may also transition into the District’s Group Medicare Supplement Plan, and are also eligible for the \$200 monthly subsidy.</p>

Deferred Compensation Plan 457(b):

Employees hired after 9/28/2013 have a higher match for their 457(b), in order to assist with the cost of supplementing their Medicare coverage. With the change above, the Deferred Compensation Plan 457(b) for employees hired on or after 9/28/2013 will now align with employees hired prior to 9/28/2013 effective 1/1/2027:

	Effective until 12/31/2026
Employees hired on or after September 28, 2013	Employees hired on or after September 28, 2013 will be eligible for 100% match of their first \$2,500 contributed annually into the Deferred Compensation plan (457b).
Employees hired prior to September 28, 2013	Employees hired prior to September 28, 2013 will be eligible for 50% match of their first \$3,000 contributed annually into the Deferred Compensation plan (457b).

	Effective 1/1/2027
All Employees	All employees will be eligible for 50% match of their first \$3,000 contributed annually into the Deferred Compensation plan (457b).

Pension Plan:

No change to employee contribution for the pension plan:

	2027	2028	2029	2030
Employee Contributions	9.00%	9.00%	9.00%	9.00%

Health Insurance:

Effective 1/1/2027, increase to Employee Contributions.

Effective 1/1/2028, increase to Deductibles, Coinsurance limit, medical copays, and pharmacy co-pays.

Employee Contributions	Calendar Years				
	2026	2027	2028	2029	2030
EE Only	15%	15.50%	15.50%	16%	16%
EE + One	15%	15.50%	15.50%	16%	16%
Family	15%	15.50%	15.50%	16%	16%

In-Network - Deductible	Calendar Years				
	2026	2027	2028	2029	2030
EE Only	\$700	\$700	\$750	\$800	\$800
EE + One (Same as Family)	\$1,400	\$1,400	\$1,500	\$1,600	\$1,600
Family	\$1,400	\$1,400	\$1,500	\$1,600	\$1,600

Out-of-Network – Deductible	Calendar Years				
	2026	2027	2028	2029	2030
EE Only	\$1,400	\$1,400	\$1,500	\$1,600	\$1,600
EE + One (Same as Family)	\$2,800	\$2,800	\$3,000	\$3,200	\$3,200
Family	\$2,800	\$2,800	\$3,000	\$3,200	\$3,200

Coinsurance Limit	In-Network - Medical Coinsurance Limit				
	2026	2027	2028	2029	2030
EE Only	\$1,800	\$1,800	\$1,900	\$1,900	\$1,900
EE + One	\$3,600	\$3,600	\$3,800	\$3,800	\$3,800
Family	\$3,600	\$3,600	\$3,800	\$3,800	\$3,800

Coinsurance Limit	Out-of-Network - Medical Coinsurance Limit				
	2026	2027	2028	2029	2030
EE Only	\$3,600	\$3,600	\$3,800	\$3,800	\$3,800
EE + One	\$7,200	\$7,200	\$7,600	\$7,600	\$7,600
Family	\$7,200	\$7,200	\$7,600	\$7,600	\$7,600

Deductible & Coinsurance Limit	In-Network - Limit				
	2026	2027	2028	2029	2030
EE Only	\$2,500	\$2,500	\$2,650	\$2,700	\$2,700
EE + One	\$5,000	\$5,000	\$5,300	\$5,400	\$5,400
Family	\$5,000	\$5,000	\$5,300	\$5,400	\$5,400

Deductible & Coinsurance Limit	Out-of-Network - Limit				
	2026	2027	2028	2029	2030
EE Only	\$5,000	\$5,000	\$5,250	\$5,400	\$5,400
EE + One	\$10,000	\$10,000	\$10,500	\$10,800	\$10,800
Family	\$10,000	\$10,000	\$10,500	\$10,800	\$10,800

Medical Copays	In-Network Medical Copays				
	2026	2027	2028	2029	2030
Office Visits - Primary Care Physician (PCP)	\$20	\$20	\$25	\$25	\$25
Office Visits (Specialist)	\$20	\$20	\$30	\$30	\$30
Telehealth	\$5	\$5	\$5	\$5	\$5
Urgent Care visits	\$20	\$20	\$30	\$30	\$30
Emergency Room Visits*	\$100	\$100	\$120	\$120	\$120
<i>*ER Copay waived if admitted</i>					

Medical Copays	Out-of-Network - Medical Copays				
	2026	2027	2028	2029	2030
Office Visits (PCP)	\$22	\$22	\$30	\$30	\$30
Office Visits (Specialist)	\$22	\$22	\$40	\$40	\$40
Telehealth	N/A	N/A	N/A	N/A	N/A
Urgent Care visits	\$22	\$22	\$40	\$40	\$40
Emergency Room Visits*	\$100	\$100	\$120	\$120	\$120
<i>*ER Copay waived if admitted</i>					

Pharmacy Copays	In-Network				
	2026	2027	2028	2029	2030
Retail (30 day)					
Generic	\$7	\$7	\$10	\$10	\$10
Brand - Formulary	\$30	\$30	\$35	\$35	\$35
Brand – Non-Formulary	\$50	\$50	\$55	\$55	\$55
Specialty	\$100	\$100	\$120	\$120	\$120

Pharmacy Copays	Out-of-Network				
	2026	2027	2028	2029	2030
Retail (30 day)					
Generic	\$7 + 25%	\$7 + 25%	\$10 + 25%	\$10 + 25%	\$10 + 25%
Brand - Formulary	\$30+ 25%	\$30 + 25%	\$35 + 25%	\$35 + 25%	\$35 + 25%
Brand – Non-Formulary	\$50 + 25%	\$50 + 25%	\$55 + 25%	\$55 + 25%	\$55 + 25%

Pharmacy Copays		2026	2027	2028	2029	2030
Mail Order (90 day)		2X Retail				
Generic		\$14	\$14	\$20	\$20	\$20
Brand - Formulary		\$60	\$60	\$70	\$70	\$70
Brand – Non-Formulary		\$100	\$100	\$110	\$110	\$110
Specialty		\$200	\$200	\$240	\$240	\$240

Other provisions:

The District agrees to the following provisions:

- Representation and Recognition: The District will pay wages for up to three (3) Union members to attend the monthly Board meeting.
- Procedure for Handling Grievance: Grievance must be presented within ten (10) calendar days of occurrence. The Grievance form will be presented at step 1. Increase step 2 response to ten (10) calendar days.
- Overtime: Beginning 1/1/2027, overtime lists will reset in January. Add a definition for mandatory overtime in Field Service. Update to reflect MOU’s for overtime in Dispatch, Utility Locating, and Facilities Management. For emergency callouts, if the majority of the crew members qualify for rest period, all members of that crew that clocked in within fifteen (15) minutes of the last qualifying crew member, will be granted the same amount of rest period. Language will be added requiring the impacted employee(s) to notify their supervisor regarding this language.
- Job Posting: Update to reflect definition for voluntary transfer and demotion.
- Holidays: If the holiday falls on an employee’s scheduled day off, the employee will receive a scheduled workday off, with pay, either the day preceding or during the ninety (90) day period immediately following the observed holiday. (Increase time from sixty (60) days to ninety (90) days).
- Vacation: Effective 1/1/2027, during the year in which an employee completes twenty-five (25) years of continuous service and each year thereafter they will receive vacation with pay of two hundred and sixteen (216) hours.
- Unpaid Substitution and Illness: Update to reflect if their vacation balance is forty-eight (48) hours or less.
- Absence to attend funeral of relatives: Identified additional immediate family members as stepparents, stepchildren, stepbrother, and stepsister. Added statement requiring funeral leave form and documentation of funeral services or death must be submitted.

- Absence to attend funeral of active or retired employee: Update funeral leave to bereavement leave. Remove travel day under section 1. Increase bereavement leave by one additional day under Section 1, A and B. Update Pallbearer to include additional roles in Funeral Service for speaker, reader, singer, greeter, honorary pallbearer, or flower/gift bearer. Funeral pamphlet or obituary must demonstrate what role the employee held in the funeral service.
- Retirement: Employees will be required to provide a minimum of 60-day notice before their last workday in order to burn their remaining vacation and floating holiday balance after their last workday. Update to reflect if unable to provide the sixty (60) day notice because last workday is unknown (i.e. Supplemental Sick Leave), then employee will be paid their remaining vacation and floating holiday balance in a lump sum payment on their final paycheck.
- The District will increase the change of location allowance from \$14.00 to \$15.00. Language will be updated to reflect up to two moves per day, at supervisor approval.
- The District will increase the shoe reimbursement from up to \$150.00 to up to \$200.00 annually. December 10th is the deadline to submit receipt for reimbursement to be included in the current calendar year.
- The District will increase the membership subsidy from \$75.00 to \$100.00 annually for a membership in the Employee's name.
- The District will increase the meal payment from \$12.00 to \$15.00.
- Premium Pay for Shift Workers: The District will increase 2nd shift pay from \$1.75 to \$2.00 and 3rd shift pay from \$2.00 to \$3.00.
- All paycheck stubs are electronically available. The District will no longer print and deliver paycheck stubs to OAC employees.
- Additional language clean-up will be a part of the contract formatting process.

April 1, 2026

METROPOLITAN UTILITIES DISTRICT*Inter-Department Communication***MARCH 24, 2026****Subject: THIRD LEGISLATIVE REPORT – 2026 SESSION**

To: Judicial and Legislative Committee
 cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Dickas, Mendenhall, Minor; all Vice Presidents

From: Rick Kubat, Government Relations Attorney

The Nebraska Legislature spent most of the previous week debating the budget and other legislative proposals to address the fiscal deficit. Senators have started late-evening floor debate with limited legislative days remaining before adjournment on April 17, 2026. Provided below is an update on pending legislation. In addition to the list of bills provided below, there are numerous other legislative proposals that will continue to be monitored on behalf of the District.

2026 LEGISLATION

LB 761 (Brandt) – Makes several technical and harmonizing changes to environmental statutes and provides for new application fees and changes in several water related permit costs. Water well registration and permitting fees are increased from \$40 to \$200 as a recommended inflationary adjustment by the Nebraska Department of Water, Energy and Environment (DWEE). Additionally, beginning July 1, 2027, a new annual fee is provided for National Pollutant Discharge Elimination System (NPDES) permits. The new fee shall not be more than the amount necessary to reimburse DWEE for administering or providing the necessary services for NPDES permits. LB 761 was amended into LB 759 via AM 1939.

Board Pos: Neutral
 Status: Amended into LB 759 and advanced to Final Reading

LB 827 (DeKay) - Adds new powers to Nebraska NRDs, allowing them to create or join programs that educate residents about, or research, practices to improve water quality, water management, and soil health. These programs can include demonstration projects and educational events, and NRDs may partner with a wide range of organizations and agencies. LB 827 was amended into LB 794 via AM 2019.

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

LB 901 (Revenue Committee) - A place holder bill that provides for a yet to be determined adjustment to the 5.5% state sales and use tax beginning July 1, 2027. LB 901 has been significantly altered. The District's concern relative to an adjustment of state sales tax has been removed from the bill. LB 901 is now the Revenue Committee's priority omnibus bill containing numerous legislative proposals that will have no impact on the District.

Board Pos: Oppose
 Status: Placed on Final Reading

LB 935 (Bosn) - Allows attorney's fees and court costs for frivolous or harassing claims or defenses brought against a political subdivision or its elected officials. LB 935 has received a judiciary committee priority designation. LB 935 has a pending amendment that includes several other legislative proposals.

Board Pos: Support
Status: Placed on General File

LB 964 (Bostar) – As amended, the bill requires publication requirements for purchases of real property at a value of \$20,000 or greater.

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

LB 1033 (Spivey) - Requires the Department of Health and Human Services to make crisis assistance payments under the Low-Income Home Energy Assistance Program (LIHEAP). It establishes a standard maximum payment of \$800 per program year, with the possibility of higher payments in extenuating circumstances, thereby expanding the scope of assistance available to low-income households facing energy-related emergencies.

Board Pos: Support
Status: Placed on General File

LB 1093 (Ballard) - Modifies the statutory definition of “excavation” by adding an exemption for certain hand digging activities performed by telecommunications, community antenna television, or broadband service providers. Specifically, hand digging to a depth not exceeding eighteen inches for the purpose of connecting a customer to the provider's network will not be considered an “excavation” and thus will not require prior notification under the One-Call Notification System Act.

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

LB 1096 (Bostar) - Criminalizes the unauthorized import of high-risk agricultural pathogens or pests, with heightened penalties for concealment, foreign government involvement, or major economic harm. The bill prohibits companies and governmental entities from entering into agreements that grant foreign adversaries access to critical infrastructure, subject to narrow exceptions approved by the Attorney General. It requires registration, employee vetting, and incident reporting for companies with access to critical infrastructure and mandates the removal of software or technologies produced or controlled by foreign adversaries. The Attorney General is empowered to enjoin sales or transfers of infrastructure to foreign entities and must maintain a public list of prohibited network-connected technologies. The bill expands public records exemptions to include critical water infrastructure. LB 1096 has been placed on general file with a pending amendment that addresses most of the concerns relayed by opponents of the bill. The bill has received a priority designation from Senator Bostar.

Board Pos: Neutral
Status: Placed on General File

LB 1136 (Dungan) - Requires Nebraska political subdivisions to maintain, on the homepage of their websites, clear notices that identify the official or law department by name, title, and address authorized to receive tort claims. Filing a claim with the designated official or department will constitute substantial compliance with filing requirements. If a political subdivision fails to keep this information accurate and up-to-date, deadlines for submitting claims and initiating suits are tolled.

Board Pos: Neutral
Status: Remains in the Judiciary Committee

LB 1215 (McKinney) - Establishes the Political Subdivision Contracting Transparency Act. Mandates prompt payment practices, makes numerous statutory requirements for procurement procedures, requires a centralized online calendar for solicitations, and mandates debriefs for unsuccessful bidders. LB 1215 will require significant and cumbersome changes to the District's procurement policies and will create timing issues for procurements that require board approval.

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

2025 CARRYOVER LEGISLATION

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

Board Pos: Support
Status: Remains in the Revenue Committee

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

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

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

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

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

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

LB 548 (Lippincott) – Introduced to address a specific situation, where a municipal natural gas utility desires to serve an industrial customer outside of the utilities’ territorial jurisdiction. LB 548 as currently drafted, would allow any publicly owned natural gas utility to serve an industrial customer that uses three million British thermal units of gas per day. The legislation would only apply to industrial customers who are both outside the jurisdiction of the municipal gas utility and not serviced within the territory of any other existing gas utility. LB 548 was amended via AM 2072. As amended, the bill’s applicability was significantly narrowed to only apply to cities of the first or second class or villages and is further limited to transactions on or before January 1, 2027. LB 548 has received a priority designation by Senator Lippincott for the 2026 session.

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

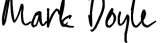
Signed by:

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Richard A. Kubat
Government Relations Attorney

Approved:

DocuSigned by:

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Mark A. Mendenhall
Senior Vice President/General Counsel

DocuSigned by:

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Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT*Inter-Department Communication*April 1, 2026**March 17, 2026**

Subject: SURPLUS PROPERTY DECLARATION AND PROPOSED CONVEYANCE – 6161 SOUTH 132nd STREET.

TO: Judiciary & Legislative Committee

CC: All Board Members; President Doyle, Senior Vice Presidents, Ausdemore, Dickas and Minor

FROM: Mark Mendenhall, Senior VP & General Counsel

District management recommends that the pump house located at 6161 S. 132nd Street, Parcel # 0125630000, be declared surplus. Management further recommends the District's property interest, including the pump house structure, be deeded to the City of Omaha.

The property is located at the northeast corner of 132nd Street and Millard Airport Plaza as shown on attachment "A". The property is an approximate 8 x 10-foot brick building that previously supported an engine driven pump to provide water to the Millard Water System. The pump house has been abandoned since 2000 and is no longer needed as part of the District's water distribution system.

The pump house was acquired on February 8, 1972, when the City of Omaha signed a Memorandum Agreement with the City of Millard, that the former Millard Water System was being granted to the District. That Agreement provided that the "sole possession, management and control of the property which comprises of the water works plant and distribution system of the former City of Millard" be the District's.

Due to the building's proximity to the Millard Airport, Management believes there is no future use for the building other than by the City of Omaha as owner of the Millard Airport. Therefore, Management is recommending that the pump house be conveyed to the City of Omaha.

A resolution authorizing the quit claimed deeding of the pump house has been prepared for consideration and this matter will appear on the agenda at the Judiciary and Legislative Committee meeting for discussion on April 1st, 2026, and on the agenda of the April 1st, 2026 board meeting.

DocuSigned by:



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Mark Mendenhall
SVP, General Counsel

Approved:

DocuSigned by:



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Mark Doyle
President

RESOLUTION

WHEREAS, a portion of the water distribution system owned by the Metropolitan Utilities District of Omaha, Douglas County, will not be used for any distribution facilities; and

WHEREAS, the Board of Directors hereby determines that there will not be in the foreseeable future any deed for this pump house hereinafter described for any operations of the District and finds that it is in the best interest of the District that said pump house be declared surplus and disposed of; and

WHEREAS, the General Counsel of the District should be authorized and directed to negotiate or otherwise arrange for the disposition of the pump with the City of Omaha, in such a manner as he deems appropriate and in the best interests of the District. The property to be disposed of is described as follows, to wit:

Well House Pump Building (M-5), contained within NE 1/4, SW ¼ of Section 7-14-12, and designated by the Douglas County Register of Deeds as Parcel # 012563000, adjacent to the Millard Airport and with a common address of 6161 So. 132nd.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Metropolitan Utilities District of Omaha, that the pump house described above is hereby declared surplus property of the District, and the General Counsel of the District is authorized and directed to negotiate and otherwise arrange for the sale of the property in the manner he deems appropriate and in the best interest of District, including a quit claimed deed to the City of Omaha.

Adopted:





METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

April 1, 2026

March 25, 2026

Subject: PROPERTY CLOSING, NORTHWEST RESERVOIR PROPERTY 192ND AND STATE STREET

To: Judiciary and Legislative Committee

Cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Dickas, and Minor, and all Vice Presidents

From: Mark Mendenhall, General Counsel

On January 8, 2025, the Board authorized the District to enter into a purchase agreement and take steps to acquire property to support the future construction of a reservoir and pump station in Northwest Omaha ("Northwest Reservoir"). On March 13, 2025, the District entered into a purchase agreement to acquire approximately 20 acres of land near 192nd and State Street from Robert and Gail Krejci.

Since the effective date of the purchase agreement, the District completed a variety of efforts to determine if the acquisition is appropriate. The District took steps to ensure the site is appropriate for the development of the Northwest Reservoir. Those steps included the creation of a plat approved by the City of Omaha, a subdivision agreement addressing a variety of public improvements, engineering analysis of the site and commitments for multiple easements.

I am happy to report that such due diligence efforts have been completed and Management is recommending the parties close on the acquisition. Closing will be effectuated through Missouri River Title Company on Thursday, April 2.


Accordingly, I am recommending the Board authorize Management to take necessary steps to finalize the purchase of the property.

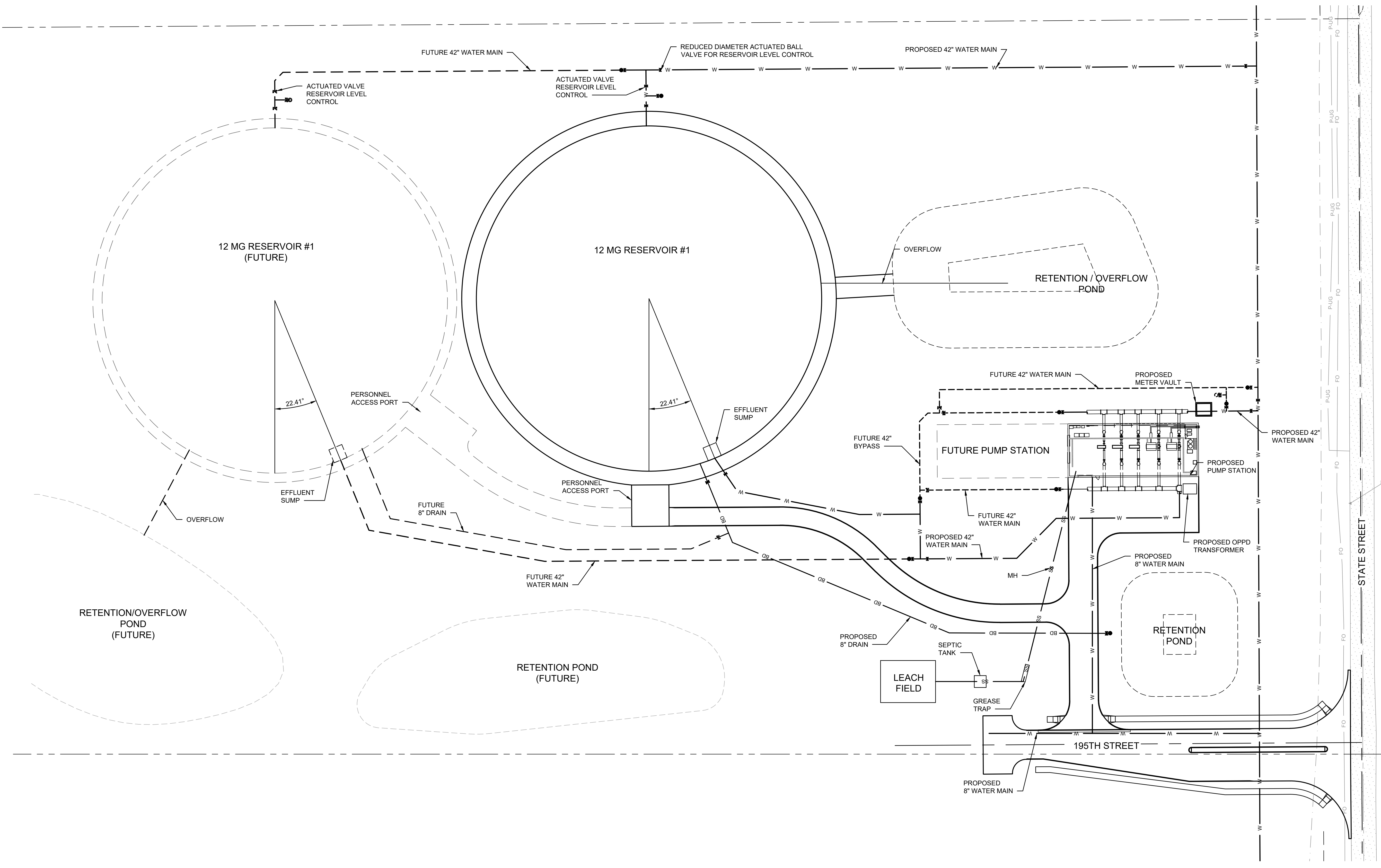
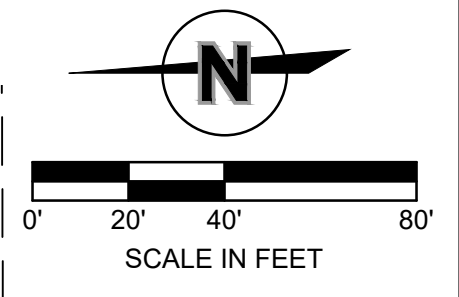
This matter is on the agenda for the Committee meeting on August 6 and the regular Board meeting to follow. I will be present to answer any questions you may have.

DocuSigned by:

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Mark Mendenhall
General Counsel

Approved:

DocuSigned by:

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Mark Doyle
President



PROJECT NO: 025-00428
DRAWN BY: SLP
DATE: 11/03/25

PUMP STATION SITE PLAN

olsson
2111 South 67th Street
Suite 200
Omaha, NE 68106
olsson.com
TEL 402.341.1116
Olsson - Engineering
Nebraska COA #CA-0638

FIGURE
3

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METROPOLITAN UTILITIES DISTRICT*Inter-Departmental Communication*April 1, 2026**March 26, 2026**

Subject: DELEGATION OF AUTHORITY POLICY UPDATE

To: Governance Committee
cc: All Board Members; President Doyle, Senior Vice Presidents Ausdemore, Dickas and Minor, and all Vice Presidents

From: Mark Mendenhall, Senior Vice President, General Counsel


Management established and maintains a Delegation of Authority Policy (Policy) providing decision making authority to varying levels within the organization. That authority pertains to entering into contracts, approvals to make disbursements, authority to make investments and to make adjustments to natural gas rates, among other things.

For years, employees have questioned which level of authority is required for various decisions. The existing Policy includes various options depending on the circumstances of each individual decision. Employees have found it confusing. For example, the Policy established different levels of authority for service and maintenance contracts, construction contracts, and professional services contracts.

A group of stakeholders from Procurement, Legal, Human Resources, Accounting, Engineering, and the President's Office set out to improve the Policy and the various associated procedures incorporated into Chapter 15. The result is a streamlined document that establishes decision making authority with greater clarity. This will enable various levels within the organization to make decisions more readily and confidently.

Those stakeholders also debated recommendations to increase the authorizations listed within the Policy. As an example, a Vice President only has authority to approve a budgeted capital authorization up to \$5,000. It is common for similarly situated executives to have greater authority. Ultimately, we determined that the levels of authority are appropriate and are therefore not making any recommendations to change those levels at this time. Accordingly, while we are confident the Policy provides greater clarity, it does not change the Board's authority levels or any employee's authority.

The revised Policy is attached for your review. I look forward to discussing more at the Governance Committee meeting and regular Board meeting on April 1.

DocuSigned by:

51B346769D25440
Mark Mendenhall
SVP, General Counsel

Approved:
DocuSigned by:

C1E4FA065330426
Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT	Metropolitan Utilities District District Procedures Manual (DPM)
Section 15: Effective Date: Supersedes: Last Reviewed: Review Frequency:	Delegation of Authority MM/DD/YYYY N/A 03/30/2026 Bi-Annually

SECTION 15 Delegation of Authority

Table of Contents

SECTION 15 DELEGATION OF AUTHORITY..... 2

15-001 DELEGATION OF AUTHORITY POLICY..... 3

 1.0 Introduction..... 3

 2.0 Purchase and Contract Authority..... 4

 3.0 Disbursement Authorization..... 8

 4.0 Adjustments to Customer Accounts..... 11

 5.0 Investment Authority..... 12

 6.0 Adjustments to Natural Gas Rates..... 12

 7.0 Other Authorizations..... 13

 8.0 Personnel Matters..... 14

 9.0 Abandonments of District Property..... 15

 10.0 Absences of Management Personnel..... 16

15-002 EXPENDITURE OF DISTRICT FUNDS 17

 1.0 Introduction..... 17

 2.0 Disbursing Documents, Restrictions on Use and Signatures Required..... 17

 3.0 Supporting Documentation and Authorization Required..... 18

 4.0 Certification and Verification of Disbursements..... 19

 5.0 Maintaining Control of Checks Issued..... 19

 6.0 Mailing Checks..... 19

 6.1 Automated Clearing House (ACH)..... 19

15-003 DISTRICT POLICY ON VEHICLE ASSIGNMENT AND USE..... 20

 1.0 Policy Statement..... 20

 2.0 Objective..... 20

 3.0 Assignment of Vehicles..... 20

 4.0 Processing Forms..... 22

 5.0 Conditions – Use of Vehicles..... 22

 6.0 Reimbursement – Personal Vehicle Used for Reporting to Work Outside of their Scheduled Hours..... 23

METROPOLITAN UTILITIES DISTRICT	Metropolitan Utilities District District Procedures Manual (DPM)
Section 15: Sub-Section: 001 Effective Date: Supersedes: Last Reviewed: Review Frequency:	Delegation of Authority Delegation of Authority 04/01/2026 09/03/2020 03/30/2026 Bi-Annually

15-001 Delegation of Authority Policy

1.0 Introduction

Nebraska Revised Statute § 14-2121 provides

The board of directors shall have authority to receive bids for all work which it may desire to have done by contract or for material and supplies to be used in connection with such work, which bids shall be received after reasonable advertisement therefor, and when opened shall be read in public session. The board of directors may award contracts based upon the bids to the lowest responsible bidders, except that the board of directors may, for such reasons as appear to it good and substantial, reject all bids. The board of directors shall have power and authority to do all of such work and to purchase materials and supplies without advertising for bids and without entering into contract with any other persons or companies in relation thereto.

This Policy outlines the authority delegated to District Supervisors, Managers, Directors, Vice Presidents, Senior Vice Presidents, and the President. This authority provides the necessary approval and/or highest approval required for transaction. Each of the Senior Vice Presidents shall have equal authority and may sign documents for each other when necessary. Each of the Senior Vice Presidents may act for the President when necessary.

In the case of Departments or Divisions that do not have a Director, the Vice President shall be the approving authority for the Director role.

This authority carries responsibility. Those making approvals are accountable for those authorizations. They shall make such investigations as necessary to satisfy themselves that each approval shall be correct and appropriate.

In cases where Board approval is required, it shall be the responsibility of the highest approver indicated to obtain the appropriate Board approval.

This Policy may only be modified or edited with approval of the Board of Directors.

1.1 Definitions

- A. Quote is an offer to provide services or materials under specific conditions. A Quote may be formal or informal. A Quote may also be referred to as "Bid".
- B. Formal Quote is a quotation provided by a vendor to the District in writing in response to a request for quotation. The quote must be on vendor's official quotation document.
- C. Informal Quote is a Quote that is made verbally or written (i.e. email). An Informal Quote may be solicited or unsolicited.
- D. Contract and Agreement may be used interchangeably. The District does not recognize verbal commitments that are not reduced to a writing in accordance with this Policy.
- E. Single or Sole Source refers to one source of supply of goods or services.
- F. Capital Expenditures, or C&As, are written approvals to expend funds on capital projects.
- G. Capital projects are projects that maintain, construct, or improve the operation of capitalized assets.

2.0 Purchase and Contract Authority

2.1 Purchasing:

A. General Authority:

The Procurement Department is delegated the authority and responsibility for the procurement operations of the District including but not limited to the purchasing of material, supplies, equipment, vehicles, and associated services including professional and construction services. The Procurement Department shall control, regulate, and administer all purchasing commitments except those that are specifically delegated by the President to another Department in the interest of sound management practices. The Procurement Department shall maintain record of those purchasing commitments delegated to another Department. Requisitions for procurement of material, supplies, equipment, vehicles and associated services shall be submitted to the Procurement Department in accordance with this Policy.

B. Requisition Approval:

The Procurement Department shall be responsible for reviewing requisitions to ensure the proper level of approval has been provided in accordance with this Policy and to ensure that an approved capital expenditure approval (C&A) has been received as required by Section 06-009 of the Policy Manual before an order is placed.

C. Requirement for Bids, Quotes, and Approval:

The Director, Procurement shall have the authorization to purchase or contract for materials, supplies, and services on approved requisitions up to the amount of \$25,000 provided that the requisition is approved in accordance with section 2.4 below. The Director, Procurement shall be responsible for the propriety of any such purchases and may use written or verbal quotations, according to his/her judgment of what is right and necessary for the purchase of that item. All bids or quotes, sealed or otherwise, on requisitions exceeding \$25,000 must be submitted to the Board for approval of recommendation to purchase with the following exception:

The Director, Procurement shall have the authorization to purchase, through sealed bids or solicitation of written formal quotes, material, supplies, and services, including award of contracts between \$25,000 and \$50,000, provided more than one bid or quote is received and the lowest bid or quote is accepted. A report on purchases and awarding of contracts between \$25,000 and \$50,000 shall be submitted to the Board to be placed on file. Board approval, shall be required where the lowest bid or quote is not recommended for acceptance and where multiple vendors/suppliers may provide a bid/quote but only one is received.

The Director, Procurement shall purchase or contract for materials, supplies, and services valued at \$50,000 or more through a formal competitive bid process, generally sealed and advertised through a public platform. The Director, Procurement shall submit bids \$50,000 or greater to the Board for approval of recommendation to purchase.

D. Single Source Orders

Single Source purchases of items where only one supplier of the item exists and there is no chance for competitive bidding or requesting formal or informal quotes to compare prices, the purchase or award of contract shall not require Board approval when the item cost is less than the C&A amount approved per section 2.5 below or, in the event of a non-capital expense is no greater than the approved budget for that item. Prior to executing the purchase, the requesting department/division must provide a recommendation letter to the Director, Procurement justifying the sole source purchase and the inability to receive additional bids or quotes.

E. Emergency Orders:

For the safe and continuous operation of the gas or water systems, the Procurement Department may issue an emergency order for materials, supplies, and services that are required to address an emergency as may be declared by the President. The requesting department/division shall follow up the request with an Emergency C&A as required under Section 06-009 to be approved by the Board of

Directors depending on the amount of such C&A. The following is the highest approval required before either a single source order or emergency order may be placed for items with a total value of:

Single Source or Emergency Orders	Highest Approval Required
Up to \$10,000	Director, if no director than to VP
\$10,000.01 to \$25,000	Vice President
\$25,000.01 and above	Two Sr. Vice Presidents (one may be the President)

F. Credit Card Orders:

To facilitate purchasing items from vendors unwilling or unable to accept a purchase order, the Procurement Department shall be permitted to use a credit card with a credit limit authorized by and issued through a financial institution approved by the Vice President, Accounting. The card may also be used to make purchases via eCommerce. Requests for credit card purchases shall be by Direct Pay approved in accordance with section 3.4.

The following Purchasing Department staff shall be issued credit cards:

Job Title	Limit
Vice President, Procurement & Enterprise Services	\$25,000
Director, Procurement	\$15,000
Supervisor, Purchasing	\$5,000

To facilitate purchases not administered by the Procurement Department, other District employees may also be issued credit cards with the approval of the Senior Vice President - Chief Financial Officer. Examples of allowable purchases include items acquired on the internet such as gift cards for employee wellness programs, subscriptions for business publications, renewal of professional licenses and technology subscription fees.

All District staff issued a credit card shall be solely responsible for security and use of the card. At the time of payment, each item purchased shall be supported by appropriate documentation as determined by the Vice President, Accounting. Utilization of such cards shall be limited to minimize interest payments.

2.2 Executing Contracts:

A. Contracts:

A Sr. Vice President, President or the Board of Directors shall be delegated the authority to execute contracts to include but not be limited for the maintenance, operation, construction and professional services necessary to perform the business of the District unless specifically set forth below. The Sr. Vice President, President or Board of Directors shall each have authority to execute the contract based on the value of services set forth in the contract and upon whether such value was included in the District’s approved budget. All contracts must be approved as to form by the Sr. Vice President – General Counsel or his or her designee in the Law Department.

A Sr. Vice President may delegate this authority to the Vice President of the Department with primary responsibility over the contract provided such delegation is in writing and the Law Department approves as to form.

All contracts must be in writing and may be signed with ink on paper or utilizing electronic means. Adobe electronic signature and Docusign are the two permitted means of electronic signature. The District does not recognize and will not permit verbal commitments.

The approval required for contracts are:

Non-Budgeted Projects	Highest Approval Required
Up to \$25,000	Sr. Vice President
\$25,000.01 to \$50,000	President
\$50,000.01 and above	Board of Directors

Budgeted Projects	Highest Approval Required
Up to \$50,000	Sr. Vice President
\$50,000.01 to \$200,000	President
\$200,000.01 and above	Board of Directors

B. Main Extension Agreements

All extensions or enlargements of the District’s gas or water distribution service territory shall be approved by the Board of Directors pursuant to Neb. Rev. Stat. § 14-2117.

All gas or water main extension agreements are to be approved as to form by the Sr. Vice President – General Counsel and executed by a Sr. Vice President.

If such gas or water main extension agreement requires a contribution by the District, such agreement shall be included in the request presented to the Board of Directors.

C. All Base Natural Gas Supply Contracts Sr. Vice President

Purchase Amendments to Base Contract	Highest Approval Required
Term less than one month	Director, Energy Acquisitions
Term one month to three years	Vice President, Gas Operations

Fixed Gas Price Purchase Amendments to Base Contract	Highest Approval Required
Term greater than one month	Sr. Vice President

All Gas Purchase Contracts/Amendments	Highest Approval Required
Term greater than three years	President

NNG Service & Transportation Agreements	Highest Approval Required
Amendments	Vice President, Gas Operations

2.3 Cancellation of Contracts:

The President, Sr. Vice Presidents and the Legal Department shall have the authority to cancel or terminate any District contract on behalf of the District. Any such cancellation shall require Legal Department review and approval.

2.4 Purchase Orders, SAP-MM System:

The SAP-MM System is used to requisition for purchase orders for the purchase of material, supplies, equipment, vehicles, and services. Requisitioners shall be responsible for ensuring that all required approvals for a purchase have been obtained prior to entering a requisition in SAP.

A. Items Charged to Inventory (Materials and Supplies):

Inventory includes both Stores’ items and Special Stocks, e.g., Florence and Platte South/West Chemicals. Requisition approval requirements are based on the value class of a line item. The following criteria shall be used to determine the value class.

Value Class	Annual Issues x Unit Price	Highest Approval Required
C	Less than \$1,500 and unit price \$50.00 or under	Administrative Clerk - Stores
B	From \$1,500.01 to \$5,000 or unit price exceeds \$50.00	Director & Manager, Stores
A	From \$5,000.01 to \$10,000	Vice President
	Above \$10,000	Sr. Vice President

B. Items Charged to Expense:

Approvals for these purchase requisitions have been programmed into the SAP purchasing system using the following guidelines.

Items Charged to Expense	Highest Approval Required
Up to \$5,000	Director
From \$5,000.01 to \$10,000	Vice President
\$10,000.01 and above	Sr. Vice President

C. Items Charged to Work Orders or Jobs:

Approvals for these purchase requisitions have been programmed into the SAP purchasing system using the following guidelines.

Items Charged to Work Orders or Jobs	Highest Approval Required
Up to \$5,000	Director
From \$5,000.01 to \$10,000	Vice President
\$10,000.01 and above	Sr. Vice President

Exception: Where prior approval of management and the Board is obtained on a C&A, a purchase requisition approved by a Vice President can be entered in SAP without any further approval.

2.5 Authorization – Capital Expenditures:

Capital Expenditures, or C&As are written approvals to expend funds on capital projects. Capital projects are projects that maintain, construct or improve the operation of capitalized assets. The approval for a C&A is distinct from the contract approval set forth herein.

	Highest Approval Required
Up to \$25,000	Sr. Vice President
\$25,000.01 to \$50,000	President
\$50,000.01 and above	Board of Directors

A report on released C&As between \$25,000 and \$50,000 shall be submitted to the Board to be placed on file.

Revisions of approved C&As which exceed 10% AND \$25,000 of original approved C&A OR results in total expenditure over \$50,000 must be approved by the Board of Directors.

Contract – Change Orders	Highest Approval Required
Up to \$25,000	Sr. Vice President
\$25,000.01 and above	Sr. Vice President
	Sr. Vice President, General Counsel
	President
	Board of Directors

2.6 Authorization to Travel, Attend Seminar or Conference: See Subsection 1.3.6

Initial Authorization for Reimbursement of Organization Dues and/or Meals: Highest Approval Required – Sr. Vice President.

3.0 Disbursement Authorization

3.1 SAP Framework Orders:

- A. The District uses SAP Framework orders to authorize the purchase and payment of various materials, supplies and services:

A Framework order (also known as “Blanket Purchase Orders”) authorizes a specific dollar amount which can be spent with a vendor over a specified period. These purchases are usually "Non-Stock" expense purchases. Maximum is \$1,500 per invoice billing unless written approval of the Director is obtained on the invoice.

- B. The following Framework order purchases are authorized to be paid using SAP processing procedure:

- **Paving Cuts:**

Final authority for payment of invoice for paving cuts resides with the Senior Claims Investigator and Sr. Vice President, General Counsel.

- **Barricade Rental:**

Final authority for payment of barricade rental resides with Director approval.

3.2 Request for Payment Authorization - Form 418-0 (Consultants):

A Vice President is required to certify to the best of his or her knowledge on the Request for Payment Authorization (Form 418-0) that services for which payment is requested have been provided in accordance with the provisions of the agreement including all amendments. Highest approval of an estimated payment resides with a Sr. Vice President. A copy of the Request for Payment Authorization (Form 418-0) shall be attached to the Weekly Disbursement Report. The acceptance of the job and final payment requires approval of the Accounts, Expenditures, Finance and Rates (AEF&R) Committee and the Board of Directors.

3.3 Direct Payment Authorization - Form 418:

Approval of Direct Payment Authorization (Form 418) signifies that stated quantity of described item has been received for which payment is suitable at the agreed price shown thereon. The use of Direct Payment Authorization process is discouraged, purchases should be requisitioned via the Purchase Order process.

All Direct Payment Authorizations, excluding Natural Gas Supply invoices, which must be approved by the Vice President, Gas Operations, go through VIM and use the following approval level:

Highest Approval Required	
Up to \$50,000	Vice President
\$50,000.01 to \$200,000	Sr. Vice President
\$200,000.01 and above	President

Payments for Materials, Parts, Supplies & Services where no written order/contract exists (i.e. Credit card requests through Procurement and non-PO purchases)

Type	Highest Approval Required
Up to \$5,000	Director
From \$5,000.01 to \$10,000	Vice President
\$10,000.01 and above	Sr. Vice President

Refunds of customer overpayments on gas/water accounts, refunds of excess deposits and overpayments for installation of gas services, meters and remotes, meter enlargements, heating inspection fees, taps, connection charges & capital facilities charges:

Type	Highest Approval Required
From \$1 to \$2,000	Supervisor, Customer Billing
From \$2,000.01 to \$5,000	Supervisor, Customer Billing AND Vice President, Rates and Customer Billing
\$5,000.01 and above	Supervisor, Customer Billing AND Vice President, Rates and Customer Billing AND CFO OR delegated to Vice President, Accounting in CFO's absence

Refunds of customer deposits (good credit or finals)

Type	Highest Approval Required
Residential credit refund	
<ul style="list-style-type: none"> Up to \$500 	Customer Account Clerk (following customer billing procedures)
<ul style="list-style-type: none"> From \$500.01 to \$2,000 	Supervisor, Customer Billing
<ul style="list-style-type: none"> From \$2,000.01 to \$5,000 	Supervisor, Customer Billing and Vice President, Rates and Customer Billing
<ul style="list-style-type: none"> \$5,000.01 and above 	Sr. Vice President, CFO – OR delegated to Vice President, Accounting in CFO's absence
Commercial credit refunds:	
<ul style="list-style-type: none"> Up to \$2,000 	Supervisor, Customer Billing
<ul style="list-style-type: none"> From \$2,000.01 to \$5,000 	Supervisor, Customer Billing and Vice President, Rates and Customer Billing
<ul style="list-style-type: none"> \$5,000.01 and above 	Sr. Vice President, CFO – OR delegated to Vice President, Accounting in CFO's absence

3.4 Certificate – Covering Estimate on Contract Work - Form 179 ([Section 07-020](#))

Type	Highest Approval Required
Payment of estimates	Sr. Vice President
Reduction in retainage	Sr. Vice President Sr. Vice President, General Counsel President
Acceptance of job and final payment	Sr. Vice President Sr. Vice President, General Counsel President Board of Directors
\$5,000.01 and above	Sr. Vice President, CFO – OR delegated to Vice President, Accounting in CFO's absence

3.5 Other Disbursements:

Travel and Organization Expense Reimbursements ([Section 01-002](#))

Type	Highest Approval Required
Reimbursement for Overtime Meal (Form 1036)	Division Supervisor
Travel Allowances – Use of Personal Cars	Foreman or Division Supervisor
Replenishment of Petty Cash Fund	Applicable person responsible for fund (See Section 15-002)
Approval of course for Reimbursement of Tuition, Books, and Fees	Vice President, Human Resources
Cash Allowances – Meters Returned to Stock	Supervisor or Asst. Supervisor, Customer Accounting
Property Insurance Premiums	Sr. Vice President
Meter Postage	Supervisor or Asst. Supervisor, Customer Accounting

Claim Settlements ([Section 01-003](#))

Type	Highest Approval Required
Up to \$25,000	Sr. Vice President, General Counsel
From \$25,000.01 to \$50,000	Sr. Vice President, General Counsel And President
\$50,000.01 and above	Sr. Vice President, General Counsel And President and Board of Directors

Worker's Compensation ([Section 24-003](#))

Type	Highest Approval Required
Weekly compensation benefits & medical bills	Vice President, Human Resources
Lump sum settlements:	
<ul style="list-style-type: none"> Up to \$25,000 	Sr. Vice President, General Counsel
<ul style="list-style-type: none"> From \$25,000.01 to \$50,000 	Sr. Vice President, General Counsel And President
<ul style="list-style-type: none"> \$50,000.01 and above 	Sr. Vice President, General Counsel And President and Board of Directors

Other Disbursements

Type	Highest Approval Required
Sewer and Trash Fee Collections	Vice President, Accounting
Nebraska Sales & Use Tax	Vice President, Accounting
Payroll Withholding Taxes	Vice President, Accounting
Payroll Deductions Plan	Vice President, Accounting
Group Insurance Remittance for: <ul style="list-style-type: none"> Health, Life, & Dental Claims HMO Premiums LTD Premiums Supplemental Life Ins Premiums 	Vice President, Accounting OR Vice President, Human Resources
Pension Fund Contributions	Vice President, Accounting OR Vice President, Human Resources

Type	Highest Approval Required
Refund of Employee's retirement plan contributions & interest and savings bond balances	Vice President, Accounting OR Vice President, Human Resources
Refund of excess deposits which exceed the actual (equivalent/total) costs of WCC, WCP, WCD and GCC jobs	Vice President, Accounting Sr. Vice President
Refund final water pioneer approach main contribution	Vice President, Accounting Sr. Vice President
Easement Disbursement:	
<ul style="list-style-type: none"> Up to \$25,000 	Sr. Vice President, General Counsel
<ul style="list-style-type: none"> From \$25,000.01 to \$50,000 	Sr. Vice President, General Counsel and President
<ul style="list-style-type: none"> \$50,000.01 and above 	Sr. Vice President, General Counsel, President and Board of Directors

4.0 Adjustments to Customer Accounts

4.1 Credit adjustments to customer's account for gas, water, sewer, late payment charges, merchandise or sundry charges, turn-on charges, sales tax, recovery credits (token payment adjustment for district errors) etc., excluding computer generated credits initiated through sequential or high/low audit function.

Goodwill Credits - Customer Service	Highest Approval Required
Up to \$100	Supervisor, Customer Service Supervisor, Customer Billing Supervisor, Customer Receivables
\$100.01 to \$1,000	Director, Customer Services Supervisor, Customer Billing Manager, Customer Receivables
\$1,000.01 to \$2,500	Vice President, Customer Experience (Customer Service/Credit Services) Vice President, Rates and Customer Billing (Remittance Processing) Vice President, Accounting
\$2,500.01 and above	Sr. Vice President

Customer Accounting, Credit Services	Highest Approval Required
Up to \$500	Customer Account Clerk VI
\$500.01 to \$2,500	Supervisor, Customer Billing
\$2,500.01 to \$5,000	Vice President, Rates and Customer Billing
\$5,000.01 and above	Sr. Vice President

4.2 Adjustments Due to the Following - Supervisor or Assistant Supervisor, Customer Accounting (Conditions regardless of amounts)

- Meter flop-overs following estimates.
- Billing through a meter change and out reading is included in the billing.
- Obvious read card errors.

- Readings transcribed in error.
- Prorating the bill between customers.
- Water & Sewer Credits on Commercial Accounts (Water Amount < \$1,000).

4.3 Credit Adjustments to Non-CIS (Misc. Customer Bills):

Credit Adj to Non-CIS	Highest Approval Required
Up to \$10,000	Vice President, Rates and Customer Billing Sr. Vice President
\$10,000.01 and above	President

5.0 Investment Authority

Investment Authority	Highest Approval Required
Investment of District funds and conversion to cash	Vice President, Accounting
Transfer of funds to bond sinking fund and bond reserve fund account	Vice President, Accounting
Transfer of funds – bond principal and accrued interest	Vice President, Accounting

6.0 Adjustments to Natural Gas Rates

6.1 General Rate Setting Function:

Under Neb. Rev. Stat. §14-2114, the “Board of Directors of the metropolitan utilities district shall have power and authority to determine and fix all water and natural gas rates and to determine what shall be a reasonable rate for any particular service, the conditions and methods of service, and the collection of all charges for service for the sale of water or natural gas.” This statute gives the Board the authority to set the base rate for gas and water service.

6.2 Gas Cost Adjustment (GCA) Rate:

The total gas rate consists of the base rate for gas established by the Board and the Gas Cost Adjustment (GCA) Rate established pursuant to this subsection. The GCA Rate represents the pass-through costs of natural gas, which include costs incurred to transport natural gas to our market area as well as those costs that are incurred to address peak shaving/peak demand requirements. These costs must regularly be adjusted and added to the base gas rate established by the Board in order to account for the following:

A. Weighted Average Cost of Gas (WACOG):

The WACOG includes the cost of gas purchases from various suppliers at various supply points. It also incorporates the projected volumes and costs for pipeline storage, liquid natural gas (LNG) and propane gas.

B. Pipeline Transportation and Storage Demand Charge:

The pipeline transportation and storage demand charge is calculated by dividing total annual pipeline transportation and storage demand charges by the total annual normalized firm gas sales.

C. Peak Shaving Costs:

The peak shaving capital costs are calculated by dividing the total annual estimated peak shaving costs by the total annual normalized firm gas sales.

6.3 Authority to Adjust GCA Rate:

The Director of Rates and Regulatory Affairs is responsible for calculating proposed adjustments to the GCA Rate. The Senior Vice President - Chief Financial Officer and the President must approve of all adjustments to the GCA rate before they take effect.

7.0 Other Authorizations

Water Service

Type	Highest Approval Required
Approve private water lines & construction	Sr. Vice President, Chief Operations Officer
Outside water meter installations	Director, Engineering Design
Fire service applications	Director, Engineering Design

Gas Service Contracts

Type	Highest Approval Required
Execute interruptible agreements	Vice President, Gas Operations
Execute Schedule C and D contracts	Sr. Vice President
Execute NNG Service and Transportation Agreement	President

Other Business Authorizations

Type	Highest Approval Required
Approve time and absence reports	Division Supervisor
Approve auto and special machine time reports	Foreman & Supervisor
Approve health, dental, vision, life and LTD administrative agreements	Board of Directors
Approve inventory stock adjustments	Vice President, Accounting
Approve payroll summary report	Sr. Vice President
Approve final calculation of Water Pioneer Approach Main Contribution	Director, Engineering Design or Supervisor, Accounting

**Sales of Stores Material to Other Utilities
Emergency Basis (Section 12-014)**

Type	Highest Approval Required
Up to \$1,000	Stores Supervisor
\$1,000.01 to \$2,500	Vice President, Accounting
\$2,500.01 and above	Sr. Vice President

**Approval to bill less than actual cost of reimbursable cost
Varying more than 15% from contract agreement**

Type	Highest Approval Required
\$1,000 or less	Director, Engineering Design
\$1,000.01 to \$5,000	Vice President, Engineering & Construction
\$5,000.01 to \$25,000	Sr. Vice President
\$25,000.01 and above	President

Miscellaneous

Type	Highest Approval Required
Participation in job-oriented organizations and civic clubs	President
Acceptance of officer position in a national organization	President
Retiree Cobra and health insurance calculations	Vice President, Human Resources
Initiate action to sell developer's warrants and process proceeds	Disbursements Supervisor

8.0 Personnel Matters

Type	Highest Approval Required
Requisition – Contract Temp Help (period no longer than 90 days)	Vice President, Human Resources and Sr. Vice President, General Counsel
Employment Requisition (summer & temporary)	Sr. Vice President
Employment Requisition (regular full-time and regular part-time)	Vice President, Human Resources if budgeted. If position not budgeted, President.
Employment Requisition (Vice President and Sr. Vice President positions)	President

Type	Highest Approval Required
Probationary Termination	Sr. Vice President, General Counsel
Non-Probationary Termination	Board of Directors pursuant to Neb. Rev. Stat. 14-2110
Voluntary Termination	Employee Notice
Promotion increases under statutory limitations	President
Promotion increases at or above statutory limitations	Board of Directors

**Personnel Status Change System
Employment, separation, transfer, and salary adjustment:**

EMPLOYMENT	Highest Approval Required
Operating and Clerical Personnel (OAC)	Vice President, Human Resources
Supervisory Professional and Administrative (SPA) Personnel	Vice President, Human Resources
Summer Personnel	Vice President, Human Resources

SEPARATION	Highest Approval Required
OAC Personnel	Vice President, Human Resources
SPA Personnel	Vice President, Human Resources
Summer Personnel	Vice President, Human Resources
Retirements & Long-Term Disability	Vice President, Human Resources

Deceased Employee	Vice President, Human Resources
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TRANSFER/CHANGE OF JOB STATUS (Excluding Salary Changes)	Highest Approval Required
OAC Personnel	Sr. Vice President
SPA Personnel	Sr. Vice President

WAGE & SALARY WORKFLOW ADJUSTMENTS	Highest Approval Required
Operating & Clerical Personnel (OAC)	
<ul style="list-style-type: none"> Progression increases up to standard wage 	Sr. Vice President
<ul style="list-style-type: none"> Promotion increases under statutory limitations 	Sr. Vice President
<ul style="list-style-type: none"> Promotion increases at or above statutory limitations 	Sr. Vice President
SPA Personnel	
<ul style="list-style-type: none"> Progression increases up to established rate 	Sr. Vice President

NOTE: All progression increases for Vice President and above require approval of the President.

PERFORMANCE APPRAISALS	Highest Approval Required
Operating and Clerical Personnel (OAC)	One level above the person making the evaluation. A minimum of a Vice President and/or Sr. Vice Presidents/ President as noted below if required
SPA Personnel	One level above the person making the evaluation. A minimum of a Vice President and/or Sr. Vice Presidents/ President as noted below if required

NOTE: All Performance Appraisals require a minimum of two approvals on appraisals.

OTHER	Highest Approval Required
Retirement Plan Benefits	Manager of Compensation & Benefits Director, Internal Auditing
Memberships – Company	President

9.0 Abandonments of District Property

Original Cost – Other than Mains	Highest Approval Required
Up to \$5,000 per item	Vice President
\$5,000.01 to \$25,000 per item	Sr. Vice President
\$25,000.01 and above per item	President

Note: A C&A must be initiated to request approval of original cost jobs in excess of \$10,000 in accordance with [Section 06-010](#). For original cost jobs less than \$ 10,000, an abandonment

request letter must be initiated, approved and sent to Accounting and Purchasing in accordance with [Section 09-001](#).

Original Cost –Mains	Highest Approval Required
Up to \$10,000	Vice President
\$10,000.01 to \$50,000	Sr. Vice President
\$50,000.01 and above	President

Note: A C&A must be initiated to request approval of original cost jobs in excess of \$10,000 in accordance with [Section 06-009](#).

10.0 Absences of Management Personnel

During periods of absence of the President, a Sr. Vice President, or a Vice President, final approval is authorized as follows:

10.1 A Sr. Vice President may make final approval for the President as directed by either the President or the Chairperson of the Board.

10.2 If a Sr. Vice President is absent, such Sr. Vice President shall designate, in writing, another to act in his or her absence. If such Sr. Vice President is unable to make such designation, either the President or Sr. Vice President, General Counsel shall make such designation.

10.3 Expenditure authorization delegated by this procedure to Vice Presidents can only be passed to higher authority. During periods of extended absence, the higher authority at their discretion may delegate partial or full authority of Vice President to a lower level. At a minimum, specific delegation of authority shall be communicated to Purchasing and Accounting.

METROPOLITAN UTILITIES DISTRICT	Metropolitan Utilities District District Procedures Manual (DPM)
Section 15: Sub-Section: 002 Effective Date: Supersedes: Last Reviewed: Review Frequency:	Delegation of Authority Expenditure of District Funds 04/01/2026 11/22/2010 03/30/2026 Bi-Annually

15-002 Expenditure of District Funds

1.0 Introduction

This procedure outlines the various methods by which District funds shall be expended and the authority required before funds can be expended. The Board of Directors Committee referred to in this procedure is the Committee on Accounts, Expenditures, Finance and Rates (AEF & R).

2.0 Disbursing Documents, Restrictions on Use and Signatures Required

District funds shall be expended by use of Revenue Fund Checks, SAP Operating Fund Checks, CIS Fund, Payroll Checks, ACH or cash, after complying with rules as described below and when supported by documents as outlined in Section 3.

All checks shall carry the pre-printed signature of the Assistant Treasurer. The Assistant Treasurer is defined as the Vice President, Accounting.

2.1 Gas and Water Revenue Fund Checks:

Gas Revenue Fund checks are drawn directly on the District bank account at Wells Fargo. Water Revenue Fund checks are drawn directly on First National Bank. Gas Revenue checks are used to make daily disbursements greater than \$1,500.

2.2 CIS Credit Balance Refund Checks:

Refund checks are prepared daily by SAP CRB through a Check Request process. These checks are drawn on First National Bank. Access to the request process shall be restricted to authorized personnel. Authorization approval (on-line) shall be required in accordance with [Section 15-001](#). A Gas Revenue Fund wire shall be prepared to reimburse the bank account for the expenditures.

2.3 SAP Operating Fund Checks:

- A. SAP Operating Fund checks shall be drawn directly on the District bank account (currently US Bank). Each week a Gas Revenue Fund wire shall be prepared for the total amount of the SAP Operating Fund checks issued for that week to transfer funds from the Gas Revenue Fund to the Operating Fund bank account.
- B. SAP Operating Fund checks shall be processed in the same manner as a Revenue Fund check, as described above.
- C. The majority of checks shall be processed weekly through SAP Operating Fund Checks and shall be released only after approval of the disbursements on the Weekly Disbursement Report as outlined in [Subsection 4.0](#) of this procedure.

2.4 Payroll Checks:

- A. For employees on Direct Deposit, funds shall be electronically transferred to the employees designated bank account.

- B. A Gas Revenue Fund wire shall be prepared on each payroll date to transfer funds from the Gas Revenue Fund to the Payroll bank account. This wire shall be prepared in an amount equal to the total payroll checks each pay day.

2.5 Electronic Funds Transfer:

An account exists at First National Bank for electronic transfers of customer payments to the District account which in turn are subsequently transferred daily from this account to the District's Gas Revenue account at Wells Fargo.

3.0 Supporting Documentation and Authorization Required

3.1 Checks:

The following documents shall be used to support checks in disbursing District funds.

- Payments on construction contracts must be supported by the Certificate Covering Estimate on Contract Work (Form 179) approved by Management.
- Vendors invoice and statements supported by an authorized requisition, purchase order, and receipt for materials and services.
- Direct Payment Authorization (Form 418) properly approved.
- Authorized letters that allow the approval of expenditure.
- Properly approved time card/sheets.

3.2 Petty Cash Funds:

A. Fund Holders:

The following employees shall be currently responsible for funds held by them for the sole use of making cash payment for authorized purchases described in Subsection 3.2.B.

- Administrative Clerk III, Field Services/Dispatch
- Crew Leader, Meter Services
- Administrative Clerk III, Gas Production
- Stores Clerk V, Transportation
- Supervisor, Remittance Processing
- Director, Platte South
- Director, Water Quality – Florence
- Director, Platte West
- Executive Assistant – Law Department

Funds shall be secured at all times when not in use. After hours, all funds and paid invoices shall be secured in a locked safe or locked cabinet.

B. Uses:

Petty Cash funds shall not be used to disburse cash for travel advances or meal reimbursement, dues, memberships or subscriptions. These cash funds shall be restricted to purchase of miscellaneous repair and maintenance items and miscellaneous supplies that cannot be ordered via the District's providers (i.e. office supplies), pay freight bills, buy postage and pay miscellaneous fees and expenses. Funds shall not be used for item expenditures exceeding \$100.

C. Obtaining Fund Advances and Purchase Authorization:

All purchases using District Petty Cash Funds must be authorized by a foreman or Supervisor on the Petty Cash Fund Purchase Authorization (Form 1619).

This form shall also be used to record fund advances and to obtain the signature of the employee(s) acknowledging receipt of advance. Petty Cash Fund Purchase Authorization (Form 1619) shall be attached to the paid invoice/receipt showing the applicable charge number.

D. Fund Replenishment:

All replenishments of funds shall be made by SAP Operating Check. Accounting shall issue a check for the total amount of fund expenditures provided:

- Replenishment amount is supported by paid invoices or receipts which have been authorized for purchase on the Petty Cash Fund Purchase Authorization (Form 1619).
- Direct Payment Authorization (Form 418) must be signed by the person responsible for the fund.
- The check must be payable to the person responsible for the fund in the amount shown on the Direct Payment Authorization (Form 418). The checks for fund holders not located in the downtown building can be exchanged for currency and coin at the Credit Union located in the Operating Center, 3100 S. 61st Avenue or the main Credit Union office located at 7310 N Plaza (behind Harley Davidson).

4.0 Certification and Verification of Disbursements

4.1 General:

Weekly, the Accounting Department shall prepare schedules of disbursements and a disbursement summary which is called the Weekly Disbursement Report.

The Weekly Disbursement Report provides certification that disbursements and estimate payments to be correct for services and materials received and billed for which checks have been drawn as set forth in the attached Schedules.

4.2 Procedure:

The Sr. Vice President, Chief Financial Officer and the Vice President, Accounting must approve the weekly disbursements by digitally signing the Weekly Disbursement Report.

The Accounting Department shall retain a copy of all schedules and report for their files.

5.0 Maintaining Control of Checks Issued

5.1 The SAP program assigns a sequential number to each document printed. The Disbursements Supervisor shall be responsible to ensure checks numbers are sequential. Any discrepancies in sequential use (duplicates or missing numbers) shall be questioned and investigated. If unable to explain, these discrepancies shall be brought to the attention of the Vice President, Accounting and the Director of Internal Auditing.

6.0 Mailing Checks

The checks shall be mailed by an Accounting Clerk I after approval of the weekly Disbursement Report by Vice President, Accounting and Sr. Vice President, Chief Financial Officer. Occasionally, a check is distributed outside the weekly check run at the discretion of the Manager, Disbursement & Cash Management as needed. These checks are included in the following week weekly Disbursement Report.

6.1 Automated Clearing House (ACH)

ACH payments are initiated weekly by the Manager, Disbursement & Cash Management after the approval of the weekly Disbursement Report.

METROPOLITAN UTILITIES DISTRICT	Metropolitan Utilities District District Procedures Manual (DPM)
Section 15: Sub-Section: 003 Effective Date: Supersedes: Last Reviewed: Review Frequency:	Delegation of Authority District Policy on Vehicle Assignment & Use 04/01/2026 10/26/2020 03/30/2026 Bi-Annually

15-003 District Policy on Vehicle Assignment and Use

1.0 Policy Statement

It is the District's policy to provide a District owned pool vehicles to employees who require them during the normal course of their employment. The use of personal vehicles for business-related purposes is discouraged. Where the use of a vehicle is incidental the District will reimburse employees for the use of their personal vehicles in accordance with this Policy. In many cases, due to the nature of an employee's work, vehicles may be assigned to individual employees and, in authorized cases, those employees will be allowed, or required, to take the vehicle home overnight. Employees are not allowed to take District vehicles outside of the State of Nebraska without prior written approval from their Department Vice President and further are not allowed to take District vehicles home if their home is outside of the State of Nebraska.

The President, Senior Vice Presidents and all Vice Presidents are responsible for ensuring that the employees that use District vehicles in his or her area of responsibility comply with the provisions of this policy and procedure.

The District requires the prudent use of District owned vehicles in order that transportation costs can be maintained at the lowest possible level while maintaining the proper level of service to our customers. The most direct routes between two points of travel should be taken at all times.

1.01 Personal Vehicle Disclaimer

If an employee plans to use a personal vehicle on District business, the employee is required to maintain personal automobile liability insurance protection in accordance with the applicable financial responsibility laws of the state in which their personal vehicle is registered/licensed. The employee's personal automobile liability insurance is the primary insurance protection in the event of an accident in which the employee-owned vehicle is being used on District business. Personal automobile insurance carriers may view the use of a personal vehicle for business use differently. Employees are encouraged to discuss with their insurance agent the intended use of their personal automobile for business so the coverage can be properly underwritten. The District's automobile liability insurance coverage provides for loss coverage over and above the limits in the employee's policy. An employee is solely responsible for physical damage to their personal vehicle including normal wear and tear.

2.0 Objective

The objective of this policy is to provide for procedures and guidelines to be used in:

- The assignment of vehicles for use by employees.
- The making of determinations regarding the taking of those vehicles home overnight and using them for transportation to and from work.
- The use of personal vehicles for District business.

3.0 Assignment of Vehicles

The assignment of District owned vehicles is based upon employee transportation requirements as established below:

3.1 Assigned Vehicles:

- A. Stand-By or Equivalent: Employees who are designated as being on stand-by for emergencies or are required to be available but are not on stand-by pay status, will be allowed to take a District vehicle home, provided such home is within the State of Nebraska. Usage of this vehicle is to maintain an employee's availability for an emergency. District vehicles should not be used for personal purposes unless necessary to ensure the employee remains available for duty.

All vehicles taken home on a permanent basis shall require approval of the employee's respective Vice President.

- B. Vehicles Assigned to a Position on a Regular Basis during Working Hours: Employees who require the frequent use of a vehicle throughout the course of the working day will have a District vehicle permanently assigned for their use depending on the availability of appropriate vehicles. The Division Supervisor must justify and request approval of any increase in the number of assigned vehicles. Employees in this category are not authorized to take vehicles home or use the vehicle for transportation to and from work, except as provided in 3.3 below.

3.2 Pool Vehicles:

Employees who are not assigned a District vehicle and require the use of a vehicle to conduct District business away from their normal place of work shall use a District pool vehicle when available. Pool vehicles are available at the following locations:

- Headquarters Garage
- Operating Center Garage
- Construction Center Garage

The following are exceptions to this policy:

- When a pool vehicle is not available, reimbursement for use of personal vehicle is authorized using the established Internal Revenue Service rate per mile. Mileage reimbursement requests must show the date and time pool vehicle was not available. As stated in Section 2.1 of Procedure 01-002, this provision does not apply to the OAC employees who are reimbursed for personal use of vehicles under terms of the Union Bargaining Agreement.
- Reimbursement for local travel is not allowed for the first trip of each day when leaving from your home to conduct District business or when returning home for the last trip of each day after conducting District business as these miles are deemed "commuting" miles.
- Proper substantiation for mileage reimbursement must include the following: the date of the trip, the starting point and destination of each trip, the number of miles driven and a description of the business purpose of the travel. Mileage reimbursement is not authorized for use of personal vehicle to attend meetings of local organizations for which attendance is not required by the District.

3.3 Take Home Overnight:

Under unusual circumstances, authorization may be given to take a car home for very limited and specific reasons. In such cases, authorization must be obtained from the Vice-President level or above.

3.4 Personal Use:

Any employee who is authorized to use a District vehicle for personal business must complete F-1449 "Personal Use of Vehicle" to meet requirements of Internal Revenue Service. IRS rules stipulate that commuting to and from work is personal business and is a taxable fringe benefit. Per the IRS "Commuting Rule," each one-way trip (from work to home or from home to work) equals a \$1.50 taxable fringe benefit. Form F-1449 should be completed monthly by the employee assigned a vehicle to take home overnight. The completed form should be submitted to the Payroll Department within (5) days of month-end. The total taxable fringe benefit accumulated for the month will be added to the taxable earnings of the employee's paycheck and taxed accordingly.

Personal business of a District vehicle is limited to the purposes of commuting to and from work and for de minimis personal use, such as a stop for a personal errand on the way between a business delivery and the employee's home.

Mileage will be reimbursed to employees conducting business on behalf of the District utilizing their personal vehicles at the applicable Mileage Rate.

An employee must have prior written approval before submitting form F-1449 for approval. Prior to submission for reimbursement, the employee must verify a pool vehicle is NOT available.

Employees must travel on the most direct route.

Mileage will not be reimbursed when an employee travels to/from any District location to their residence to begin or end their workday.

Reimbursement requests must be submitted within 30 days of travel.

Reimbursable Mileage includes:

Mileage between District facilities.

Mileage to/from any District work site.

4.0 Processing Forms

4.1 General:

Blank forms can be obtained from Accounting.

4.2 Personal Use of Vehicle F-1449:

This form should be completed monthly by the employee assigned a vehicle to take home overnight. Forward this report to Accounting within (5) days after month end.

4.3 Travel Authorization Request Form 1618:

Complete this form when requesting permission to travel by District vehicle to attend a seminar, conference or meeting outside the local metropolitan area. See [Section 01-002](#).

5.0 Conditions – Use of Vehicles

5.1 District vehicles may only be used for personal business if the employee assigned the vehicle is subject to be called into work. Non-employee passengers should be transported only on infrequent, special occasions related to the conduct of District business.

5.2 Out of State travel in a District vehicle is not allowed. Under certain circumstances, such travel may be permitted but only with the written permission of the Department Vice President.

5.3 Employees "in the field" on a regular basis will schedule their coffee and meal breaks so as to minimize extra driving for that purpose, in no case more than 12 blocks each way from the route between stops or job sites. Specialized vehicle such as a crew truck, chlorine van, truck tractor, etc., or mobile special machines will not be driven from an established job site for coffee or a meal.

5.4 District vehicles will not be driven home for a meal or for break periods.

5.5 No more than two District vehicles will be parked at the same time in the vicinity of a public eating place. District vehicles will not be parked at a facility serving only alcoholic beverages, except on a job-related visit.

5.6 District vehicles will not be taken outside the District's service area without prior authorization.

6.0 Reimbursement – Personal Vehicle Used for Reporting to Work Outside of their Scheduled Hours

6.1 Operating and Administrative Employees: OAC employees called from home outside their normal scheduled working hours to report to work at other than their normal workplace can be reimbursed for use of personal vehicles in accordance with the agreement between the District and the Union.

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

April 1, 2026

March 19, 2026

Subject: ACTUARIAL AND ACCOUNTING REPORTS FOR THE RETIREMENT PLAN

To: Insurance and Pension Committee
 cc: All Board Members; President Doyle; Senior Vice Presidents Ausdemore, Mendenhall, Minor, and all Vice Presidents

From: Steve Dickas, Senior Vice President, Chief Financial Officer

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

- 1) Actuarial Valuation Report as of January 1, 2026
- 2) GASB Statements No. 67 & 68 Report – Measurement Date: December 31, 2025
- 3) January 1, 2026 Actuarial Valuation Results (CavMac presentation)

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

An Executive Summary can be found on pages 1-13 of this report, which provides an excellent synopsis of the information contained therein. Though the report contains considerable detail, the key statistical highlights are as follows:

	2026	2025
Funded Ratio at January 1 (Actuarial Value)	97.3%	93.7%
Actuarially Determined District Contribution	\$ 11,136,915	\$ 12,021,557

As a point of reference, the District’s actual pension contribution in 2025 was \$12.9 million, while the 2026 budget reflects a contribution of \$14.3 million. Given the uncertainty and volatility of investment performance, we err on the side of conservatism when estimating the required District contribution to include in the budget. Also, the calculation is based on budgeted payroll, which assumes full staffing levels, including approved staff additions. This is different from the actuarial calculation which uses expected payroll based on active members of the Plan on the valuation date of January 1, 2026. These factors contributed to an estimated District contribution for budgeting purposes that is significantly higher than the Actuarially Determined Contribution of \$11.1 million.

Therefore, management is recommending that the District contribute \$12.0 million towards the pension in 2026, which is \$0.9 million lower than the amount contributed in 2025. While this is less than the budgeted amount, it still exceeds the actuarially determined contribution level by approximately \$900,000, or 7.7%. The District has historically contributed more than the Actuarially Determined

Contribution, and we believe it is prudent to continue this practice. This serves to reduce the unfunded actuarial liability and offset any unfavorable experience that may occur in 2025, including a higher number of employees than assumed in the actuarial calculation.

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

	2025	2024
Plan Fiduciary Net Position as % of Total Pension Liability (At December 31)	106.0%	95.4%
Pension Expense	\$ 5,141,356	\$ 11,997,914

As you compare the difference in funded percentage as well as pension expense vs. actuarial required funding levels, it should be noted that the GASB 67/68 guidance is much more sensitive to market return volatility, as compared with the information derived from the actuarial valuation.

Though market return impacts the actuarial required contribution as well as actuarial funding levels, the actuarial valuation uses an actuarial (smoothed) value of assets, not the pure market value.

The final document, January 1, 2026 Actuarial Valuation Results, is a summary of information contained in the Actuarial Valuation Report as prepared by Pat Beckham, Principal and Consulting Actuary with CavMac Actuarial Consulting Services. Pat will be presenting this information at the April Board meeting.

The Retirement Plan of the District remains in a very strong financial position. The Board's dedication to the financial health of the Plan is consistent with the District's core principle of fiscal responsibility, which includes a commitment to properly funding promises to our employees. The documents attached and referred to above will be on the April 1, 2026 Committee and Board Agendas to be placed on file.

Signed by:

 Steve Dickas
 SVP, Chief Financial Officer

Approved:

 Mark E. Doyle
 President

Attachments

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



**ACTUARIAL VALUATION
REPORT AS OF
JANUARY 1, 2026**

SUBMITTED: MARCH 12, 2026



March 12, 2026

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

Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha as of January 1, 2026 for the plan year ending December 31, 2026. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions or actuarial methods since the prior valuation. However, there have been several changes to the actuarial assumptions used in this valuation as a result of the completion of an experience study in 2025. All of the recommended assumptions from the experience study were adopted by the Board of Directors at their September 3, 2025 meeting and are first used in this valuation. The net impact of the assumption changes was a decrease in both the unfunded actuarial liability and the total contribution rate.

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

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the



Board of Directors
March 12, 2026
Page 2

methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our report, we did not perform an analysis of the potential range of future measurements.

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

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

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

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

Sincerely,

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

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

Megan E. Skiles, ASA, FCA, MAAA
Associate Actuary



TABLE OF CONTENTS

	<u>Page</u>
	Executive Summary 1
Section 1	Valuation Results
	Exhibit 1 – Summary of Fund Activity 14
	Exhibit 2 – Determination of Actuarial Value of Assets 15
	Exhibit 3 – Actuarial Balance Sheet..... 17
	Exhibit 4 – Unfunded Actuarial Liability..... 18
	Exhibit 5 – Calculation of Actuarial (Gain) / Loss 19
	Exhibit 6 – Analysis of Experience..... 20
	Exhibit 7 – Amortization Schedule of the UAL Bases..... 21
	Exhibit 8 – Development of Actuarially Determined Contribution 22
Section 2	Other Information
	Exhibit 9 – Estimated Benefit Payments 24
	Exhibit 10 – Schedule of Employer Contributions 25
	Exhibit 11 – Schedule of Funding Progress..... 26
Section 3	Risk Considerations
	Exhibit 12 – Historical Asset Volatility Ratios 30
	Exhibit 13 – Historical Cash Flows 31
	Exhibit 14 – Liability Maturity Measurements..... 32
	Exhibit 15 – Comparison of Valuation Results under Alternate Investment Return Assumptions 34
Appendices	Appendix A – Summary of Plan Provisions 35
	Appendix B – Actuarial Methods and Assumptions 39
	Appendix C – Membership Data
	Historical Summary of Membership..... 44
	Membership Data for Valuation..... 45
	Membership Data Reconciliation..... 46
	Schedule 1 – Active Employees..... 47
	Schedule 2 – Retired Participants 49
	Schedule 3 – Beneficiaries Receiving Benefits 50
	Schedule 4 – Inactive Vested Former Employees 51
	Schedule 5 – Disabled Vested Former Employees 52





EXECUTIVE SUMMARY

This report presents the results of the January 1, 2026 actuarial valuation of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The primary purposes of performing the valuation are:

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

Summary Results

The key results of the January 1, 2026 valuation are compared to the 2025 valuation in the following table:

	January 1, 2026	January 1, 2025
Actuarial Liability	\$644,039,105	\$618,486,937
Actuarial Assets	<u>626,876,880</u>	<u>579,581,100</u>
Unfunded Actuarial Liability	\$17,162,225	\$38,905,837
Funded Ratio	97.34%	93.71%
District Contribution Rate	11.88%	13.72%
Projected Payroll For Upcoming FY	\$93,745,075	\$87,620,677
District Actuarial Contribution	\$11,136,915	\$12,021,557

The actuarial valuation results provide a “snapshot” view of the Plan’s financial condition on January 1, 2026, which reflects net favorable experience for the past plan year. The rate of return on the actuarial value of assets was higher than the expected return (9.7% actual versus 6.75% expected), which resulted in an actuarial gain of \$17.0 million. There was unfavorable experience on the plan liabilities for the past plan year, mainly due to higher salary increases and cost-of-living adjustments than expected, based on the actuarial assumptions. The net liability experience from all demographic assumptions was an actuarial loss of \$4.5 million, so the net experience for the 2025 plan year, on both actuarial assets and actuarial liabilities, was a gain of \$12.5 million. This favorable experience decreased the unfunded actuarial liability and the actuarially determined contribution rate.

There were no changes to the actuarial methods since last year’s valuation. However, there have been several changes to the actuarial assumptions used in this valuation as a result of the four-year experience study completed in 2025. All of the recommended assumptions were adopted by





EXECUTIVE SUMMARY

the Board of Directors at their September 3, 2025 meeting and are first reflected in this valuation, including:

- The general wage growth assumption was increased from 3.40% to 3.50%.
- The salary merit scale was adjusted to better reflect actual experience.
- The mortality assumption was modified by moving to the Pub-2016 General Employees Median Mortality Tables, projected generationally using Scale MP-2021.
- Assumed retirement rates were adjusted to better reflect actual experience.
- Assumed termination rates were adjusted to better reflect actual experience.
- The marriage assumption was decreased from 90% to 80%.

The change in the actuarial assumptions decreased the actuarial liability (AL) by \$7.4 million and the total actuarial contribution rate by 0.58% of pay. The change to the assumed retirement rates had the most significant impact on the valuation results. The impact of all assumption changes on the January 1, 2026 valuation results is summarized in the following table:

	Prior Assumptions	Current Assumptions	Difference
Actuarial Liability (AL)	\$651,430,822	\$644,039,105	(\$7,391,717)
Actuarial Value of Assets (AVA)	<u>626,876,880</u>	<u>626,876,880</u>	<u>0</u>
Unfunded AL (UAL)	\$24,553,942	\$17,162,225	(\$7,391,717)
Funded Ratio	96.23%	97.34%	1.11%
Normal Cost Rate	19.52%	19.51%	(0.01%)
Administrative Expense	0.04%	0.04%	0.00%
UAL Contribution Rate	<u>1.90%</u>	<u>1.33%</u>	<u>(0.57%)</u>
Total Contribution Rate	21.46%	20.88%	(0.58%)
Annual District Contribution	\$11,613,890	\$11,136,915	(\$476,975)

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

Assets

As of January 1, 2026, the Plan had total funds of \$678.0 million, when measured on a market value basis. This was an increase of \$90.3 million from the prior year and represents a 17.0% rate of return for the 2025 plan year.

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the District's recommended contribution. The valuation uses an asset smoothing method to mitigate the impact of the volatility of investment experience on the funding results. The resulting value is called the actuarial value of assets. For the MUD valuation, the actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets,





EXECUTIVE SUMMARY

net cash flows and a rate of return equal to the actuarial assumed rate of 6.75%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2026.

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

	Market Value (\$M)	Actuarial Value (\$M)
Net Assets, January 1, 2025	\$ 587.6	\$ 579.6
• District Contributions	+ 12.9	+ 12.9
• Member Contributions	+ 7.9	+ 7.9
• Benefit Payments, Refunds and Administrative Expenses	- 29.4	- 29.4
• Net Investment Return	+ <u>99.0</u>	+ <u>55.9</u>
Net Assets, January 1, 2026	\$ 678.0	\$ 626.9
Rate of Return	17.0%	9.7%

The money-weighted rate of return on the market value of assets during 2025, as reported by PNC Institutional Asset Management, was 17.0%, which was higher than the assumed rate of return of 6.75%. However, due to the deferred (unrecognized) investment experience resulting from the asset smoothing method, the rate of return on the actuarial value of assets was 9.7% which generated an actuarial gain of \$17.0 million. The strong return on the market value of assets in 2025 increased the deferred investment gain from \$8.0 million in the January 1, 2025 valuation to \$51.1 million in the current valuation. Actual returns over the next few years will determine if, and when, the deferred investment gain will be recognized. We estimate a return of around -1% on the market value of assets in 2026 could occur without creating an actuarial loss on assets. In that scenario, the actuarial value of assets would be equal to the market value of assets at January 1, 2027.

If the deferred investment gain was recognized immediately in the actuarial value assets, the unfunded actuarial liability would decrease by \$51.1 million resulting in the actuarial value of assets exceeding the actuarial liability by \$33.9 million, the funded ratio would increase from 97.34% to 105.27%, and the actuarially determined contribution for the District would decrease from \$11.1 million to \$8.0 million. This information is provided for discussion purposes and transparency only. To moderate the impact of investment return volatility on contribution requirements, the valuation employs an asset smoothing method. Funding metrics based on the market value of assets are more sensitive to short-term market fluctuations and may not represent the plan's long-term funding progress.

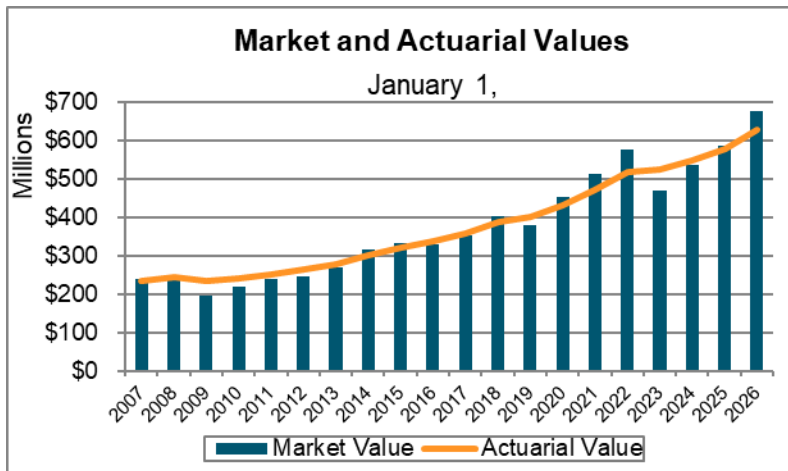




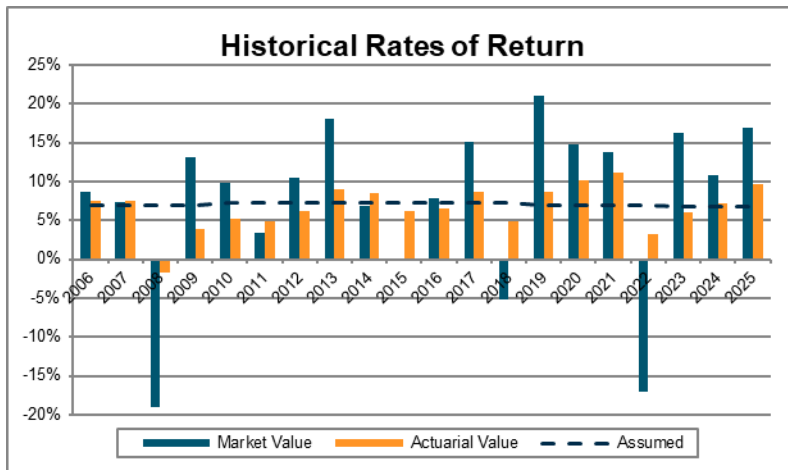
EXECUTIVE SUMMARY

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

	January 1 (\$M)					
	2021	2022	2023	2024	2025	2026
Actuarial Value of Assets	472	517	525	548	580	627
Market Value of Assets	514	577	471	537	588	678
Actuarial Value/Market Value	92%	90%	112%	102%	99%	92%



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



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

Liabilities

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





EXECUTIVE SUMMARY

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

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

	As of January 1	
	2026	2025
Present Value of Future Benefits (PVFB)	\$842,058,319	\$793,700,389
Actuarial Liability (AL)	\$644,039,105	\$618,486,937
Assets at Actuarial Value	\$626,876,880	\$579,581,100
Funded Ratio (Actuarial Value)	97.34%	93.71%
Assets at Market Value	\$677,956,346	\$587,621,941
Funded Ratio (Market Value)	105.27%	95.01%

The calculation of the unfunded actuarial liability for the Plan as of January 1, 2026 is shown below:

Actuarial Liability	\$644,039,105
Actuarial Value of Assets	<u>626,876,880</u>
Unfunded Actuarial Liability	\$ 17,162,225

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These “experience” (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, considering any changes due to assumption or benefit provision changes. The Plan experience, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial loss of \$4.5 million on liabilities and an actuarial gain of \$17.0 million on the actuarial value of assets, resulting in a net gain of \$12.5 million.





EXECUTIVE SUMMARY

The change in the unfunded actuarial liability between January 1, 2025 and 2026 is shown in the following table (in millions):

Unfunded Actuarial Liability, January 1, 2025	\$	38.9
· Expected change in UAL	-	0.2
· Contributions in excess of the actuarial amount	-	0.9
· Investment experience	-	17.0
· Demographic experience	+	4.5
· Impact of assumption change	-	7.4
· Other experience	-	0.7
Unfunded Actuarial Liability, January 1, 2026	\$	17.2

A number of factors impact the funded ratio from year to year. The major drivers of the increase in the funded ratio from the January 1, 2025 to the January 1, 2026 valuation are shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
January 1, 2025 Funded Ratio	93.71%	95.01%
· Expected change	0.41%	0.44%
· Excess contributions	0.15%	0.14%
· Investment experience	2.63%	9.20%
· Demographic experience	(0.67%)	(0.72%)
· Impact of assumption change	<u>1.11%</u>	<u>1.20%</u>
· Total change	3.63%	10.26%
January 1, 2026 Funded Ratio	97.34%	105.27%

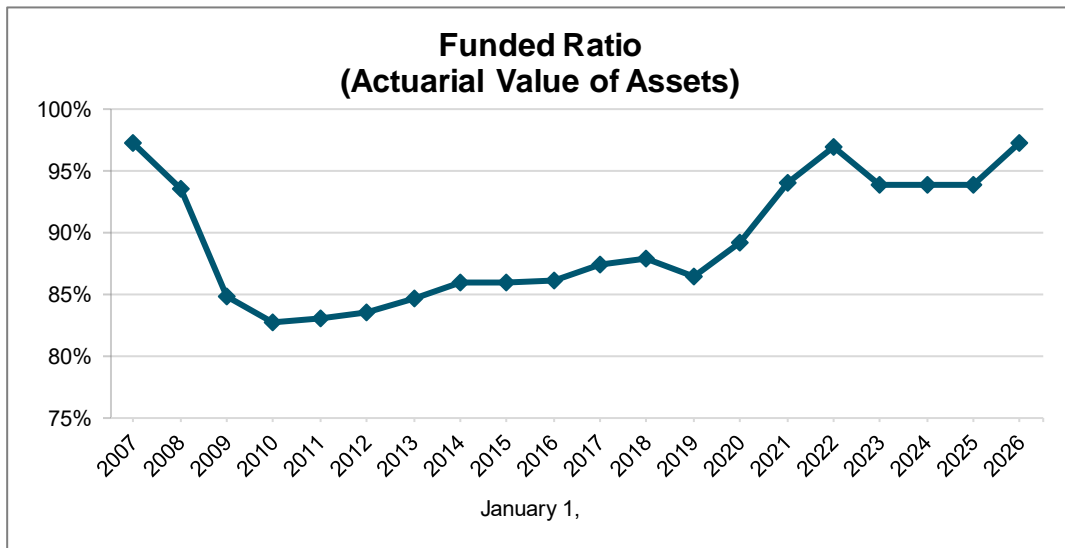
Note that the funded ratio, as a standalone measurement, does not indicate whether or not the Plan has sufficient funds to settle all current obligations, nor is it necessarily indicative of the need or amount of future funding.

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





EXECUTIVE SUMMARY



The large reduction in the funded ratio from 2007 to 2011 is attributable to the benefit improvement granted in 2007 (change in the benefit formula) and the impact of the Great Recession in 2008. As the graph indicates, the funded ratio has increased over the last fifteen years. The deferred investment experience is expected to increase the funded ratio over the next few years, absent actual experience worse than anticipated by the actuarial assumptions in the future. If employer contributions above the actuarial amount are made in the future and/or actual experience, especially the investment return, is better than anticipated by the assumptions, the Plan may reach a funded ratio of 100% before the projected date of 2028.

Contribution Levels

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

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

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

The normal cost rate is independent of the Plan's funded status and represents the cost, as a percentage of payroll, of the Plan benefits which is allocated to the current year of service. The total normal cost for the Plan is 19.51% of payroll. When offset by the employee contribution rate of 9.00%, the employer portion of the normal cost is 10.51% of pay. The normal cost represents the long-term cost of the benefit structure in the Plan, based on the current actuarial assumptions. The Plan's administrative expenses are funded using an explicit assumption that is based on the





EXECUTIVE SUMMARY

actual administrative expenses in the prior year. The administrative expense component for the 2026 plan year is 0.04% of expected payroll.

Currently, the actuarial value of assets is less than the actuarial liability, so there is an unfunded actuarial liability of \$17.2 million. Under the current “layered” amortization method, the unfunded actuarial liability as of January 1, 2014 is treated as a separate amortization base and is amortized, on a level-percent of payroll basis, over a closed 30-year period beginning January 1, 2014 (18 payments remaining in this valuation). Additionally, every year a new amortization base is calculated reflecting the actual plan experience in the immediately preceding plan year, as well as any change in the unfunded actuarial liability due to assumption changes or plan amendments. Each new base is amortized, with payments developed as a level-percent of payroll, over a closed 20-year period that begins on the valuation date when the new base is established. Using this methodology, the total UAL amortization payment for 2026 is 1.33% of payroll.

Please note that the use of closed amortization periods and contributions of at least the full actuarially determined contribution each year will result in the Plan being fully funded at the end of the amortization period, if all actuarial assumptions are met. In our opinion, the amortization policy meets the requirements of Actuarial Standard of Practice Number 4. The funding policy is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate advance funding of benefits. The amortization schedule will fully fund the UAL within 20 years, and the scheduled payments currently exceed the normal cost plus interest on the UAL.

The total actuarially determined contribution rate for 2026 is:

19.51%	(normal cost)
0.04%	(administrative expense)
<u>1.33%</u>	(UAL amortization payment).
20.88%	

Given the employee contribution rate of 9.00% for calendar year 2026, the District’s share of the total actuarially determined contribution rate is 11.88% of expected payroll, or \$11.1 million. Note that the expected payroll used in this calculation is based on the active members of the Plan on the valuation date. The District’s budgeted payroll may be higher than this amount since it is likely based on the assumption of the District being “fully staffed” (currently a number higher than the actual actives on January 1, 2026). If a higher number of employees is anticipated during the year, it would be prudent to contribute an amount in excess of the \$11.1 million shown above to fund the benefits earned by new hires.





EXECUTIVE SUMMARY

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

Total Actuarially Determined Contribution Rate, January 1, 2025	22.72%
· Change in normal cost rate and administrative expense	(0.08%)
· Contributions in excess of the actuarial amount	(0.07%)
· Investment experience	(1.30%)
· Demographic experience	0.34%
· Payroll increase greater than expected	(0.06%)
· Impact of assumption change	(0.58%)
· Other experience	<u>(0.09%)</u>
Total Actuarially Determined Contribution Rate, January 1, 2026	20.88%

The actuarially determined contribution rate decreased by 1.84% from the January 1, 2025 valuation to the January 1, 2026 valuation, largely due to favorable investment experience in 2025, as previously discussed. The decrease in the contribution rate due to the gain on the actuarial assets was partially offset by the actuarial loss on actuarial liabilities. However, the actuarially determined contribution rate also decreased due to other factors including changes in the actuarial assumptions.

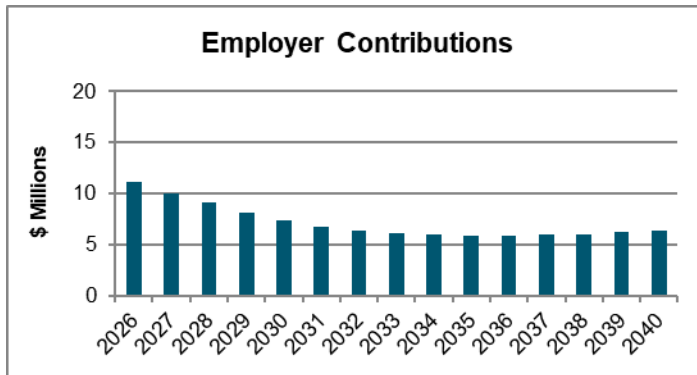
The number of active members increased by 3.6%, from 896 in the January 1, 2025 actuarial valuation to 928 in the January 1, 2026 actuarial valuation. As a result of the increase in the number of active members and higher salary increases than expected based on the actuarial assumptions, the covered payroll increased by nearly 7.0%. The actuarially determined contribution rate is developed as a percentage of covered payroll with an assumption that covered payroll will increase 3.0% per year. When the actual increase is higher than assumed, as is the case this year, it results in a decrease in the actuarial contribution rate because the UAL contribution rate declines (see table above which shows the 0.06% decrease). Note, however, the lower contribution rate is then applied to higher covered payroll which may still result in an increase in the dollar amount of the actuarially determined contribution.

To illustrate the importance of future investment returns on the contribution level, we have included graphs of the estimated employer contributions based on three different scenarios for the rate of return on the market value of assets in 2026, 2027, and 2028. The projections assume that all other actuarial assumptions are met (including a 6.75% assumed rate of return on the market value of assets in 2029 and later) and that the full actuarially determined contribution will be made each year in the future:





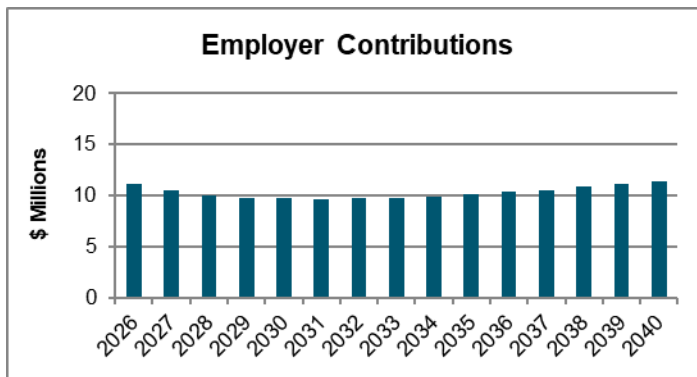
EXECUTIVE SUMMARY



Above Assumed Returns

(10% return on market value for 2026-2028)

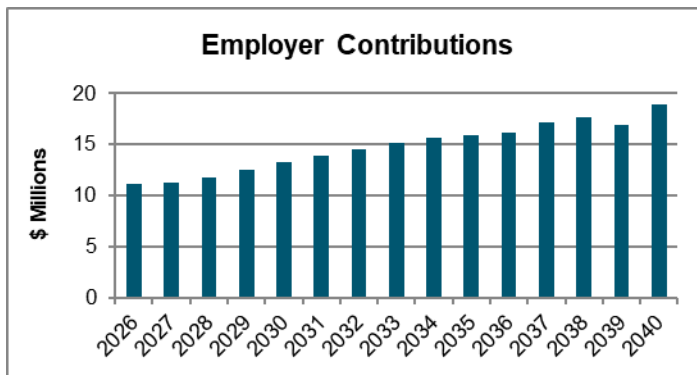
Under this scenario, the current deferred investment gain is recognized so actuarial gains occur in the future. The overall impact is an initial decline in the contribution rate which then stabilizes. The contribution amount increase is due to increases in covered payroll over the period.



At Assumed Returns

(6.75% return for 2026-2028)

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



Below Assumed Returns

(0% return for 2026, 4% for 2027-2028)

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





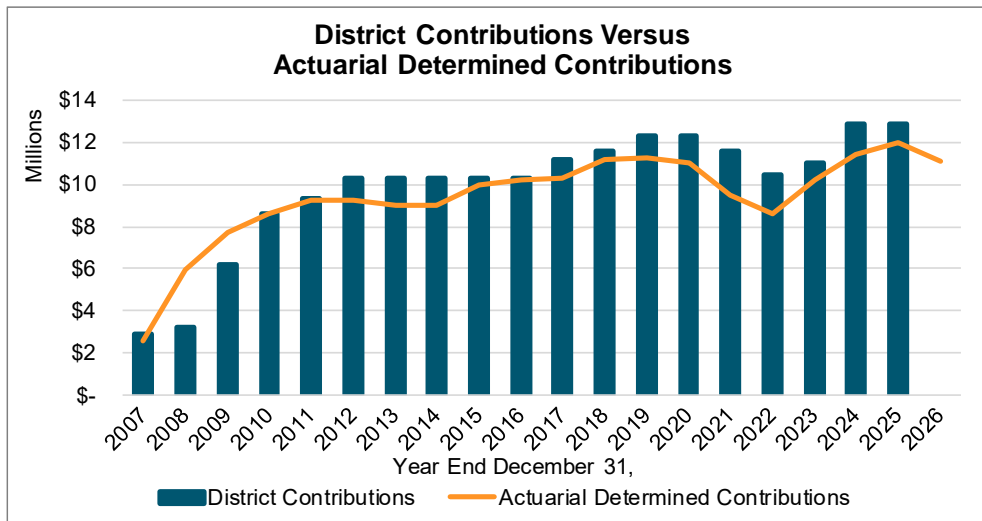
EXECUTIVE SUMMARY

Under the funding policy adopted by the Board, contributions by the District (exclusive of employee contributions) in the following amount will satisfy the actuarially determined contribution for the 2026 plan year:

Actuarially Determined Contribution:	
Normal Cost	\$18,295,723
Administrative Expenses	33,720
Amortization of UAL	1,244,529
Expected Employee Contributions	<u>(8,437,057)</u>
Total	\$11,136,915

The resulting contribution for the District (net of expected employee contributions) is \$11,136,915 which is 11.88% of expected covered payroll for 2026. Since 2012, the District’s contribution policy has been to contribute an amount greater than the actuarially determined contribution. This contribution policy was implemented to reflect several goals:

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



Over the last fifteen years, the District has consistently made contributions above the actuarially determined contribution in order to move the Plan to full funding more rapidly than reflected in the amortization schedule. As a result, the funded ratio in the current valuation is 97%, based on the actuarial value of assets, and the funded ratio is 105% based on the market value of assets. As the Retirement Plan approaches the ultimate goal of being 100% funded, the challenge becomes how to remain fully funded and manage contribution volatility, given the variability in investment returns with the current asset allocation. During the last Asset/Liability Study, PNC discussed the creation of a glide path for lowering the investment return assumption incrementally as the funded ratio moves above 100%. With such a change, the asset allocation would also change resulting in fewer risk-seeking assets and lower return volatility. We suggest CavMac work with PNC and





EXECUTIVE SUMMARY

the District staff to develop specific criteria for when and how to lower the investment return assumption.

Based on the valuation results, we believe it is prudent for the District to continue contributing more than the actuarially determined contribution. We recommend a contribution of \$12.0 million for the 2026 plan year. Any contribution above the actuarially determined contribution in 2026 will reduce the unfunded actuarial liability or help offset unfavorable experience that may occur during the year.

Continuing to contribute above the actuarially determined contribution also helps stabilize future contribution requirements. By maintaining a contribution level that exceeds the current actuarially determined contribution, the District creates a cushion that can absorb future increases in the actuarially determined contribution caused by adverse experience. As a result, moderate increases in the actuarially determined contribution can occur without requiring an immediate increase in the District's budgeted contribution.

Given the asset allocation of the Plan assets, there is considerable volatility in the actual returns on the market value of assets (see graph on page 4). Therefore, future contribution levels will depend heavily on actual investment returns in future years, as illustrated in the graphs on the prior pages. However, it should be noted that even if the actuarially determined contribution rate were to hold steady, the dollar amount of total contributions is expected to increase as covered payroll increases over time.

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





EXECUTIVE SUMMARY

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

	January 1, 2026	January 1, 2025	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	928	896	3.6
- Projected Payroll for Upcoming Fiscal Year	\$93,745,075	\$87,620,677	7.0
- Average Projected Salary	\$101,018	\$97,791	3.3
- Average Attained Age	45.3	46.1	(1.7)
- Average Entry Age	33.7	33.8	(0.3)
2. Inactive Membership			
- LTD and Inactive Vesteds*	73	73	0.0
- Inactive Non-vested	6	4	50.0
- Number of Retirees / Beneficiaries	756	734	3.0
- Average Retiree/Beneficiary Annual Benefit	\$40,334	\$38,826	3.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	\$677,956,346	\$587,621,941	15.4
- Actuarial Value	\$626,876,880	\$579,581,100	8.2
2. Projected Liabilities			
- Retirees and Beneficiaries	\$361,155,286	\$337,943,904	6.9
- Inactive Members	17,068,351	17,293,597	(1.3)
- Active Members	<u>463,834,682</u>	<u>438,462,888</u>	5.8
- Total Liability	\$842,058,319	\$793,700,389	6.1
3. Actuarial Liability	\$644,039,105	\$618,486,937	4.1
4. Unfunded Actuarial Liability (UAL)	\$17,162,225	\$38,905,837	(55.9)
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	97.34%	93.71%	3.9
Market Value Assets / Actuarial Liability	105.27%	95.01%	10.8
CONTRIBUTIONS			
1. Normal Cost Rate	19.51%	19.53%	(0.1)
2. Administrative Expense	0.04%	0.11%	(63.6)
3. UAL Contribution Rate	<u>1.33%</u>	<u>3.08%</u>	(56.8)
4. Total Actuarial Contribution Rate (1) + (2) + (3)	20.88%	22.72%	(8.1)
5. Less Employee Contribution Rate	<u>(9.00%)</u>	<u>(9.00%)</u>	0.0
6. Actuarially Determined Contribution Rate (4) + (5)	11.88%	13.72%	(13.4)
7. Actuarially Determined Contribution	\$11,136,915	\$12,021,557	(7.4)

*Includes 6 beneficiaries who are not yet receiving benefits.





SECTION 1 – VALUATION RESULTS

EXHIBIT 1

SUMMARY OF FUND ACTIVITY (Market Value Basis)

For Year Ended December 31, 2025

1. Market Value of Assets as of January 1, 2025	\$	587,621,941
2. a. Contributions - District	\$	12,900,000
b. Contributions - Employees		7,939,915
c. Total		<u>20,839,915</u>
3. Benefit payments and refunds	\$	(29,374,180)
4. Administrative expenses	\$	(33,720)
5. Investment income, net of investment expenses	\$	98,902,390
6. Market Value of Assets as of December 31, 2025	\$	677,956,346
7. Rate of Return on Market Value of Assets*		17.0%

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





SECTION 1 – VALUATION RESULTS

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

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

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

1. Actuarial Value of Assets as of January 1, 2025	\$579,581,100
2. a. Contributions during 2025	20,839,915
b. Benefit payments and refunds during 2025	29,374,180
c. Administrative expenses during 2025	33,720
3. Expected Value of Assets as of December 31, 2025 (1) x 1.0675 + [(2a) - (2b) - (2c)] x 1.0675 ^½	609,850,391
4. Market Value of Assets as of December 31, 2025	677,956,346
5. Excess of Market Value over Expected Value as of December 31, 2025	68,105,955
6. Actuarial Value of Assets as of December 31, 2025 (3) + 0.25 x (5)	626,876,880
7. Corridor for Actuarial Value of Assets	
a. 80% of (4)	542,365,077
b. 120% of (4)	813,547,615
8. Final Actuarial Value of Assets as of December 31, 2025 (6) but not < (7a) nor > (7b)	\$626,876,880
9. Estimated Rate of Return on Actuarial Value of Assets*	9.7%

*Net of investment expenses.



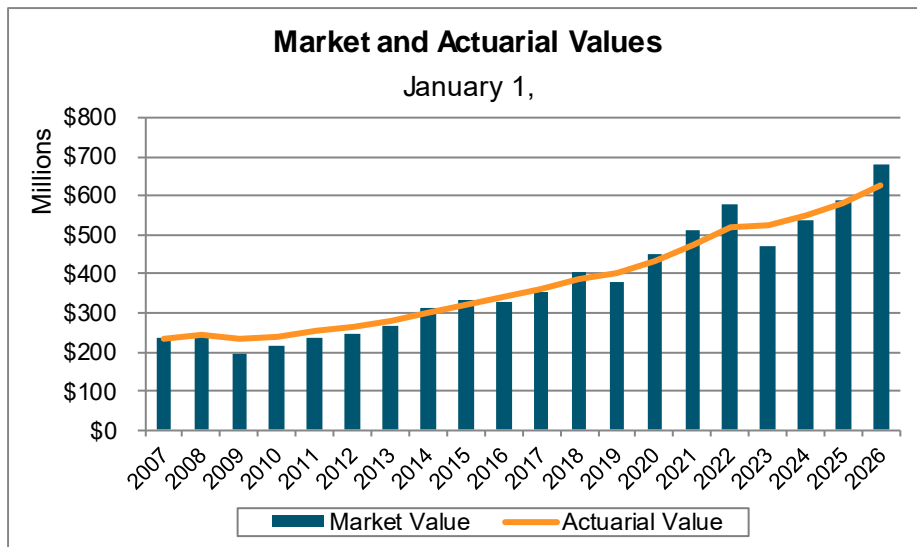


SECTION 1 – VALUATION RESULTS

EXHIBIT 2 (continued)

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

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2007	\$237,959,892	\$234,707,113	98.63%
1/1/2008	249,095,495	245,760,175	98.66%
1/1/2009	196,124,538	235,349,446	120.00%
1/1/2010	218,042,907	241,024,751	110.54%
1/1/2011	238,265,999	252,420,193	105.94%
1/1/2012	244,777,760	263,114,155	107.49%
1/1/2013	268,895,003	277,702,452	103.28%
1/1/2014	314,630,091	300,065,992	95.37%
1/1/2015	333,135,690	322,199,383	96.72%
1/1/2016	329,261,948	339,057,547	102.98%
1/1/2017	352,513,865	358,959,262	101.83%
1/1/2018	402,738,799	387,412,491	96.19%
1/1/2019	378,210,890	402,503,121	106.42%
1/1/2020	452,080,699	432,489,879	95.67%
1/1/2021	513,638,775	471,538,702	91.80%
1/1/2022	577,149,019	517,407,389	89.65%
1/1/2023	470,606,758	524,969,442	111.55%
1/1/2024	537,384,371	547,986,291	101.97%
1/1/2025	587,621,941	579,581,100	98.63%
1/1/2026	677,956,346	626,876,880	92.47%





SECTION 1 – VALUATION RESULTS

EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2026 is as follows:

Assets

Current assets (actuarial value)	\$ 626,876,880
Present value of future normal costs	198,019,214
Present value of future employer contributions to fund unfunded actuarial liability	<u>17,162,225</u>
Total Assets	<u>\$ 842,058,319</u>

Liabilities

Present value of future retirement benefits for:

Active employees	\$ 442,294,977
Retired employees, contingent annuitants and spouses receiving benefits	361,155,286
Inactive vested employees	13,320,203
Inactive employees – disabled	<u>3,732,044</u>
Total	\$ 820,502,510
Inactive non-vested employees – refund due	16,104
Present value of future death benefits payable upon death of active members	7,148,062
Present value of future benefits payable upon termination of active members	<u>14,391,643</u>
Total Liabilities	<u>\$ 842,058,319</u>





SECTION 1 – VALUATION RESULTS

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2026

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

1. Present Value of Future Benefits	\$	842,058,319
2. Present Value of Future Normal Costs		198,019,214
3. Actuarial Liability (1) – (2)		644,039,105
4. Actuarial Value of Assets		626,876,880
5. Unfunded Actuarial Liability (3) – (4)	\$	17,162,225
6. Funded Ratio (4) / (3)		97.34%





SECTION 1 – VALUATION RESULTS

EXHIBIT 5

CALCULATION OF ACTUARIAL (GAIN)/LOSS For Plan Year Ending December 31, 2025

Liabilities

1. Actuarial liability as of January 1, 2025	\$ 618,486,937
2. Normal cost as of January 1, 2025	15,987,059
3. Interest at 6.75% on (1) and (2) to December 31, 2025	42,826,995
4. Benefit payments during 2025	(29,374,180)
5. Interest on benefit payments	(975,191)
6. Impact of assumption changes	(7,391,717)
7. Expected actuarial liability as of December 31, 2025	\$ 639,559,903
8. Actuarial liability as of December 31, 2025	\$ 644,039,105

Assets

9. Actuarial value of assets as of January 1, 2025	\$ 579,581,100
10. Contributions during 2025	20,839,915
11. Benefit payments and administrative expenses during 2025	(29,407,900)
12. Interest on items (9), (10) and (11)	38,837,276
13. Expected actuarial value of assets as of December 31, 2025	\$ 609,850,391
14. Actual actuarial value of assets as of December 31, 2025	\$ 626,876,880

(Gain) / Loss

15. Expected unfunded actuarial liability (7) – (13)	\$ 29,709,512
16. Actual unfunded actuarial liability (8) – (14)	\$ 17,162,225
17. Actuarial (Gain) / Loss (16) – (15)	\$ (12,547,287)
18. Actuarial (Gain) / Loss on Actuarial Assets (13) – (14)	\$ (17,026,489)
19. Actuarial (Gain) / Loss on Actuarial Liability (8) – (7)	\$ 4,479,202





SECTION 1 – VALUATION RESULTS

EXHIBIT 6

ANALYSIS OF EXPERIENCE

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

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

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

(Gain)/Loss by Source

The Plan experienced a net actuarial loss on liabilities of \$4,479,000 during the plan year ended December 31, 2025, as well as an actuarial gain on assets of \$17,026,000. The overall actuarial gain was \$12,547,000. The major components of this net actuarial experience (gain)/loss are shown below:

Liability Sources	<u>(Gain)/Loss</u>
Salary Increases	\$ 3,214,000
Mortality	(1,191,000)
Terminations	171,000
Retirements	471,000
Disability	(79,000)
New Entrants/Rehires	629,000
COLA	1,615,000
Miscellaneous	(351,000)
Total Liability (Gain)/Loss	\$ 4,479,000
Asset (Gain)/Loss	\$ (17,026,000)
Net Actuarial (Gain)/Loss*	\$ (12,547,000)

*May not add due to rounding.





SECTION 1 – VALUATION RESULTS

EXHIBIT 7

AMORTIZATION SCHEDULE OF THE UNFUNDED ACTUARIAL LIABILITY BASES

We believe the use of the layered amortization policy, with new bases over 20 years and the remainder of the legacy base over 18 years, complies with Actuarial Standard of Practice Number 4. This policy will fully amortize the individual, as well as the total, unfunded actuarial liability within a reasonable timeframe and/or reduce the amount of the UAL by a reasonable amount within a sufficiently short period.

Amortization Bases	Original Amount	January 1, 2026 Remaining Payments	Date of Last Payment	Outstanding Balance as of January 1, 2026	Annual Contribution*
2014 UAL Base	\$ 49,110,413	18	1/1/2044	\$ 52,926,602	\$ 4,047,130
2015 Assumption Change Base	\$ 9,846,943	9	1/1/2035	\$ 7,621,837	\$ 1,005,250
2015 Experience Base	\$ (7,281,065)	9	1/1/2035	\$ (5,635,768)	\$ (743,306)
2016 Experience Base	\$ 1,395,779	10	1/1/2036	\$ 1,137,304	\$ 137,297
2017 Experience Base	\$ (3,897,186)	11	1/1/2037	\$ (3,309,652)	\$ (369,363)
2018 Assumption Change Base	\$ 9,057,593	12	1/1/2038	\$ 7,951,435	\$ 827,109
2018 Experience Base	\$ (8,192,496)	12	1/1/2038	\$ (7,191,987)	\$ (748,111)
2019 Experience Base	\$ 8,980,430	13	1/1/2039	\$ 8,124,726	\$ 793,145
2020 Assumption Change Base	\$ 5,133,619	14	1/1/2040	\$ 4,758,569	\$ 438,509
2020 Experience Base	\$ (16,294,094)	14	1/1/2040	\$ (15,103,687)	\$ (1,391,826)
2021 Experience Base	\$ (22,229,911)	15	1/1/2041	\$ (21,013,968)	\$ (1,837,148)
2022 Assumption Change Base	\$ 6,066,864	16	1/1/2042	\$ 5,823,113	\$ 485,081
2022 Experience Base	\$ (20,151,936)	16	1/1/2042	\$ (19,342,284)	\$ (1,611,264)
2023 Experience Base	\$ 17,771,281	17	1/1/2043	\$ 17,313,917	\$ 1,379,531
2024 Experience Base	\$ 7,409,355	18	1/1/2044	\$ 7,302,688	\$ 558,414
2025 Experience Base	\$ (2,632,819)	19	1/1/2045	\$ (2,617,290)	\$ (192,646)
2026 Assumption Change Base	\$ (7,391,717)	20	1/1/2046	\$ (7,391,717)	\$ (525,105)
2026 Experience Base	\$ (14,191,613)	20	1/1/2046	\$ (14,191,613)	\$ (1,008,168)
Total				\$ 17,162,225	\$ 1,244,529

* Contribution amount reflects mid-year timing.

1. Total UAL Amortization Payments	\$ 1,244,529
2. Projected Payroll for FY 2026	\$ 93,745,075
3. UAL Amortization Payment Rate	1.33%





SECTION 1 – VALUATION RESULTS

EXHIBIT 8

DEVELOPMENT OF 2026 ACTUARIALLY DETERMINED CONTRIBUTION

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

1. Normal Cost Rate	19.51%
2. Administrative Expense	0.04%
3. Unfunded Actuarial Liability Payment as Percent of Pay	1.33%
4. Total Actuarially Determined Contribution Rate (1) + (2) + (3)	20.88%
5. Employee Contribution Rate	9.00%
6. District Actuarial Contribution Rate (4) – (5)	11.88%
7. Expected Payroll for 2026	\$ 93,745,075
8. Actuarially Determined District Contribution (6) x (7)	\$ 11,136,915
9. Total Recommended District Contribution*	\$ 12,000,000
10. Monthly District Contribution	\$ 1,000,000

* We believe it is prudent to contribute an amount greater than the Actuarially Determined Contribution amount to protect against adverse experience and volatility in the District's contribution amount.





SECTION 2 – OTHER INFORMATION

SECTION 2

OTHER INFORMATION

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



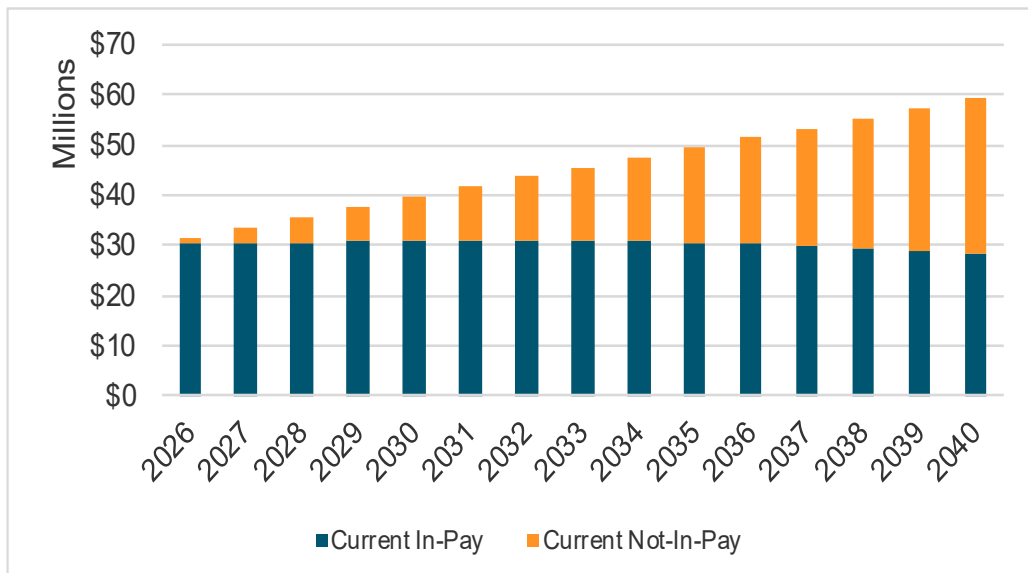


SECTION 2 – OTHER INFORMATION

EXHIBIT 9

ESTIMATED BENEFIT PAYMENTS*

Year End	Current In-Pay	Current Not-In-Pay	Total
2026	\$30,301,000	\$1,245,000	\$31,546,000
2027	30,451,000	3,162,000	33,613,000
2028	30,625,000	4,995,000	35,620,000
2029	30,812,000	6,847,000	37,659,000
2030	30,975,000	8,766,000	39,741,000
2031	31,115,000	10,706,000	41,821,000
2032	31,016,000	12,668,000	43,684,000
2033	30,913,000	14,676,000	45,589,000
2034	30,742,000	16,717,000	47,459,000
2035	30,510,000	18,887,000	49,397,000
2036	30,279,000	21,224,000	51,503,000
2037	29,939,000	23,480,000	53,419,000
2038	29,523,000	25,765,000	55,288,000
2039	29,057,000	28,230,000	57,287,000
2040	28,510,000	30,768,000	59,278,000



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





SECTION 2 – OTHER INFORMATION

EXHIBIT 10

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Determined Contribution (ADC) (a)	Total Employer Contribution (b)	Percentage of ADC Contributed (b / a)
1/1/2007	12/31/2007	\$2,602,505	\$2,885,080	110.73%
1/1/2008	12/31/2008	5,965,250	3,200,004	53.64%
1/1/2009	12/31/2009	7,688,825	6,200,004	80.64%
1/1/2010	12/31/2010	8,587,857	8,637,518	100.58%
1/1/2011	12/31/2011	9,235,199	9,300,000	100.70%
1/1/2012	12/31/2012	9,231,058	10,311,552	111.70%
1/1/2013	12/31/2013	8,995,793	10,299,996	114.50%
1/1/2014	12/31/2014	8,987,679	10,299,996	114.60%
1/1/2015	12/31/2015	9,956,157	10,301,268	103.47%
1/1/2016	12/31/2016	10,214,549	10,300,000	100.84%
1/1/2017	12/31/2017	10,273,167	11,193,821	108.96%
1/1/2018	12/31/2018	11,198,244	11,606,179	103.64%
1/1/2019	12/31/2019	11,269,603	12,300,000	109.14%
1/1/2020	12/31/2020	11,036,307	12,300,000	111.45%
1/1/2021	12/31/2021	9,481,333	11,600,000	122.35%
1/1/2022	12/31/2022	8,588,396	10,500,000	122.26%
1/1/2023	12/31/2023	10,203,922	11,055,924	108.35%
1/1/2024	12/31/2024	11,437,095	12,912,828	112.90%
1/1/2025	12/31/2025	12,021,557	12,900,000	107.31%
1/1/2026	12/31/2026	11,136,915		





SECTION 2 – OTHER INFORMATION

EXHIBIT 11

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
1/1/2007	\$234,707,113	\$241,171,731	\$6,464,618	97.3%	\$40,945,335	15.8%
1/1/2008 *	245,760,175	262,626,673	16,866,498	93.6%	43,105,294	39.1%
1/1/2009	235,349,446	277,523,938	42,174,492	84.8%	46,428,438	90.8%
1/1/2010	241,024,751	291,186,530	50,161,779	82.8%	50,781,583	98.8%
1/1/2011	252,420,193	304,163,301	51,743,108	83.0%	51,484,227	100.5%
1/1/2012	263,114,155	315,121,772	52,007,617	83.5%	51,868,957	100.3%
1/1/2013	277,702,452	328,044,761	50,342,309	84.7%	51,031,067	98.7%
1/1/2014	300,065,992	349,176,405	49,110,413	85.9%	55,847,203	87.9%
1/1/2015 *	322,199,383	374,788,099	52,588,716	86.0%	59,332,362	88.6%
1/1/2016	339,057,547	393,919,275	54,861,728	86.1%	63,384,548	86.6%
1/1/2017	358,959,262	410,749,711	51,790,449	87.4%	61,064,398	84.8%
1/1/2018 *	387,412,491	440,820,801	53,408,310	87.9%	62,624,066	85.3%
1/1/2019	402,503,121	465,369,852	62,866,731	86.5%	62,865,829	100.0%
1/1/2020 *	432,489,879	484,575,088	52,085,209	89.3%	63,272,421	82.3%
1/1/2021	471,538,702	501,663,185	30,124,483	94.0%	66,588,665	45.2%
1/1/2022 *	517,407,389	533,671,865	16,264,476	97.0%	67,274,914	24.2%
1/1/2023	524,969,442	559,155,231	34,185,789	93.9%	70,609,770	48.4%
1/1/2024	547,986,291	589,608,342	41,622,051	92.9%	77,757,044	53.5%
1/1/2025	579,581,100	618,486,937	38,905,837	93.7%	83,387,029	46.7%
1/1/2026 *	626,876,880	644,039,105	17,162,225	97.3%	88,218,090	19.5%

* Revision to actuarial assumptions.





SECTION 3 – RISK CONSIDERATIONS

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

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

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

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

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

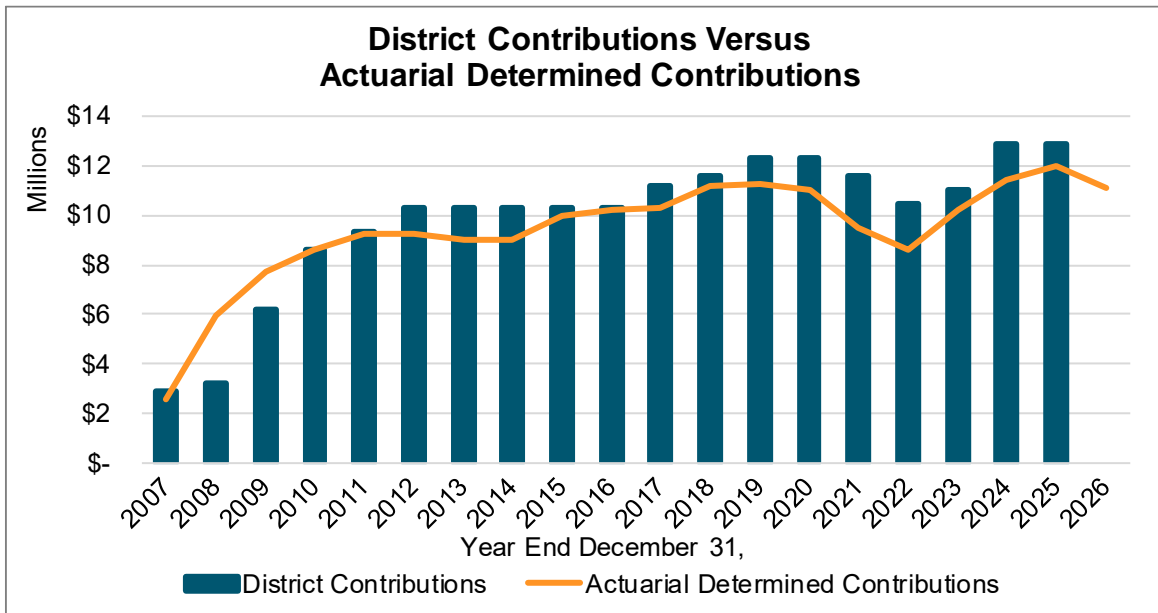
Note that the last two items are not risks that the actuary must address under ASOP 51.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarially determined contribution each year. As the following graph shows, the District has contributed an amount equal to or greater than the actuarially determined contribution in all but 2 of the last 19 years, including every year for the past 16 years.





SECTION 3 – RISK CONSIDERATIONS



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

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

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System’s liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of December 31, 2025 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately \$669.9 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the





SECTION 3 – RISK CONSIDERATIONS

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

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

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

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

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





SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 12

HISTORICAL ASSET VOLATILITY RATIOS

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

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ADC with a Return 10% Lower than Assumed*
1/1/2007	\$237,959,892	\$40,945,335	5.81	4.13%
1/1/2008	249,095,495	43,105,294	5.78	4.11%
1/1/2009	196,124,538	46,428,438	4.22	3.00%
1/1/2010	218,042,907	50,781,583	4.29	3.05%
1/1/2011	238,265,999	51,484,227	4.63	3.29%
1/1/2012	244,777,760	51,868,957	4.72	3.35%
1/1/2013	268,895,003	51,031,067	5.27	3.74%
1/1/2014	314,630,091	55,847,203	5.63	4.00%
1/1/2015	333,135,690	59,332,362	5.61	3.99%
1/1/2016	329,261,948	63,384,548	5.19	3.69%
1/1/2017	352,513,865	61,064,398	5.77	4.10%
1/1/2018	402,738,799	62,624,066	6.43	4.57%
1/1/2019	378,210,890	62,865,829	6.02	4.28%
1/1/2020	452,080,699	63,272,421	7.14	5.07%
1/1/2021	513,638,775	66,588,665	7.71	5.48%
1/1/2022	577,149,019	67,274,914	8.58	6.10%
1/1/2023	470,606,758	70,609,770	6.66	4.73%
1/1/2024	537,384,371	77,757,044	6.91	4.91%
1/1/2025	587,621,941	83,387,029	7.05	5.01%
1/1/2026	677,956,346	88,218,090	7.69	5.46%

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

The assets at January 1, 2026 are 769% of payroll, so underperforming the investment return assumption by 10% (i.e., earn -3.25% for one year) is equivalent to 76.9% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.





SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 13

HISTORICAL CASH FLOWS

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

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
12/31/2011	\$244,777,760	\$11,186,401	\$12,629,378	(\$1,442,977)	(0.59%)
12/31/2012	268,895,003	12,214,990	13,713,290	(1,498,300)	(0.56%)
12/31/2013	314,630,091	12,197,069	14,731,395	(2,534,326)	(0.81%)
12/31/2014	333,135,690	12,412,137	15,566,617	(3,154,480)	(0.95%)
12/31/2015	329,261,948	13,121,864	16,154,414	(3,032,550)	(0.92%)
12/31/2016	352,513,865	14,195,899	16,555,144	(2,359,245)	(0.67%)
12/31/2017	402,738,799	14,951,265	17,445,020	(2,493,755)	(0.62%)
12/31/2018	378,210,890	15,411,552	19,116,693	(3,705,141)	(0.98%)
12/31/2019	452,080,699	16,713,137	21,204,786	(4,491,649)	(0.99%)
12/31/2020	513,638,775	17,321,423	21,897,160	(4,575,737)	(0.89%)
12/31/2021	577,149,019	16,974,956	23,236,403	(6,261,447)	(1.08%)
12/31/2022	470,606,758	16,494,641	25,339,507	(8,844,866)	(1.88%)
12/31/2023	537,384,371	18,047,567	26,553,746	(8,506,179)	(1.58%)
12/31/2024	587,621,941	20,411,104	28,131,942	(7,720,838)	(1.31%)
12/31/2025	677,956,346	20,839,915	29,374,180	(8,534,265)	(1.26%)





SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 14

LIABILITY MATURITY MEASUREMENTS

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

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

Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a / b)
1/1/2012	\$132,413,950	\$315,121,772	42.0%
1/1/2013	149,277,461	328,044,761	45.5%
1/1/2014	164,136,287	349,176,405	47.0%
1/1/2015	170,780,555	374,788,099	45.6%
1/1/2016	177,342,511	393,919,275	45.0%
1/1/2017	181,213,617	410,749,711	44.1%
1/1/2018	196,060,508	440,820,801	44.5%
1/1/2019	238,188,848	465,369,852	51.2%
1/1/2020	247,490,777	484,575,088	51.1%
1/1/2021	257,862,392	501,663,185	51.4%
1/1/2022	299,692,808	533,671,865	56.2%
1/1/2023	311,469,273	559,155,231	55.7%
1/1/2024	326,193,597	589,608,342	55.3%
1/1/2025	337,943,904	618,486,937	54.6%
1/1/2026	361,155,286	644,039,105	56.1%

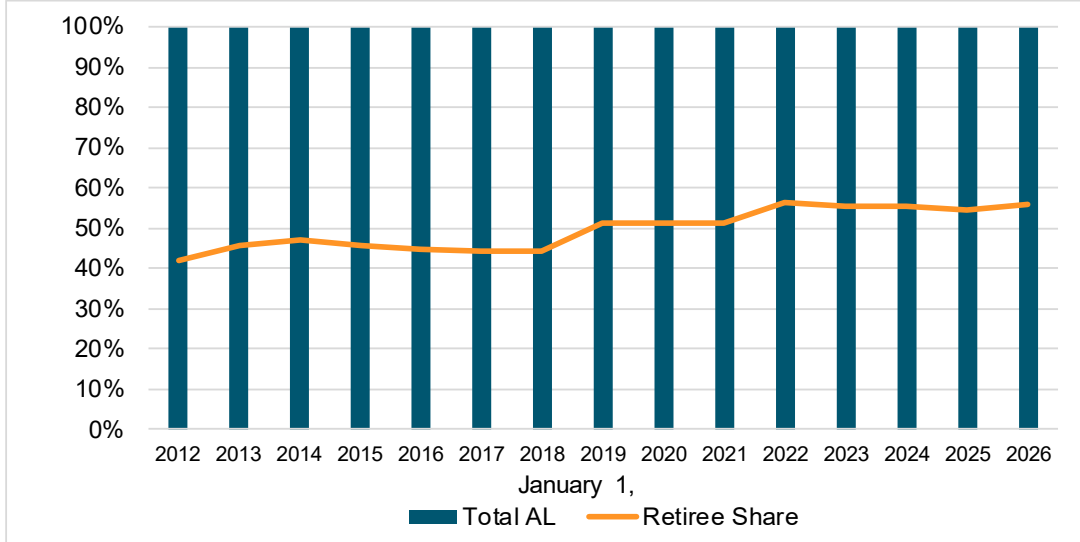




SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 14 (continued)

LIABILITY MATURITY MEASUREMENTS





SECTION 3 – RISK CONSIDERATIONS

EXHIBIT 15

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

This exhibit compares the key January 1, 2026 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	6.25%	6.50%	6.75%	7.00%	7.25%
Contributions					
Normal Cost Rate	22.03%	20.73%	19.51%	18.37%	17.30%
Administrative Expense	0.04%	0.04%	0.04%	0.04%	0.04%
UAL Contribution Rate	4.13%	2.73%	1.33%	(0.07%)	(1.17%)
Total Actuarially Determined Contribution Rate	26.20%	23.50%	20.88%	18.34%	16.17%
Employee Contribution Rate	(9.00%)	(9.00%)	(9.00%)	(9.00%)	(9.00%)
District Contribution Rate	17.20%	14.50%	11.88%	9.34%	7.17%
District Actuarial Contribution	\$16,124	\$13,593	\$11,137	\$8,756	\$6,722
Actuarial Liability	\$683,383	\$663,267	\$644,039	\$625,652	\$608,062
Actuarial Value of Assets	626,877	626,877	626,877	626,877	626,877
Unfunded Actuarial Liability*	\$56,506	\$36,390	\$17,162	(\$1,225)	(\$18,815)
Funded Ratio	91.73%	94.51%	97.34%	100.20%	103.09%

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

*Numbers may not add due to rounding.





APPENDIX A – SUMMARY OF PLAN PROVISIONS

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

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

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

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





APPENDIX A – SUMMARY OF PLAN PROVISIONS

Retirement Benefits:

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

Form of Annuity:

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





APPENDIX A – SUMMARY OF PLAN PROVISIONS

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

Termination Benefits:

Less than 5 years of service

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

Before age 55 with 5 or more years of service

At the employee's election either:

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

Spouse's Benefit:

Effective 3/1/06:

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

Single Sum Death Benefits:

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

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

Vested Terminated Employee (before retirement income payments commence)

Same as above.

After Retirement (if normal form benefit)

To designated beneficiary or estate of employee – the excess, if any, of the lump sum death benefit that would





APPENDIX A – SUMMARY OF PLAN PROVISIONS

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





APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

Liability Method

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

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

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

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

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

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

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

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

Asset Valuation Method

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





APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

UAL Amortization Method

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





APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Assumptions

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

Investment Return: (revised 2021)	6.75% per annum, compounded annually
Payroll Growth: (revised 2021)	3.00% per year
Inflation: (revised 2021)	2.50% per year
Mortality Rates: (revised 2025)	
Active	Pub-2016 General Members (Median) Employee Mortality Table projected generationally using the MP-2021 Scale
Retired	Pub-2016 General Members (Median) Retiree Mortality Table projected generationally using the MP-2021 Scale
Beneficiary	Pub-2016 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2021 Scale
On Long Term Disability	Pub-2016 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2021 Scale

Withdrawal Rates: (revised 2025)

<u>Years of Service</u>	<u>Annual Rate</u>	
	<u>Male</u>	<u>Female</u>
1	5.50%	12.00%
5	3.00%	3.00%
10	1.75%	2.25%
15	1.25%	1.50%
20	1.25%	1.50%
25	0.00%	0.00%





APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

Retirement Rates: (revised 2025)

<u>Age</u>	<u>Annual Rate</u>
55-57	2%
58-59	5%
60	20%
61	30%
62	33%
63-65	25%
66-69	30%
70	100%

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

Salary Scale: (revised 2025)

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

<u>Years of Service</u>	<u>Annual Percentage Increase</u>
1	12.50%
5	7.50%
10	4.50%
15	4.20%
20	4.20%
25	4.00%
30	3.75%
35	3.75%

Note: Includes salary inflation at 3.50%

Spouse’s Benefit: (revised 2025)

It is assumed that 80% of employees are married, with wives three years younger than husbands.

Form of Payment:

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

Cost of Living Adjustment: (revised 2021)

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

Administrative Expense: (implemented 2015)

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





APPENDIX B – ACTUARIAL METHODS AND ASSUMPTIONS

Decrement Timing: Middle of year

Other: Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.

Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members.

The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.





APPENDIX C – MEMBERSHIP DATA

HISTORICAL SUMMARY OF MEMBERSHIP

The following table displays selected historical data as available.

Valuation		Active Members						Number			
		Date January 1	Total Count	Number	Average				Disabled	Inactive Vested	Inactive Non-Vested
Age	Entry Age				Service	Annual Pay (\$)	Pay Increase				
2007	1,371	793	46.1	31.6	14.5	53,104	5.82%	26	37		515
2008	1,401	814	46.1	31.8	14.3	54,730	3.06%	28	38		521
2009	1,413	831	46.7	31.9	14.8	57,576	5.20%	27	38		517
2010	1,429	851	47.1	32.1	15.0	59,997	4.20%	26	38		514
2011	1,434	852	47.5	32.3	15.2	62,082	3.48%	28	40		514
2012	1,436	846	48.0	32.7	15.3	62,458	0.61%	29	44		517
2013	1,409	815	48.6	32.9	15.6	62,822	0.58%	21	34		539
2014	1,446	821	48.3	33.1	15.2	65,631	4.47%	22	35		568
2015	1,491	856	48.0	33.2	14.8	66,999	2.08%	20	38		577
2016	1,492	851	48.3	33.2	15.1	69,168	3.24%	20	34	1	586
2017	1,484	836	48.8	33.3	15.5	72,200	4.38%	24	34	1	589
2018	1,489	824	49.0	33.4	15.6	75,567	4.66%	21	40	2	602
2019	1,516	792	48.3	33.6	14.7	76,528	1.27%	22	42	4	656
2020	1,536	808	48.0	33.7	14.3	78,026	1.96%	23	49	1	655
2021	1,546	808	47.9	33.7	14.2	79,834	2.32%	26	49	2	661
2022	1,602	813	46.9	33.9	13.0	80,838	1.26%	25	53	1	710
2023	1,671	865	46.2	33.8	12.4	82,435	1.98%	20	59	5	722
2024	1,695	888	46.1	33.8	12.3	86,650	5.11%	14	60	5	728
2025	1,707	896	46.1	33.8	12.3	92,306	6.53%	15	58	4	734
2026	1,763	928	45.3	33.7	11.6	94,743	2.64%	12	61	6	756





APPENDIX C – MEMBERSHIP DATA

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2026. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a) Active employees	928
(b) Inactive vested employees	
Terminated*	61
Disability	12
(c) Inactive non-vested employees	6
(d) Retirees and beneficiaries	756
(e) Total	1,763

Average age of employees in valuation:

(a) Active employees:	
Attained age	45.3
Entry age	33.7
(b) Inactive vested employees:	
Termination*	49.8
Disability	54.4
(c) Retired employees	71.7
(d) Beneficiaries	76.6

Active employees eligible for vested benefits as of January 1, 2026

(a) Employees under age 55 with 5 or more years of service - eligible for deferred vested benefits	360
(b) Employees age 55 and over with 5 or more years of service - eligible for early or normal retirement benefits	228
(c) Employees eligible for refund of contributions only	340
(d) Total	928

*Includes 6 beneficiaries who are not yet receiving benefits.





APPENDIX C – MEMBERSHIP DATA

MEMBERSHIP DATA RECONCILIATION

January 1, 2025 to January 1, 2026

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

	<u>Active Participants</u>	<u>Long-Term Disability</u>	<u>Retirees</u>	<u>Inactive Vested*</u>	<u>Inactive Non-Vested</u>	<u>Beneficiaries</u>	<u>Total</u>
Participants as of 1/1/2025	896	15	594	58	4	140	1,707
New Participants	89	0	0	0	5	1	95
Moved to Full-Time	0	0	0	0	0	0	0
Moved to Part-Time	0	0	0	0	0	0	0
Terminations							
Refunded	(10)	0	0	(1)	(4)	0	(15)
Refund-Due	(1)	0	0	0	1	0	0
Inactive Vested	(4)	0	0	4	0	0	0
Disabilities	(1)	1	0	0	0	0	0
Retirements	(39)	(4)	44	(1)	0	0	0
Deaths							
With Beneficiary	(2)	0	(8)	1	0	9	0
Without Beneficiary	0	0	(14)	0	0	(10)	(24)
Data Corrections	0	0	0	0	0	0	0
Total Participants 1/1/2026	928	12	616	61	6	140	1,763

*Includes beneficiaries who are not yet receiving benefits.



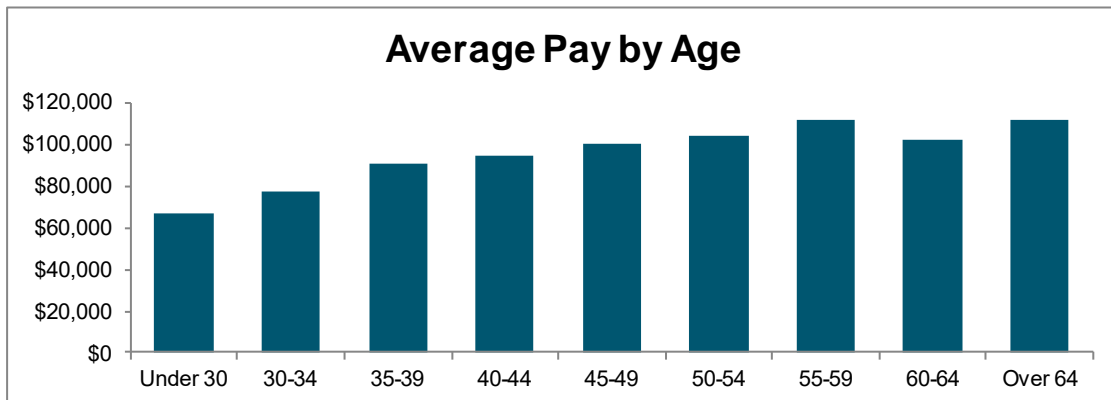
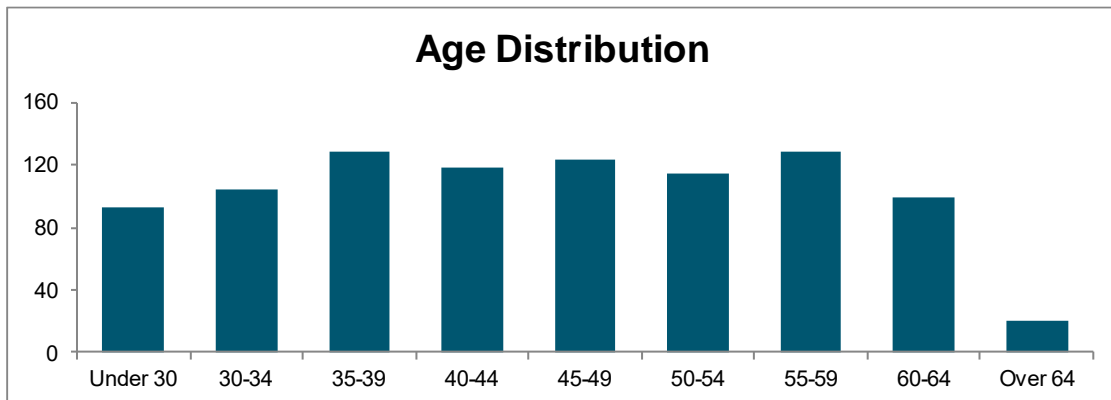


APPENDIX C – MEMBERSHIP DATA

SCHEDULE 1

ACTIVE EMPLOYEES AS OF JANUARY 1, 2026

Age	Count of Members			2025 Pensionable Pay of Members		
	Males	Females	Total	Males	Females	Total
Under 30	88	5	93	\$ 5,981,956	\$ 263,118	\$ 6,245,074
30-34	90	14	104	6,917,645	1,112,301	8,029,946
35-39	107	21	128	9,789,298	1,776,419	11,565,717
40-44	96	22	118	9,159,835	2,014,641	11,174,476
45-49	91	32	123	9,445,018	2,895,957	12,340,975
50-54	97	18	115	10,189,323	1,795,714	11,985,037
55-59	84	44	128	9,877,900	4,388,311	14,266,211
60-64	68	31	99	7,231,872	2,850,303	10,082,175
Over 64	11	9	20	1,416,624	814,817	2,231,441
Total	732	196	928	\$70,009,471	\$17,911,581	\$87,921,052



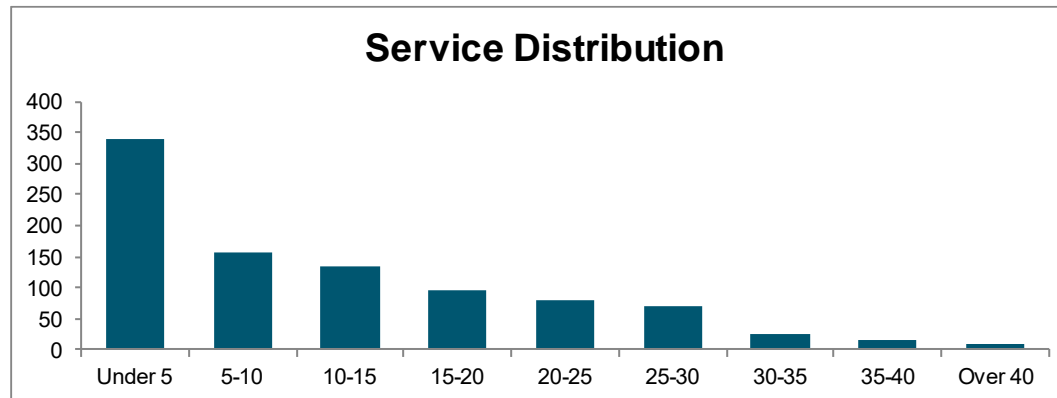


APPENDIX C – MEMBERSHIP DATA

SCHEDULE 1 (continued)

ACTIVE EMPLOYEES AS OF JANUARY 1, 2026

Age	Service									Total
	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
Under 30	80	13	0	0	0	0	0	0	0	93
30-34	74	24	6	0	0	0	0	0	0	104
35-39	72	37	17	2	0	0	0	0	0	128
40-44	49	29	28	11	1	0	0	0	0	118
45-49	27	20	31	29	13	3	0	0	0	123
50-54	19	12	18	19	22	23	2	0	0	115
55-59	13	15	18	16	23	30	8	5	0	128
60-64	5	5	12	16	18	16	12	8	7	99
Over 64	1	1	5	4	2	0	2	2	3	20
Total	340	156	135	97	79	72	24	15	10	928



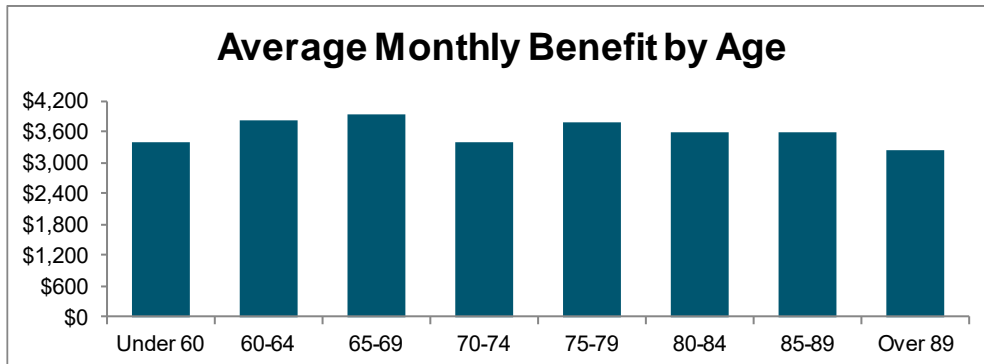
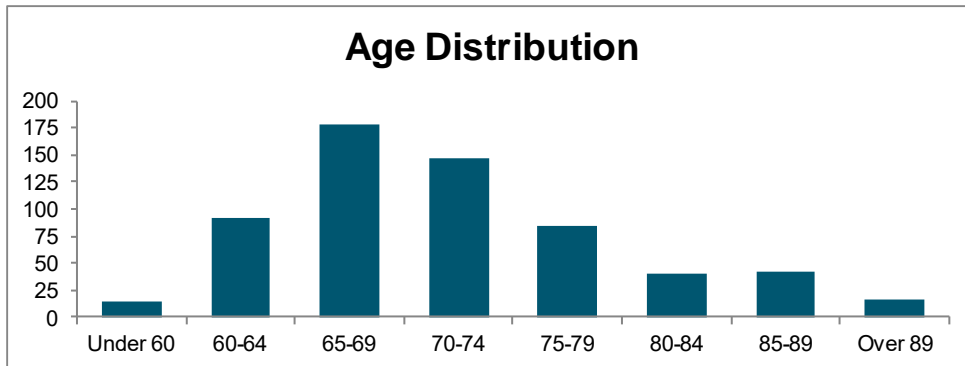


APPENDIX C – MEMBERSHIP DATA

SCHEDULE 2

RETIRED PARTICIPANTS AS OF JANUARY 1, 2026

Age	Count of Retirees			Current Monthly Benefits		
	Males	Females	Total	Males	Females	Total
Under 60	10	5	15	\$ 30,631	\$ 20,503	\$ 51,134
60-64	73	18	91	290,641	56,720	347,361
65-69	123	56	179	516,559	189,063	705,622
70-74	92	55	147	326,658	174,750	501,408
75-79	56	28	84	238,904	78,164	317,068
80-84	31	9	40	119,061	25,128	144,189
85-89	34	9	43	126,643	27,845	154,488
Over 89	13	4	17	44,513	10,329	54,842
Total	432	184	616	\$1,693,610	\$582,502	\$2,276,112



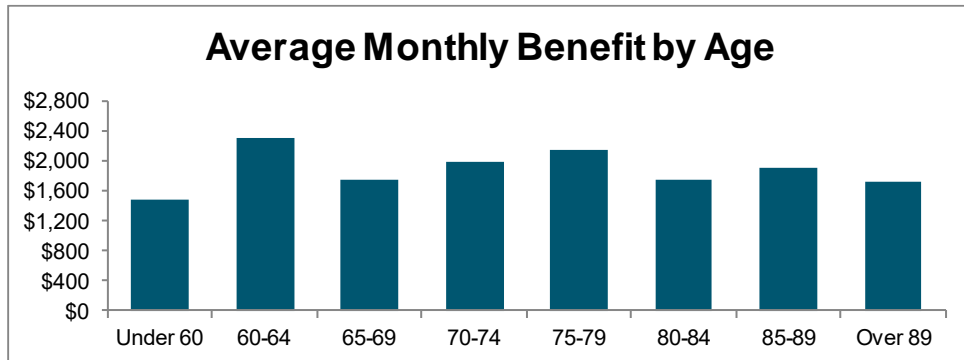
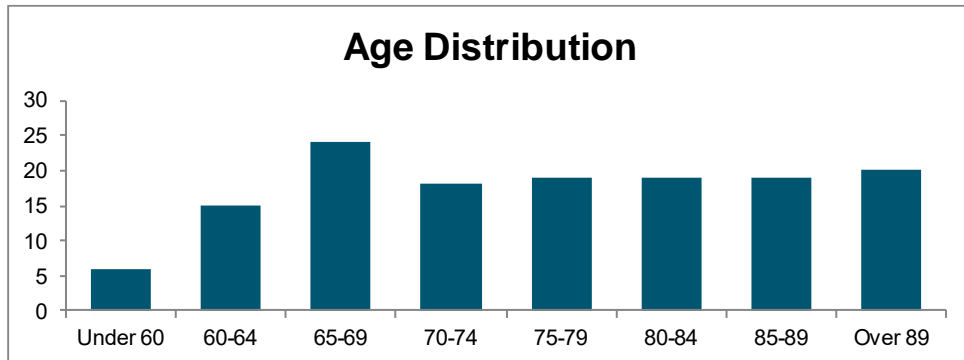


APPENDIX C – MEMBERSHIP DATA

SCHEDULE 3

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2026

Age	Count of Beneficiaries			Current Monthly Benefits		
	Males	Females	Total	Males	Females	Total
Under 60	0	6	6	\$ 0	\$ 8,855	\$ 8,855
60-64	2	13	15	4,970	29,549	34,519
65-69	2	22	24	2,643	39,073	41,716
70-74	1	17	18	652	34,856	35,508
75-79	2	17	19	2,713	37,959	40,672
80-84	0	19	19	0	33,196	33,196
85-89	0	19	19	0	36,118	36,118
Over 89	1	19	20	1,517	32,813	34,330
Total	8	132	140	\$12,495	\$252,419	\$264,914





APPENDIX C – MEMBERSHIP DATA

SCHEDULE 4

INACTIVE VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2026

Age	Count of Members			Expected Monthly Benefit		
	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	\$ 0	\$ 0	\$ 0
25-29	0	0	0	0	0	0
30-34	1	0	1	1,047	0	1,047
35-39	4	0	4	5,318	0	5,318
40-44	5	5	10	7,542	7,375	14,917
45-49	11	1	12	16,256	1,643	17,899
50-54	11	7	18	24,377	12,357	36,734
55-59	7	5	12	13,669	15,840	29,509
Over 59	4	0	4	3,971	0	3,971
Total	43	18	61	\$72,180	\$37,215	\$109,395

Note: Includes 6 beneficiaries who are not yet receiving benefits.





APPENDIX C – MEMBERSHIP DATA

SCHEDULE 5

DISABLED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2026

Age	Count of Members			Estimated Monthly Benefit		
	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	\$ 0	\$ 0	\$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	2	0	2	5,547	0	5,547
45-49	0	1	1	0	3,219	3,219
50-54	1	1	2	4,376	2,802	7,178
55-59	4	1	5	13,505	3,226	16,731
Over 59	1	1	2	2,665	1,357	4,022
Total	8	4	12	\$26,093	\$10,604	\$36,697



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



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

**PREPARED FOR DECEMBER 31, 2025
FINANCIAL REPORTING**



February 12, 2026

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

Dear Mr. Dickas:

Presented in this report is information to assist the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. GASB Statement No. 67 (GASB 67) is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 (GASB 68) establishes accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust. The information in this report is presented for the December 31, 2025 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards.

The annual actuarial valuation used as the basis for much of the information presented in this report was performed as of January 1, 2025. The valuation was based upon data, furnished by the District's staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation report for additional details on the funding requirements for the Plan including actuarial assumptions and methods and the funding policy.

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



Mr. Steve Dickas
February 12, 2026
Page 2

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

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

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

Respectfully submitted,

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

Megan E. Skiles, ASA, FCA, MAAA
Associate Actuary



TABLE OF CONTENTS

	<u>Page</u>
Section I	Summary of Principal Results 1
Section II	Introduction 2
Section III	Notes to Financial Statements for GASB 67 4
Section IV	Required Supplementary Information GASB 67 11
Section V	Pension Expense for GASB 68 13
Section VI	Notes to Financial Statements for GASB 68 15
Section VII	Required Supplementary Information GASB 68 24
Appendix A	Required Supplementary Information Tables 25
	Exhibit A – Statement of Plan Fiduciary Net Position and Changes in the Fiduciary Net Position
	Exhibit B – Schedule of Changes in the Net Pension Liability
	Exhibit C – Schedule of Employer Contributions
Appendix B	Summary of Key Benefit Provisions 29
Appendix C	Statement of Actuarial Assumptions 33





SECTION I – SUMMARY OF PRINCIPAL RESULTS

ANNUAL GASB STATEMENTS NO. 67 & 68 REPORT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA

Valuation Date (VD):	January 1, 2025
Prior Measurement Date:	December 31, 2024
Measurement Date (MD):	December 31, 2025
Membership Data:	
Retirees and Beneficiaries	734
Disabled Members	15
Inactive Vested Members	58
Inactive Nonvested Members	4
Active Employees	<u>896</u>
Total	1,707
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.75%
Municipal Bond Index Rate at Prior Measurement Date	4.04%
Municipal Bond Index Rate at Measurement Date	4.82%
Fiscal Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	6.75%
Single Equivalent Interest Rate at Measurement Date	6.75%
Net Pension Liability:	
Total Pension Liability (TPL)	\$639,614,992
Fiduciary Net Position (FNP)	<u>677,956,346</u>
Net Pension Liability (NPL = TPL – FNP)	(\$38,341,354)
FNP as a percentage of TPL	105.99%
Collective Pension Expense:	\$5,141,356
Collective Deferred Outflows of Resources:	\$37,535,867
Collective Deferred Inflows of Resources:	\$87,028,046





SECTION II – INTRODUCTION

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

This report, prepared as of December 31, 2025 (the Measurement Date), presents information to assist the District in meeting the requirements of GASB 67 and GASB 68. Much of the material provided in this report is based on the results of the annual actuarial valuation of the Plan performed as of January 1, 2025 (the Valuation Date) but using the new set of assumptions adopted by the MUD board at their September 3, 2025 meeting. The results of the annual actuarial valuation were detailed in a report dated March 24, 2025.

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

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

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

Our calculations indicated that the FNP is not projected to be depleted, so the Municipal Bond Index Rate is not used in the determination of the SEIR for the December 31, 2025 TPL. The SEIR for both the current Measurement Date and the Prior Measurement Date is 6.75%, the long-





SECTION II – INTRODUCTION

term assumed rate of return on investments. Please see Paragraph 31.b.(1) for more explanation of the development of the SEIR.

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

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

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

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

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





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

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

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

Paragraph 30.a. (4): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2025, the date of the valuation used to determine the December 31, 2025 TPL.

Membership

Number as of January 1, 2025	
Inactive Members Or Their Beneficiaries	734
Currently Receiving Benefits	
Disabled Members	15
Inactive Members Entitled To But Not Yet Receiving Benefits	58
Inactive Non-vested Members	4
Active Members	896
Total	1,707

Paragraph 30.a. (5): The Plan was established and may be amended only by the Board. The Plan provides retirement, disability (in the form of continued credited service), death, and termination benefits for all regular full-time employees of the District. An employee of the District is eligible for coverage at the time of employment. Vesting is achieved upon the completion of five years of service. Normal retirement age is 60 with 5 years of service. Retirement benefits are calculated using the average compensation for the highest paid 24 consecutive months out of the most recent 120 months, multiplied by the total years of service and the formula factor of





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

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

Paragraph 30.a. (6): Benefit and contribution provisions are established by and may be amended only by the Board. The contribution rate for certain employees is established by a collective bargaining agreement. The Board sets the contribution rates for employees who are not covered by the collective bargaining agreement. An actuarial valuation is performed each year to determine the actuarial required contribution, based on the funding goals set by the Board, which is then contributed by the District. The District's policy is to contribute amounts approved in the annual budget, which are generally greater than or equal to the actuarially determined annual contribution. For calendar year 2025, each member contributed 9.00% of pensionable earnings, as provided by the collective bargaining agreement effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement. District contributions to the Plan totaled \$12,900,000 for the fiscal year ending December 31, 2025.

Paragraph 30.b. (1):

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

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

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





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

- b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the Portfolio may be rebalanced.
- c. Rebalancing the Portfolio at any other time if the Investment Advisor in its discretion deems it appropriate to do so.

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

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

Paragraph 30.b. (3): As of December 31, 2025, the Plan did not own an investment in any one organization that represented 5 percent or more of the Plan's fiduciary net position.

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

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of the time they are available to earn a return during that period. External cash flows are determined on a monthly basis. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses. For the year ended December 31, 2025, the money-weighted rate of return was 17.0%, as calculated by PNC.

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

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

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

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





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

Paragraph 31.a. (1)-(4): As stated earlier, the NPL is equal to the TPL minus the FNP. That result, as of December 31, 2025 is presented in the following table.

Fiscal Year Ending December 31, 2025	
Total Pension Liability	\$ 639,614,992
Fiduciary Net Position	<u>677,956,346</u>
Net Pension Liability	\$ (38,341,354)
Ratio of Fiduciary Net Position to Total Pension Liability	105.99%

Paragraph 31.b.: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TPL. The complete set of actuarial assumptions and other inputs utilized in developing the TPL are outlined in Appendix C. The TPL as of December 31, 2025 was determined based on an actuarial valuation prepared as of January 1, 2025, rolled forward one year to December 31, 2025, using the following key actuarial assumptions and other inputs:

Price Inflation	2.50 percent
Wage Growth Rate	3.50 percent
Salary increases, including price inflation	3.75 to 13.50 percent
Long-term Rate of Return, net of investment expense, including price inflation	6.75 percent
Municipal Bond Index Rate	
Prior Measurement Date	4.04 percent
Measurement Date	4.82 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of investment expense, including price inflation	
Prior Measurement Date	6.75 percent
Measurement Date	6.75 percent
Cost-of-Living Adjustment	2.50 percent





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

Mortality

- | | |
|------------------------------------|---|
| a. Healthy lives – Active members | Pub-2016 General Members (Median) Employee Mortality Table projected generationally using the MP-2021 Scale. |
| b. Healthy lives - Retired members | Pub-2016 General Members (Median) Retiree Mortality Table projected generationally using the MP-2021 Scale. |
| c. Healthy lives - Beneficiaries | Pub-2016 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2021 Scale. |
| d. Long-term Disabled members | Pub-2016 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2021 Scale. |

The actuarial assumptions used in the calculation of the TPL are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2024. The experience study report is dated August 25, 2025, and the MUD Board adopted the new set of assumptions at their September 3, 2025 meeting.

Paragraph 31.b.(1)

(a) Discount rate (SEIR): The discount rate used to measure the TPL at December 31, 2025 was 6.75%. There was no change in the discount rate since the Prior Measurement Date.

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

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

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





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

- (c) Long-term rate of return:** The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated August 25, 2025. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumed long-term rate of return is intended to be a long-term assumption (50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.
- (d) Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 4.82% on the Measurement Date.
- (e) Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2124.





SECTION III – NOTES TO FINANCIAL STATEMENTS FOR GASB 67

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equities		
US Large Cap	34.1%	3.5%
US Mid Cap	2.7%	4.3%
US Small Cap	1.2%	2.8%
Non-US Equities	19.2%	4.9%
Emerging Markets	6.8%	4.0%
U.S. Aggregate Bonds	15.0%	2.0%
International Bonds	3.0%	2.0%
Intermediate Term Credit	11.0%	2.0%
Short Term Credit	3.0%	0.9%
REITS	<u>4.0%</u>	3.3%
Total	100.0%	

* Geometric mean, net of investment expenses

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total Pension Liability	\$721,030,390	\$639,614,992	\$571,493,711
Fiduciary Net Position	<u>\$677,956,346</u>	<u>\$677,956,346</u>	<u>\$677,956,346</u>
Net Pension Liability	\$43,074,044	(\$38,341,354)	(\$106,462,635)

Paragraph 31.c.: The TPL at December 31, 2025 is based upon an actuarial valuation prepared as of January 1, 2025. The valuation was used to determine the TPL on the Measurement Date by rolling the liabilities forward one year to December 31, 2025 using standard actuarial techniques. The roll-forward begins with the actuarial accrued liability (TPL) at January 1, 2025, adds the annual normal cost (also called Service Cost), subtracts the actual benefit payments and refunds for the plan year and then applies interest to December 31, 2025 using the discount rate as of the Prior Measurement Date.





SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION GASB 67

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

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

Paragraph 32.d.:

Fiscal Year Ended December 31	Annual Money-Weighted Rate of Return
2025	17.0%
2024	10.8%
2023	16.2%
2022	-17.1%
2021	13.7%
2020	14.7%
2019	21.0%
2018	-5.2%
2017	15.2%
2016	7.9%

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

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

2023: The member contribution rate increased to 9.00% of total pay, as scheduled.

2022: The member contribution rate increased to 8.50% of total pay, as scheduled.

2021: The member contribution rate increased to 8.00% of total pay, as scheduled.

2020: The member contribution rate increased to 7.50% of total pay, as scheduled.

2019: The member contribution rate increased to 7.00% of total pay, as scheduled.

2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.

2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.





SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION GASB 67

Changes in actuarial assumptions and methods:

1/1/2026 valuation (assumptions used for measuring the 12/31/2025 TPL):

- The general wage growth assumption was increased from 3.40% to 3.50%.
- The salary merit scale was adjusted to better reflect actual experience.
- The mortality assumption was modified by moving to the Pub-2016 General Employees Median Mortality Table, projected generationally using Scale MP-2021.
- Assumed retirement rates were adjusted to better reflect actual experience.
- Assumed termination rates were adjusted to better reflect actual experience.
- The marriage assumption was decreased from 90% to 80%.

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

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

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

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

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

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





SECTION V – PENSION EXPENSE FOR GASB 68

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

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

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

Benefit changes, which are reflected immediately, will increase PE if there is a benefit improvement for existing Plan members or decrease PE if there is a benefit reduction. For the year ended December 31, 2025, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. At the beginning of the measurement period, this number is 13.92 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts or 7.31 years.

The last item under changes in TPL is changes in actuarial assumptions or other inputs. There were a number of changes in the actuarial assumptions or other inputs since the Prior Measurement Date. These changes will be recognized over the average expected remaining service life of the entire Plan membership, using the same approach that applied to experience gains and losses as described earlier.

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

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

The calculation of the PE for the year ended December 31, 2025 is shown in the following table.





SECTION V – PENSION EXPENSE FOR GASB 68

Pension Expense For the Year Ended

December 31, 2025	
Service Cost at end of year	\$17,066,185
Interest on the Total Pension Liability	40,615,148
Benefit term changes	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	340,807
Expensed portion of current-period assumption changes	(1,003,643)
Employee contributions	(7,939,915)
Projected earnings on plan investments	(39,380,033)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(11,904,471)
Administrative expenses	33,720
Other	0
Recognition of beginning Deferred Outflows of Resources	29,951,520
Recognition of beginning Deferred Inflows of Resources	(22,637,962)
Total Pension Expense	\$5,141,356

Note: Average expected remaining service life for all members is 7.31 years.





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

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

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

Paragraph 39: Not Applicable.

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

Paragraph 40(b):

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

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

(3) Key elements of the pension formulas: Normal retirement age is age 60 with 5 years of service. The retirement benefit is calculated using the average compensation for the highest paid 24 consecutive months out of the most recent 120 months, multiplied by the total years of service and the formula factor of 2.15% 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. Benefits vest when the member has five or more years of service.

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





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

Paragraph 40(c): The data required regarding the membership of the Plan were furnished by the District. The following table summarizes the membership of the Plan as of January 1, 2025, the date of the valuation used to determine the December 31, 2025 TPL.

Membership

Number as of January 1, 2025	
Inactive Members Or Their Beneficiaries	734
Currently Receiving Benefits	
Disabled Members	15
Inactive Members Entitled To But Not Yet Receiving Benefits	58
Inactive Non-vested Members	4
Active Members	896
Total	1,707

Paragraph 40(d):

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

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

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

Members: For calendar year 2025, each member contributed 9.00% of pensionable earnings, as provided by the collective bargaining agreement effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement.





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

Amount of contributions recognized by the pension plan from the employer during the reporting period (only the total amounts recognized as additions to the plan's fiduciary net position are reflected here): For the fiscal year ending December 31, 2025, the Plan received \$12,900,000 in contributions from the District.

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

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

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

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





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2024	\$616,153,168	\$587,621,941	\$28,531,227
Changes for the year:			
Service Cost at end of year	17,066,185		17,066,185
Interest on TPL	40,615,148		40,615,148
Benefit term changes	0		0
Differences between expected and actual experience	2,491,299		2,491,299
Assumption changes	(7,336,628)		(7,336,628)
Employer contributions		12,900,000	(12,900,000)
Employee contributions		7,939,915	(7,939,915)
Net investment income		98,902,390	(98,902,390)
Benefit payments, including member refunds	(29,374,180)	(29,374,180)	0
Administrative expenses		(33,720)	33,720
Other		0	0
Net changes	<u>23,461,824</u>	<u>90,334,405</u>	<u>(66,872,581)</u>
Balances at December 31, 2025	\$639,614,992	\$677,956,346	(\$38,341,354)

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





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

Paragraph 45:

(a): The Measurement Date of the NPL is December 31, 2025. The TPL as of December 31, 2025 was determined based upon an actuarial valuation prepared as of the Valuation Date, January 1, 2025, rolled forward to December 31, 2025 using standard actuarial formulae.

(b): There is no special funding situation.

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

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

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

(f): The measurement date of the NPL and the employer's reporting date, December 31, 2025, are the same, so there are no significant effects on the NPL due to differing dates.

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

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





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

The following tables provide a summary of the amounts of the Deferred Outflows of Resources and Deferred Inflows of Resources as of the Measurement Date (December 31, 2025). Per GASB 68, reporting of the differences between projected and actual earnings should be on a net basis, with only one Deferred Outflow or Inflow. This information is provided in the following table.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	\$8,945,016	\$2,295,462	\$6,649,554
Changes of assumptions	1,339,298	6,332,985	(4,993,687)
Differences between projected and actual earnings	<u>27,251,553</u>	<u>78,399,599</u>	<u>(51,148,046)</u>
Total	\$37,535,867	\$87,028,046	(\$49,492,179)





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

Deferred Outflows of Resources				
	December 31, 2024	Additions	Recognition	December 31, 2025
Differences between expected and actual experience				
FY 2019 Base	\$ 63,298	\$ 0	\$ 63,298	\$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	1,716,805	0	464,001	1,252,804
FY 2023 Base	1,644,937	0	325,730	1,319,207
FY 2024 Base	5,025,272	0	802,759	4,222,513
FY 2025 Base	0	2,491,299	340,807	2,150,492
Total	\$ 8,450,312	\$ 2,491,299	\$ 1,996,595	\$ 8,945,016
Changes of assumptions				
FY 2019 Base	\$ 212,316	\$ 0	\$ 212,316	\$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	2,171,160	0	831,862	1,339,298
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 2,383,476	\$ 0	\$ 1,044,178	\$ 1,339,298
Differences between projected and actual earnings				
FY 2021 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2022 Base	54,503,107	0	27,251,554	27,251,553
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 54,503,107	\$ 0	\$ 27,251,554	\$ 27,251,553
Total	\$ 65,336,895	\$ 2,491,299	\$ 30,292,327	\$ 37,535,867





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

Deferred Inflows of Resources				
	December 31, 2024	Additions	Recognition	December 31, 2025
Differences between expected and actual experience				
FY 2019 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2020 Base	2,103,913	0	1,481,628	622,285
FY 2021 Base	2,712,418	0	1,039,241	1,673,177
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	0	0	0
Total	\$ 4,816,331	\$ 0	\$ 2,520,869	\$ 2,295,462
Changes of assumptions				
FY 2019 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
FY 2024 Base	0	0	0	0
FY 2025 Base	0	7,336,628	1,003,643	6,332,985
Total	\$ 0	\$ 7,336,628	\$ 1,003,643	\$ 6,332,985
Differences between projected and actual earnings				
FY 2021 Base	\$ 6,930,105	\$ 0	\$ 6,930,105	\$ 0
FY 2022 Base	0	0	0	0
FY 2023 Base	26,337,764	0	8,779,254	17,558,510
FY 2024 Base	17,630,937	0	4,407,734	13,223,203
FY 2025 Base	0	59,522,357	11,904,471	47,617,886
Total	\$ 50,898,806	\$ 59,522,357	\$ 32,021,564	\$ 78,399,599
Total	\$ 55,715,137	\$ 66,858,985	\$ 35,546,076	\$ 87,028,046





SECTION VI – NOTES TO FINANCIAL STATEMENTS FOR GASB 68

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

Fiscal Year Ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
2026	\$30,016,712	\$27,756,628	\$2,260,084
2027	2,440,733	26,729,040	(24,288,307)
2028	1,794,098	17,315,849	(15,521,751)
2029	1,469,296	12,908,116	(11,438,820)
2030	1,159,853	1,003,643	156,210
Thereafter	655,175	1,314,770	(659,595)

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





SECTION VII – REQUIRED SUPPLEMENTARY INFORMATION GASB 68

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





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit A

GASB 68 Paragraph 43 STATEMENT OF PLAN FIDUCIARY NET POSITION AND CHANGES IN THE FIDUCIARY NET POSITION Fiscal Year Ended December 31, 2025

Statement of Plan Fiduciary Net Position at December 31, 2025

Assets	
Cash and cash equivalents	\$ 5,889,632
Investments at fair value	
Fixed income	205,949,042
Domestic stock	282,477,735
International stock	183,639,937
Total investments	<u>672,066,714</u>
Total assets	<u>677,956,346</u>
Liabilities	
Accrued expenses and benefits payable	<u>0</u>
Total liabilities	<u>0</u>
Net position restricted for pensions	<u>\$ 677,956,346</u>

Statement of Changes in the Fiduciary Net Position for the Year Ended December 31, 2025

Additions:	
Employer contributions	\$ 12,900,000
Employee contributions	7,939,915
Total contributions	<u>20,839,915</u>
Net investment income	98,902,390
Total additions	<u>119,742,305</u>
Deductions:	
Service benefits	29,374,180
Administrative expenses	33,720
Total deductions	<u>29,407,900</u>
Net increase/(decrease)	90,334,405
Net position restricted for pensions:	
Beginning of year	587,621,941
End of year	<u>\$ 677,956,346</u>





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit B

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$17,066,185	\$15,812,155	\$14,685,921	\$13,490,074	\$13,007,768	\$12,718,417	\$11,710,809	\$11,863,654	\$11,137,854	\$10,857,017
Interest	40,615,148	38,496,096	36,716,217	34,985,031	34,269,868	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211
Benefit term changes	0	0	0	0	0	0	0	0	0	0
Differences between expected and actual experience	2,491,299	5,828,031	2,296,397	3,108,808	(6,869,382)	(9,512,053)	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)
Assumption changes	(7,336,628)	0	0	0	5,498,608	0	5,751,024	0	8,713,229	0
Benefit payments, including member refunds	<u>(29,374,180)</u>	<u>(28,131,942)</u>	<u>(26,553,746)</u>	<u>(25,339,507)</u>	<u>(23,236,403)</u>	<u>(21,897,160)</u>	<u>(21,204,786)</u>	<u>(19,116,693)</u>	<u>(17,445,020)</u>	<u>(16,555,144)</u>
Net change in Total Pension Liability	\$23,461,824	\$32,004,340	\$27,144,789	\$26,244,406	\$22,670,459	\$14,616,001	\$29,705,723	\$21,453,640	\$26,123,138	\$20,799,847
Total Pension Liability - beginning	\$616,153,168	\$584,148,828	\$557,004,039	\$530,759,633	\$508,089,174	\$493,473,173	\$463,767,450	\$442,313,810	\$416,190,672	\$395,390,825
Total Pension Liability - ending (a)	\$639,614,992	\$616,153,168	\$584,148,828	\$557,004,039	\$530,759,633	\$508,089,174	\$493,473,173	\$463,767,450	\$442,313,810	\$416,190,672
Plan Fiduciary Net Position										
Employer contributions	\$12,900,000	\$12,912,828	\$11,055,924	\$10,500,000	\$11,600,000	\$12,300,000	\$12,300,000	\$11,606,179	\$11,193,821	\$10,300,000
Employee contributions	7,939,915	7,498,276	6,991,643	5,994,641	5,374,956	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899
Net investment income	98,902,390	58,052,663	75,376,746	(97,597,177)	69,875,660	66,226,054	78,431,581	(20,727,828)	52,812,850	25,696,348
Benefit payments, including member refunds	(29,374,180)	(28,131,942)	(26,553,746)	(25,339,507)	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)
Administrative expenses	(33,720)	(94,255)	(92,954)	(100,218)	(103,969)	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)
Other	0	0	0	0	0	0	0	0	0	0
Net change in Plan Fiduciary Net Position	\$90,334,405	\$50,237,570	\$66,777,613	(\$106,542,261)	\$63,510,244	\$61,558,076	\$73,869,809	(\$24,527,909)	\$50,224,934	\$23,251,917
Plan Fiduciary Net Position – beginning	\$587,621,941	\$537,384,371	\$470,606,758	\$577,149,019	\$513,638,775	\$452,080,699	\$378,210,890	\$402,738,799	\$352,513,865	\$329,261,948
Plan Fiduciary Net Position – ending (b)	\$677,956,346	\$587,621,941	\$537,384,371	\$470,606,758	\$577,149,019	\$513,638,775	\$452,080,699	\$378,210,890	\$402,738,799	\$352,513,865
Net Pension Liability - ending (a) - (b)	(\$38,341,354)	\$28,531,227	\$46,764,457	\$86,397,281	(\$46,389,386)	(\$5,549,601)	\$41,392,474	\$85,556,560	\$39,575,011	\$63,676,807
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	105.99%	95.37%	91.99%	84.49%	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%
Covered payroll	\$88,218,090	\$83,387,029	\$77,757,044	\$70,609,770	\$67,274,914	\$66,588,665	\$63,272,421	\$62,865,829	\$62,624,066	\$61,064,398
Employers' Net Pension Liability as a percentage of covered payroll	(43.46%)	34.22%	60.14%	122.36%	(68.95%)	(8.33%)	65.42%	136.09%	63.19%	104.28%





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

Exhibit C

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

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 10,215	\$ 10,300	\$ (85)	\$ 61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%
2022	8,588	10,500	(1,912)	70,610	14.87%
2023	10,204	11,056	(852)	77,757	14.22%
2024	11,437	12,913	(1,476)	83,387	15.49%
2025	12,022	12,900	(878)	88,218	14.62%





APPENDIX A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	January 1, 2025
Notes	Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution are made.
Methods and Assumptions Used to Determine Actuarial Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Range from 10 to 20 years (Single Equivalent Amortization Period is 21 years)
Asset Valuation Method	Expected Value + 25% of (Market – Expected Values)
Price Inflation	2.50 percent
Salary Increases, including price inflation	3.65 to 11.40 percent, depending on years of service
Long-Term Rate of Return	6.75 percent
Retirement	Age-based table of rates.
Mortality	<p>Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Post-retirement mortality rates for retirees were based on the Pub-2010 General Members (Median) Retiree Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Post-retirement mortality rates for survivors were based on the Pub-2010 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2020 Scale.</p> <p>Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2020 Scale.</p>
Cost-of-Living Adjustment	2.50 percent per year





APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

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

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

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

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





APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

Retirement Benefits:

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

Form of Annuity:

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





APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

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

Termination Benefits:

Less than 5 years of service

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

Before age 55 with 5 or more years of service

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

Spouse’s Benefit:

Effective 3/1/06:

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

Single Sum Death Benefits:

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

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

Vested Terminated Employee (before retirement income payments commence)

Same as above.

After Retirement (if normal form benefit)

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





APPENDIX B – SUMMARY OF KEY BENEFIT PROVISIONS

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





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

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

Payroll Growth: (revised 2021) 3.00% per year

Inflation: (revised 2021) 2.50% per year

Mortality Rates: (revised 2025)

Active Pub-2016 General Members (Median) Employee Mortality Table projected generationally using the MP-2021 Scale

Retired Pub-2016 General Members (Median) Retiree Mortality Table projected generationally using the MP-2021 Scale

Beneficiary Pub-2016 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2021 Scale

On Long Term Disability Pub-2016 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2021 Scale

Withdrawal Rates: (revised 2025)

Years of Service	Annual Rate	
	Male	Female
1	5.50%	12.00%
5	3.00%	3.00%
10	1.75%	2.25%
15	1.25%	1.50%
20	1.25%	1.50%
25	0.00%	0.00%





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Retirement Rates: (revised 2025)

<u>Age</u>	<u>Annual Rate</u>
55 to 57	2%
58 to 59	5%
60	20%
61	30%
62	33%
63 to 65	25%
66 to 69	30%
70	100%

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

Salary Scale: (revised 2025)

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

<u>Years of Service</u>	<u>Annual Percentage Increase</u>
1	12.50%
5	7.50%
10	4.50%
15	4.20%
20	4.20%
25	4.00%
30	3.75%
35	3.75%

Note: Includes salary inflation at 3.50%

Spouse’s Benefit: (revised 2025)

It is assumed that 80% of employees are married, with wives three years younger than husbands.

Form of Payment:

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

Cost of Living Adjustment:
(revised 2021)

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

Administrative Expense:
(implemented 2015)

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





APPENDIX C – STATEMENT OF ACTUARIAL ASSUMPTIONS

Decrement Timing:

Middle of year

Other:

Active liabilities for withdrawal and retirement benefits are loaded 0.50% for those members expected to elect a Joint and Contingent Annuitant form of payment that has a pop-up feature.

Missing contribution balances with interest are assumed to equal three times the annual benefit amount for inactive members.

The salary amounts used as an input for valuation purposes represent pensionable compensation for the 12-month period immediately preceding the valuation date. These amounts are calculated by using the employees' contribution amounts for the 12-month period immediately preceding the valuation date, as provided to us by the client.



RETIREMENT PLAN FOR EMPLOYEES OF MUD

JANUARY 1, 2026 ACTUARIAL VALUATION RESULTS

PRESENTED: April 1, 2026



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

Funding of Retirement Systems

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

Builds funds during working careers.

Investment returns help pay for benefits.

Actuarial valuation is mathematical model of financial future of system.

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

Contribution equity among generations of active members and rate payers.

Experience Study Changes

- The experience study in 2025 resulted in changes to the set of actuarial assumptions that are first reflected in the January 1, 2026 valuation
 - Increase general wage growth assumption from 3.40% to 3.50%.
 - Adjust salary merit scale to better reflect actual experience.
 - Move to the Pub-2016 General Employees Median Mortality Tables, projected generationally using Scale MP-2021.
 - Adjust retirement rates to better reflect actual experience.
 - Adjust termination rates to better reflect actual experience.
 - Decrease the marriage assumption from 90% to 80%.

Impact of Experience Study Changes

January 1, 2026 Actuarial Valuation Results

	Prior Assumptions	Current Assumptions	Difference
Actuarial Liability (AL)	\$651,430,822	\$644,039,105	(\$7,391,717)
Actuarial Value of Assets (AVA)	<u>626,876,880</u>	<u>626,876,880</u>	<u>0</u>
Unfunded AL (UAL)	\$24,553,942	\$17,162,225	(\$7,391,717)
Funded Ratio	96.23%	97.34%	1.11%
Normal Cost Rate	19.52%	19.51%	(0.01%)
Administrative Expense	0.04%	0.04%	0.00%
UAL Contribution Rate	<u>1.90%</u>	<u>1.33%</u>	<u>(0.57%)</u>
Total Contribution Rate	21.46%	20.88%	(0.58%)
Annual District Contribution	\$11,613,890	\$11,136,915	(\$476,975)

The most significant cost impact was due to changes to the assumed retirement rates.

What Impacted the 1/1/2026 Valuation Results

- Asset Experience
 - Investment return on market value was 17.0%
 - Due to use of an asset smoothing method, the return on the actuarial value of assets was 9.7%, greater than the assumed return of 6.75%.
 - Actuarial gain on assets of \$17.0 million
 - Deferred investment gain of \$8.0 million last year increased to \$51.1 million in the 2026 valuation
- Liability Experience
 - Higher salary increases than assumed produced an actuarial loss on liabilities (higher salaries = higher benefits)
 - Actual COLA increase of 3.0% was higher than the assumed COLA (2.5%)
 - Net liability loss from all sources was \$4.5 million
- Net experience gain was \$12.5 million which decreased the unfunded actuarial liability and actuarial contribution.

Total Plan Membership

	1/1/26 Valuation	1/1/25 Valuation	Change
Active members	928	896	3.6%
LTD/Inactive vested	73	73	0.0%
Inactive non-vested	6	4	50.0%
Retirees and Beneficiaries	<u>756</u>	<u>734</u>	<u>3.0%</u>
Total	1,763	1,707	3.3%

Average age of active members is 45.3 and average service is 11.6.
 Average age of retirees is 71.7. Oldest retiree is age 96.



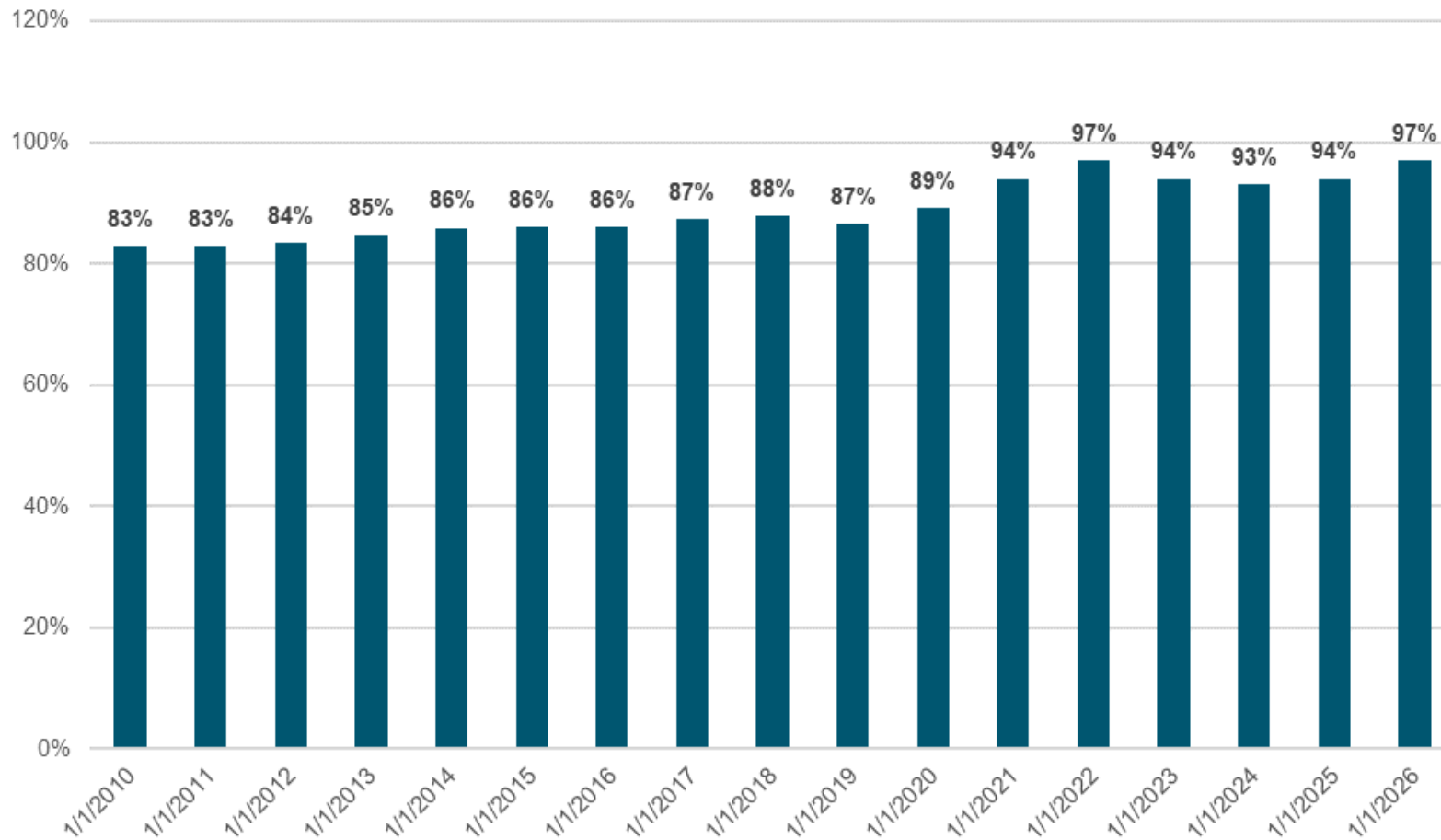
January 1, 2026 Valuation Results

	1/1/2026 Valuation	1/1/2025 Valuation
Actuarial Liability	\$644M	\$618M
Actuarial Assets	<u>627M</u>	<u>580M</u>
Unfunded Actuarial Liability	\$ 17M	\$ 39M
<u>Funded Ratio: Assets/Liability</u>		
Actuarial Value of Assets	97.3%	93.7%
Market Value of Assets	105.3%	95.0%

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

Numbers may not add or subtract due to rounding.

Historical Funded Ratio



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

Funded ratio uses actuarial (smoothed) value of assets.

District Contribution

	1/1/2026 Valuation	1/1/2025 Valuation	Change
Total Contribution Rate	20.88%	22.72%	(1.84%)
Employee Rate	<u>(9.00%)</u>	<u>(9.00%)</u>	<u>0.00%</u>
Employer Rate	11.88%	13.72%	(1.84%)
Estimated Covered Payroll	\$93,745,075	\$87,620,677	\$6,124,398
Actuarially Determined Contribution	\$11,136,915	\$12,021,557	(\$884,642)
District Contribution	\$12.0 million (Recommended)	\$12.9 million (Actual)	(\$0.9 million)

In keeping with the stable contribution policy, we recommend the District contribute \$12.0 million in 2026.

Numbers may not add or subtract due to rounding.

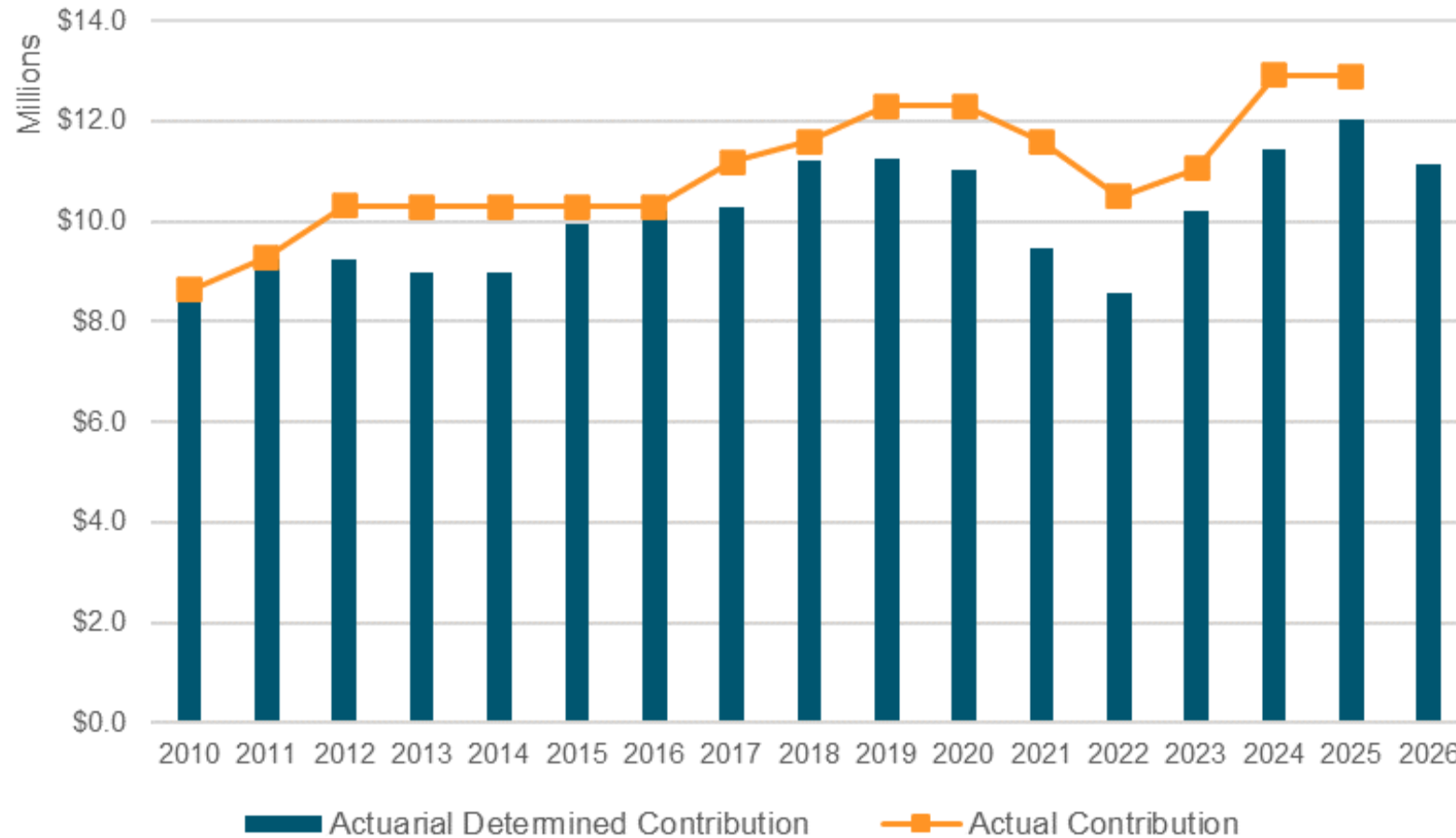
Sources of Change in Key Valuation Results



	District Contribution Rate	Funded Ratio
January 1, 2025 Valuation	13.72%	93.71%
Expected change	(0.08%)	0.41%
Contributions above actuarial rate	(0.07%)	0.15%
Investment experience	(1.30%)	2.63%
Demographic/other experience	0.25%	(0.67%)
Payroll higher than expected	(0.06%)	0.00%
Assumption Change	<u>(0.58%)</u>	<u>1.11%</u>
Total Net Change	(1.84%)	3.63%
January 1, 2026 Valuation	11.88%	97.34%

One of the main factors that impacted the increase in the funded ratio and decrease in the District's contribution rate was favorable investment experience in 2025.

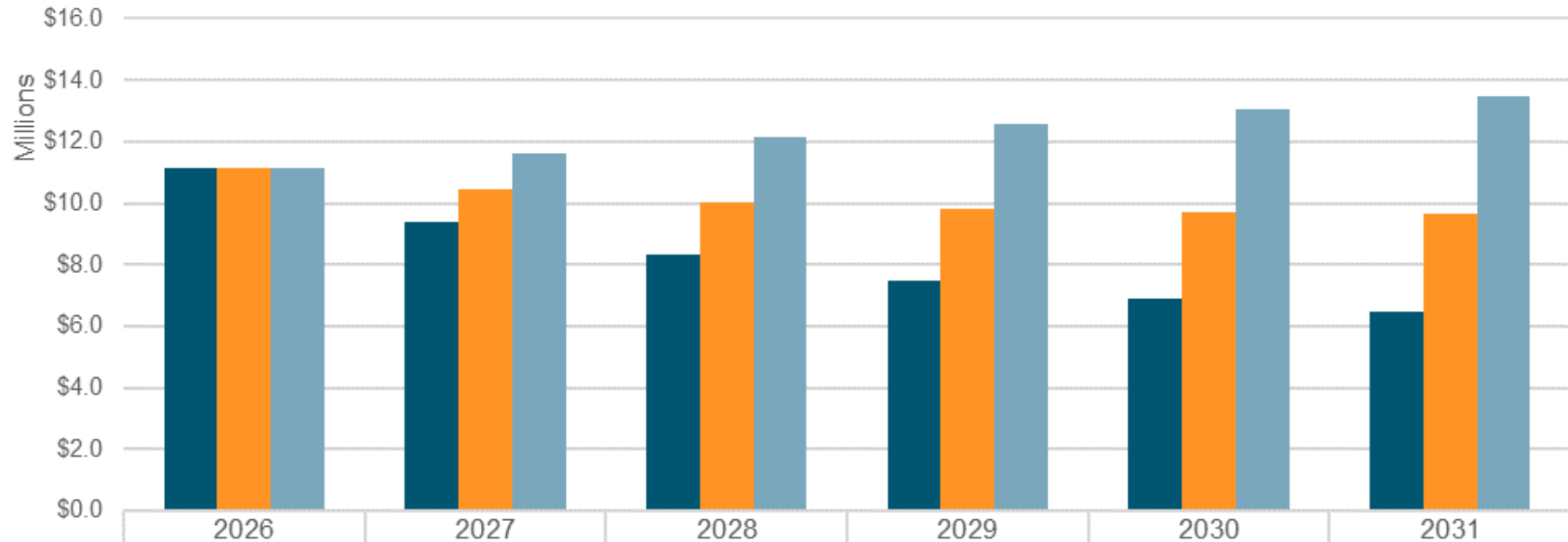
Historical Employer Contributions



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

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

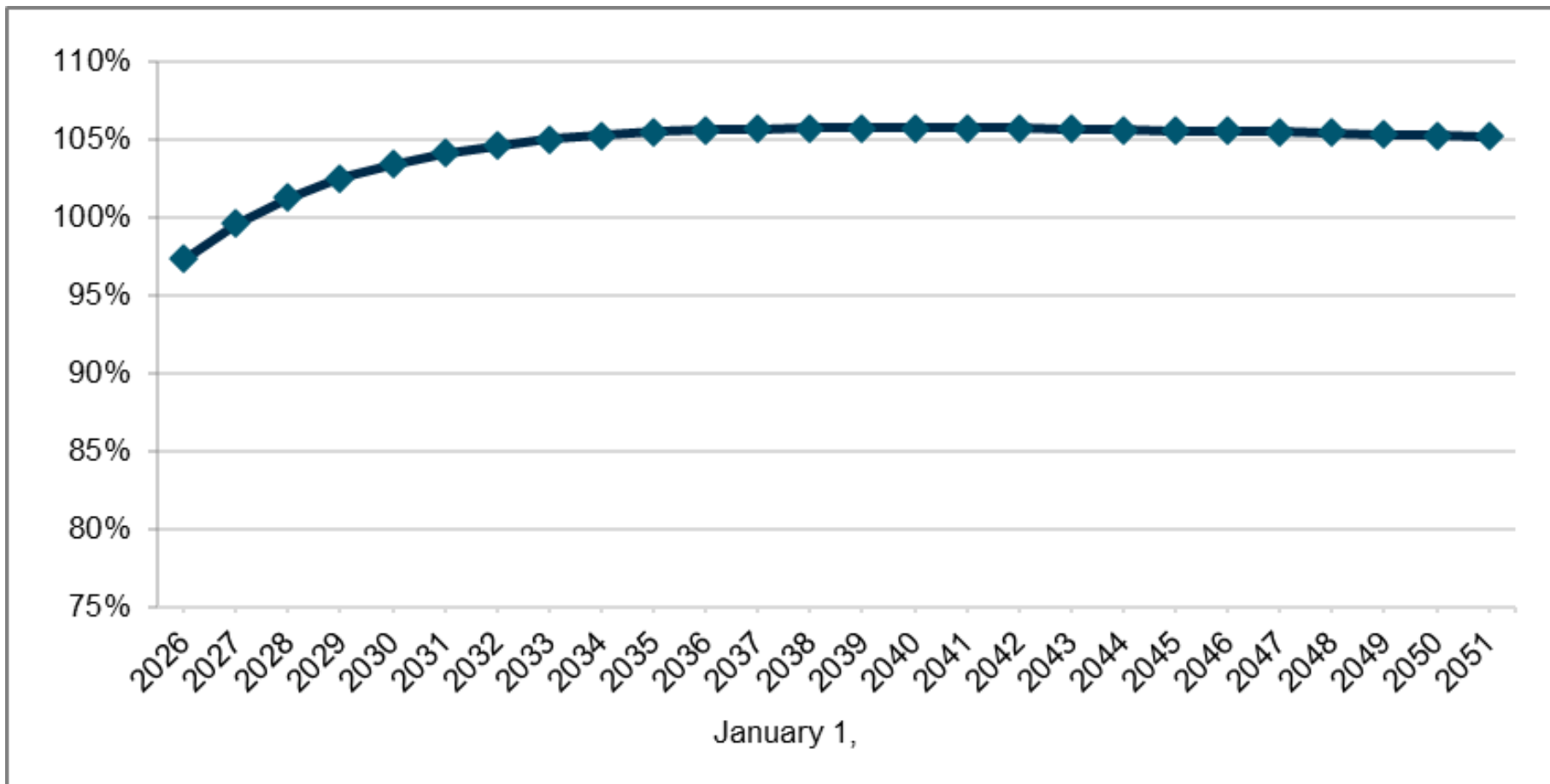
Actuarially Determined District Contributions



	2026	2027	2028	2029	2030	2031
■ 16.75% Return for 2026	\$11.1	\$9.4	\$8.3	\$7.5	\$6.9	\$6.5
■ 6.75% Return for 2026	\$11.1	\$10.5	\$10.0	\$9.8	\$9.7	\$9.7
■ -3.25% Return for 2026	\$11.1	\$11.6	\$12.1	\$12.6	\$13.0	\$13.5

For this sensitivity analysis, it is assumed all actuarial assumptions are met in each future year other than calendar year 2026 investment returns, as noted.

Projected Funded Ratio

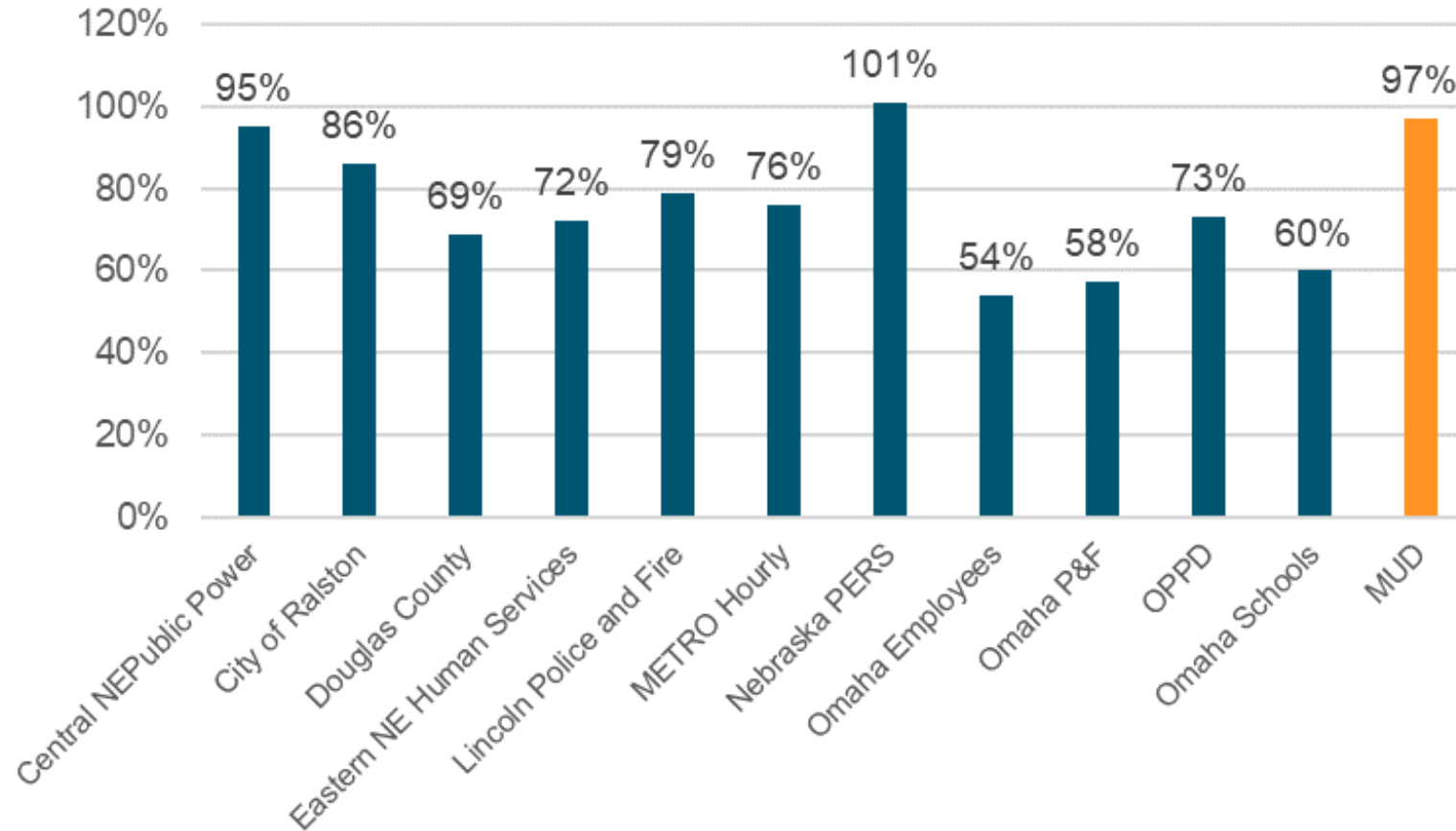


Projections assume all actuarial assumptions are met in each future year so the current deferred investment experience is recognized over time.

Lowering Investment Return Assumption

- With the full funding target approaching, the District may want to consider developing a policy to reduce the investment return assumption in small increments (.05% annual reductions) as the funded ratio increases over 100%. In conjunction with this change, the asset allocation would presumably change resulting in fewer risk-seeking assets and lower return volatility.
- This project will require a coordinated effort between CavMac, PNC and District staff to develop specific criteria for when and how to lower the investment return assumption and modify the portfolio in the future.

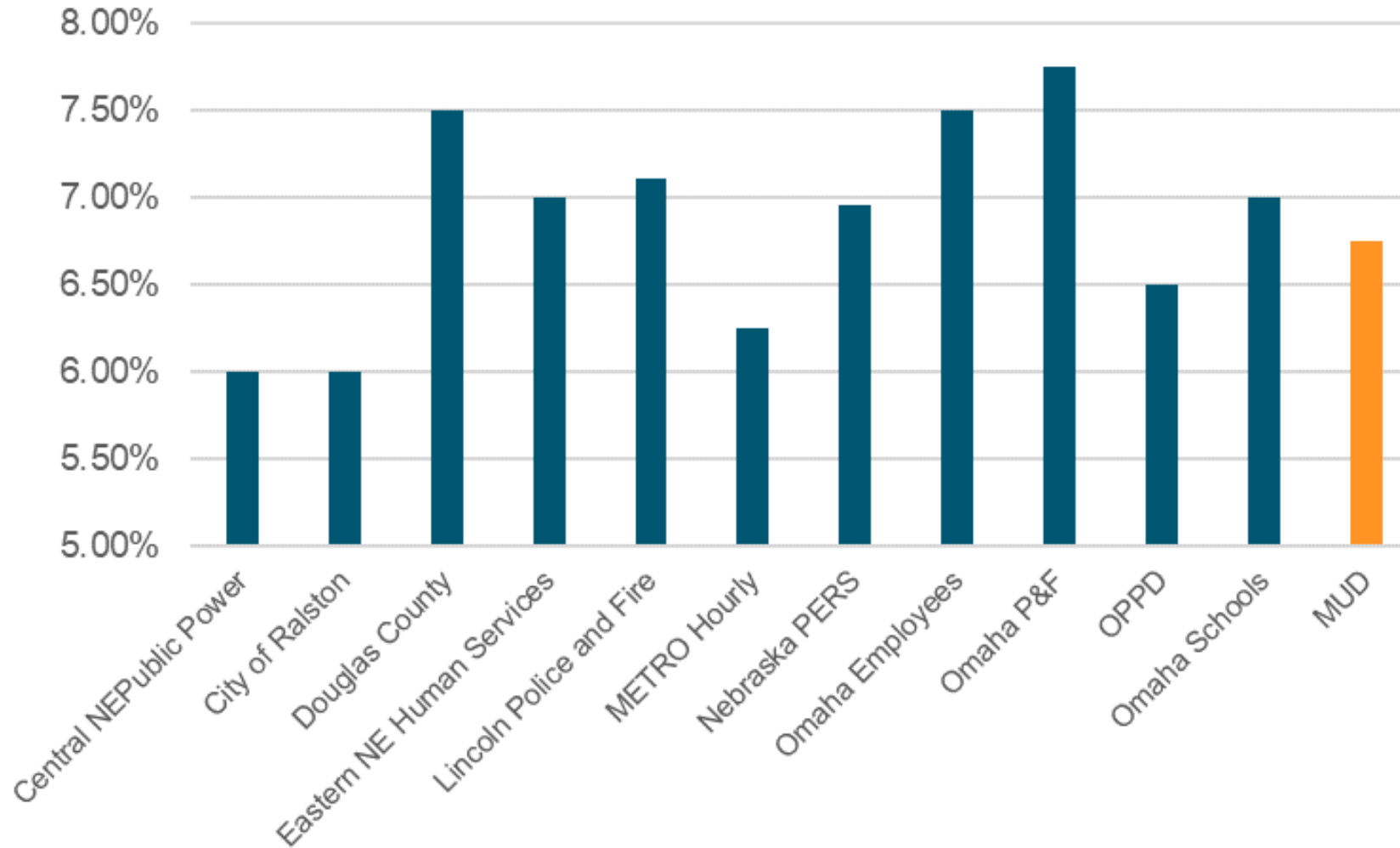
Funded Ratios of Other Nebraska Plans



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

The valuation date for most systems is in 2025.

Investment Return Assumptions of Other Plans



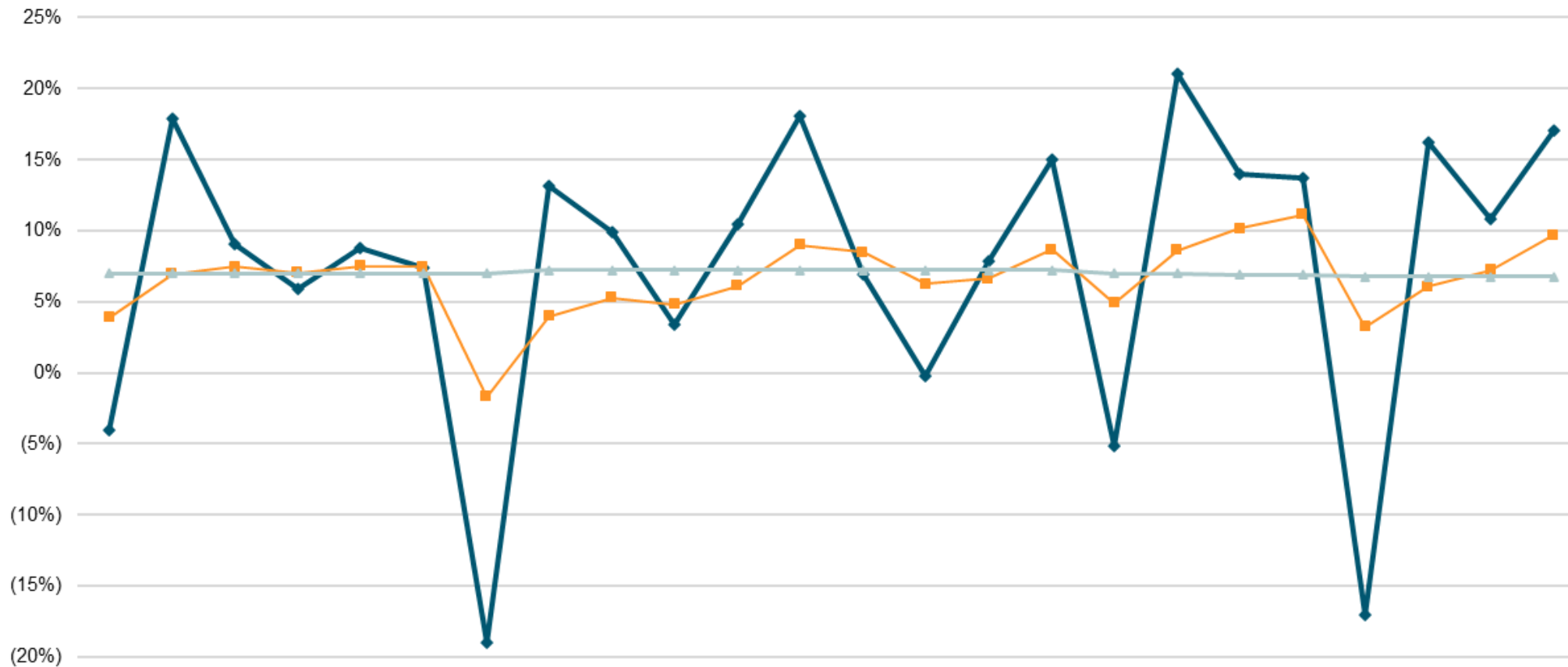
Closing Comments

- The January 1, 2026 valuation reflects net favorable experience, resulting in an increase in the funded ratio and a decrease in the actuarial contribution rate.
 - We recommend the District contribute \$12.0 million for 2026. Any amount above the actuarial contribution will reduce the unfunded actuarial liability or offset any unfavorable experience in 2026.
- There is a direct correlation between well-funded plans and consistent contributions at/above the full actuarial contribution.
 - MUD's funding policy has been successful in stabilizing contributions and strengthening the funded ratio (currently 97%).
- Biggest challenge continues to be managing the volatility in actual investment returns that is inevitable when investing in the market and the corresponding impact on contributions.
 - MUD's stable contribution policy is intended to mitigate the volatility in contributions.

SUPPLEMENTAL INFORMATION



Why Use an Asset Smoothing Method?



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
MVA	-3.99%	17.90%	9.02%	5.92%	8.76%	7.41%	-18.98	13.13%	9.91%	3.35%	10.50%	18.04%	6.92%	-0.23%	7.83%	15.04%	-5.17%	21.00%	13.99%	13.74%	-17.06	16.19%	10.84%	17.01%
AVA	3.88%	6.97%	7.48%	7.06%	7.49%	7.48%	-1.70%	3.97%	5.29%	4.82%	6.13%	9.01%	8.47%	6.23%	6.61%	8.68%	4.90%	8.63%	10.16%	11.15%	3.22%	6.07%	7.24%	9.71%
Assumed	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.00%	7.00%	6.90%	6.90%	6.75%	6.75%	6.75%	6.75%

Details of Actuarial Contribution

	1/1/26 Valuation	1/1/25 Valuation	Change
Normal cost rate	19.51%	19.53%	(0.02%)
Administrative Expense	0.04%	0.11%	(0.07%)
UAL contribution*	<u>1.33%</u>	<u>3.08%</u>	<u>(1.75%)</u>
Total Contribution Rate	20.88%	22.72%	(1.84%)
Employee Rate	<u>(9.00%)</u>	<u>(9.00%)</u>	<u>0.00%</u>
Employer Rate	11.88%	13.72%	(1.84%)
Estimated Covered Payroll	\$93,745,075	\$87,620,677	\$6,124,398
Total Required Contribution	19,573,972	19,907,418	(333,446)
Employee Contribution	8,437,057	7,885,861	551,196
Employer Contribution	\$11,136,915	\$12,021,557	(\$884,642)

Note: Multiple amortization bases exist but the largest piece of unfunded actuarial liability (UAL) is amortized over a closed 18-year period (as of 1/1/2026).

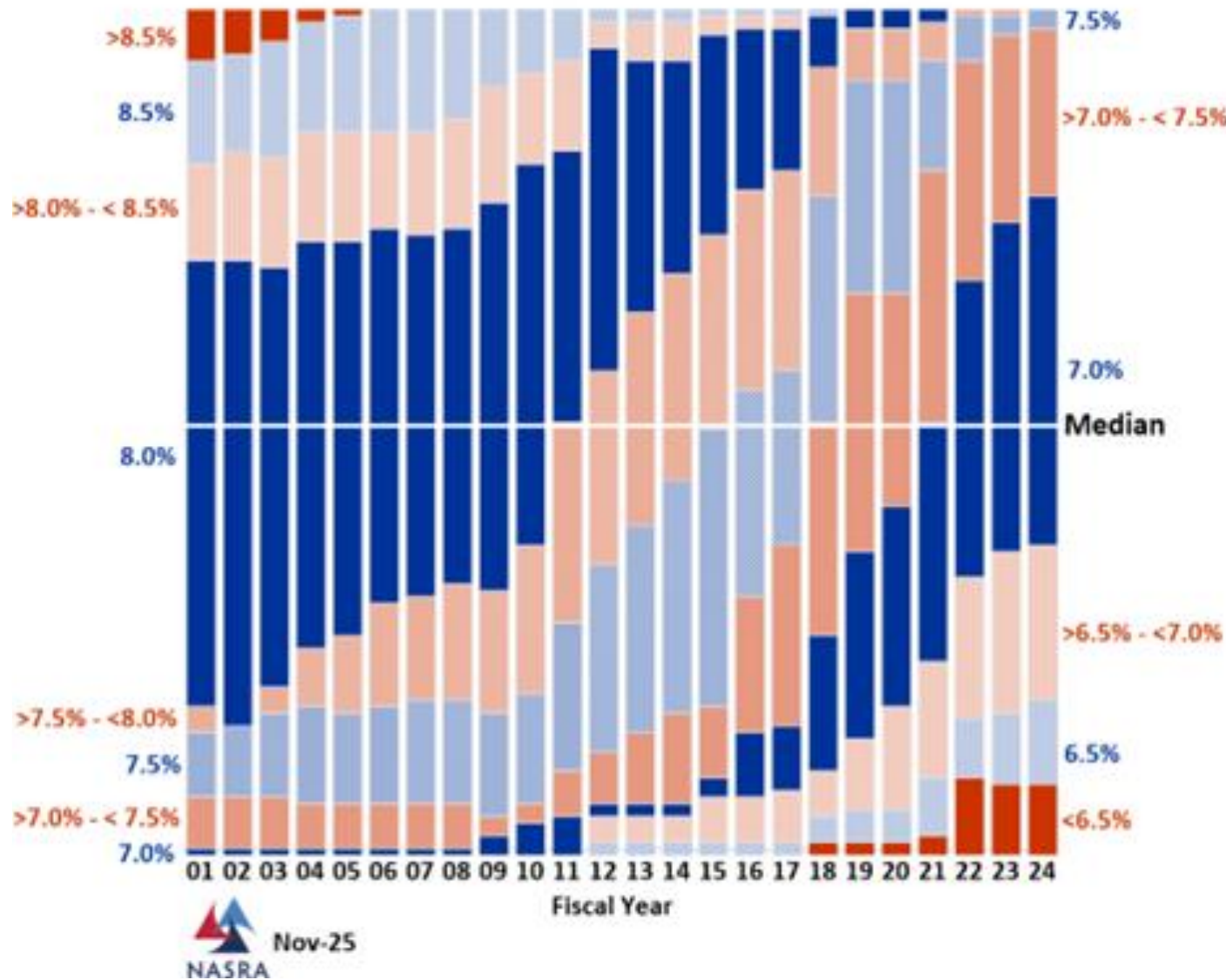
Contribution Rate Volatility

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

Year	Assets	Payroll	Ratio	Impact on Actuarial Contribution of Return 10% Lower than Assumed
2026	\$678M	\$88.2M	769%	\$5.12M

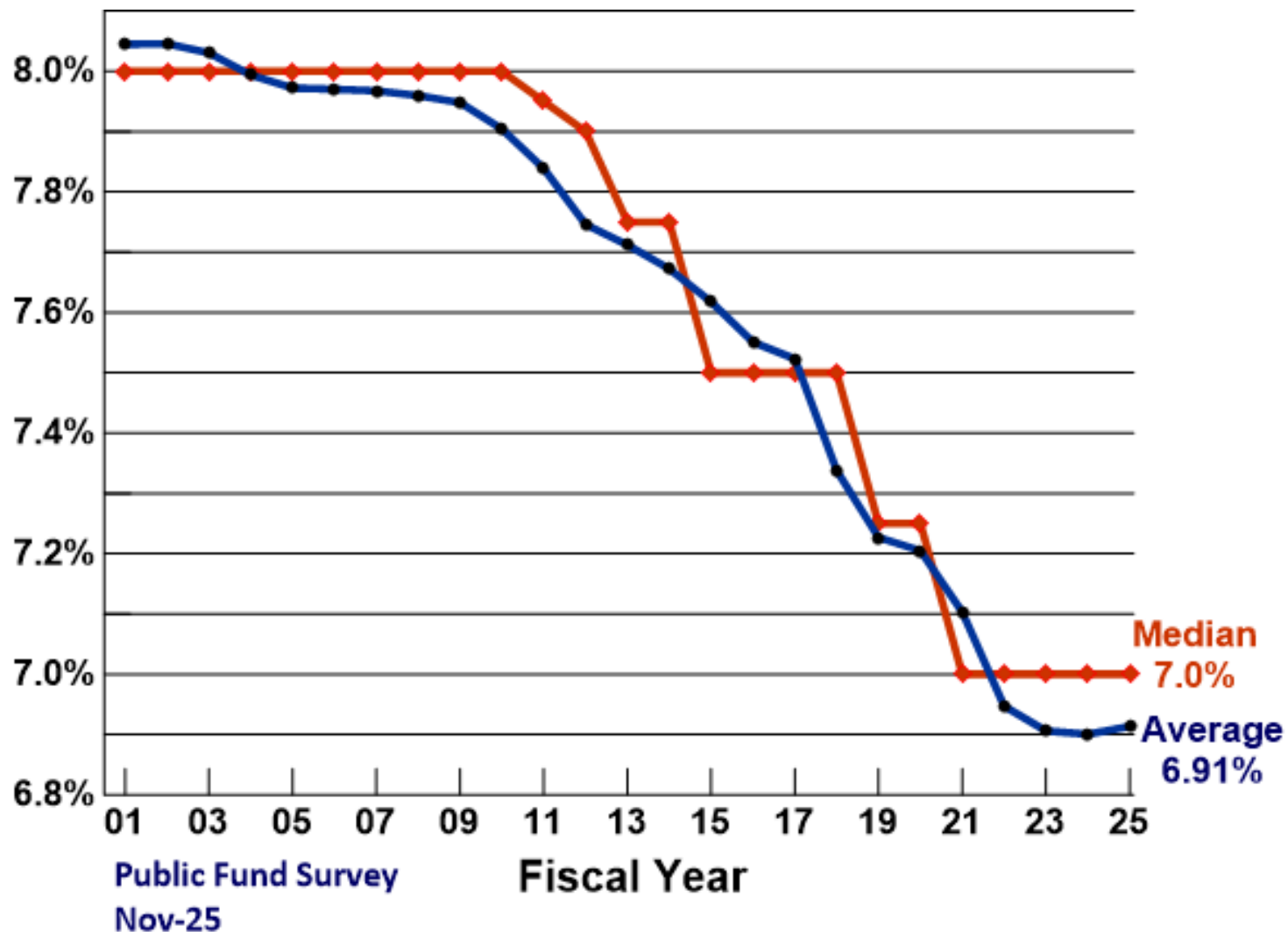
- Assets are more than seven times payroll
 - Underperforming the investment return assumption by 10% (earning -3.25%) is equivalent to 76.9% of payroll
 - Even with asset smoothing and amortization of losses, the impact on the contribution is significant
 - This level of volatility is not unexpected given the asset allocation

Distribution of Investment Return Assumptions



The key takeaway from this chart is the dramatic reduction in the median investment return assumption over the last 15 years. Currently, the median return is 7.00%, but we continue to see some systems reducing their assumptions, particularly those above 7.00%.

Assumptions Used by Other Public Plans



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

Alternate Investment Return Assumptions



Investment Return Assumption	6.25%	6.50%	(current) 6.75%
Total Actuarial Contribution Rate	26.20%	23.50%	20.88%
Employee Contribution Rate	<u>(9.00%)</u>	<u>(9.00%)</u>	<u>(9.00%)</u>
District Contribution Rate	17.20%	14.50%	11.88%
District Contribution	\$16.1M	\$13.6M	\$11.1M
Actuarial Liability	\$683.4M	\$663.3M	\$644.0M
Actuarial Value of Assets	<u>626.9M</u>	<u>626.9M</u>	<u>626.9M</u>
Unfunded Actuarial Liability	\$ 56.5M	\$ 36.4M	\$ 17.2M
Funded Ratio	91.7%	94.5%	97.3%

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

Caveats and Limitations

This presentation is based on the data, methods, assumptions and plan provisions described in the actuarial valuation report dated March 12, 2026. The statements of reliance and limitations on the use of this material are reflected in the actuarial report and also apply to this presentation. These statements include reliance on the data provided, the actuarial certification and the purpose of the report.

Please see the January 1, 2026 actuarial valuation report for more detailed information on the data, assumptions, methods and plan provisions that were used to develop the valuation results presented herein. We are happy to provide additional information or respond to questions as needed.

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

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

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

Megan E. Skiles, ASA, FCA, MAAA
Associate Actuary

THANK
YOU



METROPOLITAN UTILITIES DISTRICT*Inter-Departmental Communication*April 1, 2026**March 27, 2026****Subject: RSM AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2025****To:** Audit Committee

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

From: Robert Kreiser, Vice President, Accounting

Attached for your review, please find the "Financial Statements and Supplemental Schedules" for the year ended December 31, 2025, as audited by RSM, our external auditors. I am pleased to inform you that RSM expressed an unmodified, or "clean" audit opinion, which indicates that the financial statements present fairly, in all material respects, the financial position of both the Gas and Water divisions as of December 31, 2025.

Also attached for your review, please find the "Compliance Report" for the year ended December 31, 2025. This was the first year that the District was required to issue a compliance report. I am pleased to inform you that RSM expressed that the District was in compliance with all direct and material compliance requirements of each major federal program.

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

Kristen Hughes, Managing Director with RSM, will present a summary of the audit at the April Board meeting.

The aforementioned document will be on the April 1, 2026 Committee and Board Agendas to be placed on file.

Signed by:



Robert Kreiser

Vice President, Accounting

Approved:

Signed by:



Steve Dickas

Senior Vice President, Chief Financial Officer

DocuSigned by:



Mark E. Doyle

President

Attachments



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March 27, 2026

Board of Directors
Metropolitan Utilities District
Omaha, Nebraska

This letter is to inform the Board of Directors of Metropolitan Utilities District (the District) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2025, so that you can appropriately discharge your oversight responsibility and we comply with our professional responsibilities.

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

Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States to you in our engagement letter dated September 29, 2025. Our audit of the basic financial statements (hereafter, the financial statements) does not relieve management or you of your responsibilities, which are also described in that letter.

Planned Scope and Timing of the Audit

We previously issued a separate communication dated February 10, 2026 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

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

Significant Accounting Estimates:

- Depreciable useful life of capital assets
- Allowance for doubtful accounts and unbilled accounts receivable
- Net pension liability (NPL) assumptions
- OPEB liability assumptions
- Fair value of investments
- Subscription-Based Information Technology Arrangements
- Self-insurance liability for worker's compensation

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Adoption of, or Change in, Accounting Policies:

- GASB Statement No. 102, *Certain Risk Disclosures*, was implemented by the District for the fiscal year ended December 31, 2025. Management concluded there was no material impact to the financial statements, with no specific risks meeting the criteria.

Audit Adjustments and Uncorrected Misstatements

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

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard. Uncorrected misstatements or matters underlying them could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Business-Type Activities

Description:	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Carryover impact from previous years	\$ -	\$ -	\$ 1,800,000	\$ -	\$ (1,800,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(838,000)	-	-	838,000
Estimated understatement of bond premium amortization	-	2,935,023	(3,162,652)	-	227,629
To accrue for payroll taxes associated with compensated absences	-	(926,167)	-	-	926,167
Total	<u>\$ -</u>	<u>\$ 1,170,856</u>	<u>(1,362,652)</u>	<u>\$ -</u>	<u>\$ 191,796</u>
Effect of current year passed adjustments on net position			191,796		
Total			<u>\$ (1,170,856)</u>		

Gas Fund

Description:	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Carryover impact from previous years	\$ -	\$ -	\$ 954,000	\$ -	\$ (954,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(425,000)	-	-	425,000
Estimated understatement of bond premium amortization	-	775,777	(751,730)	-	(24,047)
To accrue for payroll taxes associated with compensated absences	-	(444,560)	-	-	444,560
Total	<u>\$ -</u>	<u>\$ (93,783)</u>	<u>202,270</u>	<u>\$ -</u>	<u>\$ (108,487)</u>
Effect of current year passed adjustments on net position			(108,487)		
Total			<u>\$ 93,783</u>		

Water Fund	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Description:					
Carryover impact from previous years	\$ -	\$ -	\$ 846,000	\$ -	\$ (846,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(413,000)	-	-	413,000
Estimated understatement of bond premium amortization	-	2,159,246	(2,410,922)	-	251,676
To accrue for payroll taxes associated with compensated absences	-	(481,607)	-	-	481,607
Total	\$ -	\$ 1,264,639	(1,564,922)	\$ -	\$ 300,283
Effect of current year passed adjustments on net position			300,283		
Total			\$ (1,264,639)		

Internal Control Matters and Compliance Findings

We have separately communicated internal control matters and compliance findings over financial reporting identified during our audit of the financial statements and major awards, as required by *Government Auditing Standards* and when applicable, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). This communication is attached as included in the District's compliance report for the year ended December 31, 2025.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the District's other information (identified as the unaudited supplemental schedules and unaudited statistical information in the financial statements). We did not identify material inconsistencies with the audited financial statements.

Shared Responsibilities for Independence

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

Our Responsibilities

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

The District's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the District.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the District.

Management Representations

Attached is a copy of the management representation letter.

Closing

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

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

RSM VS LLP

March 27, 2026

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

This representation letter is provided in connection with your audits of the basic financial statements of Metropolitan Utilities District (the District) as of and for the years ended December 31, 2025 and 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 27, 2026:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 29, 2025, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to estimate the pension, other post-employment benefit liability, and self-insurance liabilities are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The methods used in the measurement process, including the related assumptions and/or models used in determining the estimate are described in the actuary report. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the District. We have also appropriately considered alternative assumptions or outcomes through evaluating alternative assumptions with our actuary. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

RSM US LLP
March 27, 2026
Page 2

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the District include:
 - a. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
7. All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34; *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
8. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
12. Provisions for uncollectible receivables have been properly identified and recorded.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
14. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
16. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
17. The District’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
18. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.

RSM US LLP
March 27, 2026
Page 3

19. Subscription-based information technology arrangements (SBITAs) have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
20. The government has properly measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASB Statement No. 101, *Compensated Absences*.
21. There are no concentrations or constraints requiring disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
22. In the audit engagement letter dated September 29, 2025, we requested that you perform the following nonaudit services in connection with your audit:
 - a. Drafting of the data collection form submitted to the Federal Audit Clearinghouse; and
 - b. Printing and binding of the financial statements.

With respect to these services:

- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
23. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
 24. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
 25. We have reviewed the GASB Statements effective for the fiscal year ending December 31, 2025, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 102, *Certain Risk Disclosures*.

RSM US LLP
March 27, 2026
Page 4

26. We have requested an unsecured electronic copy of the auditor's report and basic financial statements and agree that the auditor's report and basic financial statements will not be modified in any manner.

27. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2025, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

RSM US LLP
 March 27, 2026
 Page 5

Business-Type Activities

Description:	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Carryover impact from previous years	\$ -	\$ -	\$ 1,800,000	\$ -	\$ (1,800,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(838,000)	-	-	838,000
Estimated understatement of bond premium amortization	-	2,935,023	(3,162,652)	-	227,629
To accrue for payroll taxes associated with compensated absences	-	(926,167)	-	-	926,167
Total	<u>\$ -</u>	<u>\$ 1,170,856</u>	<u>(1,362,652)</u>	<u>\$ -</u>	<u>\$ 191,796</u>
Effect of current year passed adjustments on net position			191,796		
Total			<u>\$ (1,170,856)</u>		

Gas Fund

Description:	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Carryover impact from previous years	\$ -	\$ -	\$ 954,000	\$ -	\$ (954,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(425,000)	-	-	425,000
Estimated understatement of bond premium amortization	-	775,777	(751,730)	-	(24,047)
To accrue for payroll taxes associated with compensated absences	-	(444,560)	-	-	444,560
Total	<u>\$ -</u>	<u>\$ (93,783)</u>	<u>202,270</u>	<u>\$ -</u>	<u>\$ (108,487)</u>
Effect of current year passed adjustments on net position			(108,487)		
Total			<u>\$ 93,783</u>		

Water Fund

Description:	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Carryover impact from previous years	\$ -	\$ -	\$ 846,000	\$ -	\$ (846,000)
Current year misstatement, factual:					
To accrue for estimated component of IBNR on workers' comp	-	(413,000)	-	-	413,000
Estimated understatement of bond premium amortization	-	2,159,246	(2,410,922)	-	251,676
To accrue for payroll taxes associated with compensated absences	-	(481,607)	-	-	481,607
Total	<u>\$ -</u>	<u>\$ 1,264,639</u>	<u>(1,564,922)</u>	<u>\$ -</u>	<u>\$ 300,283</u>
Effect of current year passed adjustments on net position			300,283		
Total			<u>\$ (1,264,639)</u>		

Information Provided

28. We have provided you with:

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

RSM US LLP
March 27, 2026
Page 6

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

RSM US LLP
March 27, 2026
Page 7

38. It is our responsibility to inform you of all current and potential affiliates of the District as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the District may create threats to independence. We have:
- a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the District's financial statements as a whole, (ii) the level of influence the District has over an entity's financial reporting process or (iii) the level of control or influence the District or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the District and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the District or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
39. We agree with the findings of the specialist in evaluating the pension liability, other post-employment benefit liability, and self-insurance liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
40. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
41. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

42. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

RSM US LLP
March 27, 2026
Page 8

- d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
43. With respect to management's discussion and analysis, pension and other postemployment benefit plan information presented as required by Government Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information including the assumptions used by the actuary for the Pension Plans and OPEB Plans.

Compliance Considerations

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

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

RSM US LLP
March 27, 2026
Page 9

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

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

53. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

54. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

55. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

56. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

57. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

58. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

59. Management has identified, disclosed to the auditor and applied the correct version of the Uniform Guidance applicable to each federal program administered during the audit period. This determination was based on the effective dates of the Uniform Guidance provisions and the terms and conditions of each federal award.

60. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

61. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

62. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

RSM US LLP
March 27, 2026
Page 10

63. Management believes that the auditee has complied with the direct and material compliance requirements.
64. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
65. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
66. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
67. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
68. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.
69. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
70. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
71. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
72. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
73. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
74. Management has charged costs to federal awards in accordance with applicable cost principles.
75. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
76. The reporting package does not contain protected personally identifiable information.

RSM US LLP
March 27, 2026
Page 11

77. Management has accurately completed the appropriate sections of the data collection form.

Metropolitan Utilities District

DocuSigned by:
Mark Doyle

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Mark Doyle,
President

Signed by:
Steve Dickas

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Steve Dickas,
Chief Financial Officer

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)

METROPOLITAN UTILITIES DISTRICT

Table of Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	19
Statements of Revenues, Expenses, and Changes in Net Position	21
Statements of Cash Flows	22
Statements of Fiduciary Net Position	24
Statements of Changes in Fiduciary Net Position	25
Notes to Basic Financial Statements	26
Required Supplementary Information:	
Schedule of Changes in Net OPEB and Related Ratios	80
Schedule of Employer Contributions – Other Post Employment Benefits	81
Schedule of Annual Money-Weighted Rate of Return on OPEB Plan Investments	82
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios	83
Schedule of Employer Contributions – Defined Benefit Pension Plan	84
Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments	85
Supplemental Schedules (Unaudited)	
Water Department:	
Schedule of Insurance Coverage	86
Statutory Information Required by Chapter 14, Section 2145 of the Revised Statutes of Nebraska of 1943	87
Schedule A – Cost per Thousand Gallons of Water Sold	88
Schedule B – Operating Expenses	89
Gas Department:	
Schedule of Insurance Coverage	90
Statutory Information Required by Chapter 14, Section 2145 of the Revised Statutes of Nebraska of 1943	91
Schedule A – Cost per Thousand Cubic Feet of Gas Sold	92
Schedule B – Operating Expenses	93
Statistical Information (Unaudited)	
Statistical Highlights – Years ended December 31, 2025, 2024, and 2023	94

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 2025 and 2024, 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, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

RSM US LLP

Omaha, Nebraska
March 27, 2026

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

“Management’s Discussion and Analysis” presents management’s analysis and overview of the Metropolitan Utilities District’s (the District) financial condition and activities as of and for the years ended December 31, 2025 and 2024. 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 26.

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

	2025		2024		2023	
Sales, volume sold – DTH:						
Firm gas sales	28,903,627	87%	27,126,240	87%	28,726,337	87%
Interruptible gas sales	4,307,763	13	4,503,965	13	4,199,835	13
Total gas sales	<u>33,211,390</u>	<u>100</u>	<u>31,630,205</u>	<u>100</u>	<u>32,926,172</u>	<u>100</u>
Heating degree days	5,413		4,884		5,403	
Customers (at December 31):						
Firm customers	244,379		242,666		241,058	
Interruptible customers	<u>20</u>		<u>21</u>		<u>22</u>	
	<u>244,399</u>		<u>242,687</u>		<u>241,080</u>	

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Gas volumes sold in 2025 increased 1,581,185 DTH, or 5.0% from 2024 due primarily to colder winter weather, as evidenced by the 10.8% increase in the number of heating degree days. There was an increase in firm gas customers in 2025 of 1,713 or 0.7%; the number of interruptible customers decreased by one.

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

Gas Department Summary of Results of Operations

	<u>2025</u>		<u>2024</u>		<u>2023</u>	
Operating revenues:						
Firm and interruptible gas sales	\$ 212,336,395	90%	\$ 195,723,043	90%	\$ 235,535,739	92%
Infrastructure charge	18,225,492	8	17,092,484	8	15,737,944	6
Other	6,067,943	2	5,370,532	2	5,604,386	2
Less bad debt expense	(624,222)	—	(530,081)	—	(944,894)	—
Total operating revenues, net	<u>236,005,608</u>	<u>100%</u>	<u>217,655,978</u>	<u>100%</u>	<u>255,933,175</u>	<u>100%</u>
Operating expenses:						
Cost of natural gas	136,272,232	63%	104,022,598	57%	143,384,526	75%
Other operating expenses	81,054,930	37	79,298,716	43	73,543,842	25
Total operating expenses	<u>217,327,162</u>	<u>100%</u>	<u>183,321,314</u>	<u>100%</u>	<u>216,928,368</u>	<u>100%</u>
Nonoperating revenues (expenses), net	<u>1,502,717</u>		<u>6,527,490</u>		<u>7,084,265</u>	
Income before capital grants	20,181,163		40,862,154		46,089,072	
Capital grants	4,694,980		466,357		—	
Change in net position	<u>24,876,143</u>		<u>41,328,511</u>		<u>46,089,072</u>	
Net position, beginning of year	<u>616,604,763</u>		<u>575,276,252</u>		<u>529,187,180</u>	
Net position, end of year	<u>\$ 641,480,906</u>		<u>\$ 616,604,763</u>		<u>\$ 575,276,252</u>	

Revenues for gas sales, net, were up 8.4% in 2025 vs. 2024, due to a 2.5% increase to the Margin Component of rates and a 6.7% increase to the Infrastructure Charge effective January 2, 2025. Revenues for gas sales, net, were down 15.0% in 2024 vs. 2023, due to a 3.9% decrease in volumes, partially offset by a 2.5% increase to the Margin Component of rates and a 7.1% increase to the Infrastructure Charge effective January 2, 2024.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Total operating expenses in 2025 were up by \$34.0 million or 18.6% from 2024. In 2025, the cost of natural gas was \$32.2 million, or 31.0% higher than 2024, due to increased gas cost (\$27.0 million) and increased volumes (\$5.2 million). In 2025, other operating expenses were \$1.8 million, or 2.2%, higher than 2024 due primarily to increased distribution expense driven by higher locating and heating inspection, increased statutory payments paid to cities due to higher gas sales, partially offset by decreased general and administrative expense due to decreased pension and Other Post Employment Benefit (OPEB) expense. Total operating expenses in 2024 were down by \$33.6 million or 15.5% from 2023. In 2024, the cost of natural gas was \$39.4 million, or 27.4% lower than 2023, due to decreased gas cost (\$33.7 million) and decreased volumes (\$5.6 million). In 2024, other operating expenses were \$5.8 million, or 7.8%, higher than 2023 due primarily to increased administrative and general expense largely due to increased pension and OPEB expense, increased distribution expense driven by higher locating and heating inspection related costs and increased depreciation and amortization expense, partially offset by decreased statutory payments paid to cities due to lower gas sales.

Net non-operating revenues were \$1.5 million in 2025 compared to net non-operating revenues of \$6.5 million in 2024, a change of \$5.0 million. This change was due primarily to lower interest income earnings associated with the Series 2023 Gas Revenue Bonds, which were issued in November 2023. Net non-operating revenues were \$6.5 million in 2024 compared to net non-operating revenues of \$7.1 million in 2023, a change of \$0.6 million. This change was due primarily to higher interest expense associated with the Series 2023 Gas Revenue Bonds, which were issued in November 2023 and insurance proceeds related to a construction center ground settling claim received in 2023. These items were substantially offset by investment earnings on Gas Department cash balances due to increased investable balances.

Capital grant revenue increased \$4.2 million in 2025 compared to \$0.5 million in 2024. Capital grant revenue increased \$0.5 million in 2024 compared to zero in 2023. The District's Capital grant revenue is utilized to replace a portion of the District's gas main infrastructure.

The District contracts with Central Plains Energy Project (CPEP) for a significant portion of its gas purchases. CPEP is a public body created under Nebraska Interlocal Law for the purpose of securing long-term, economical, and reliable gas supplies. CPEP currently has three members: the District, Cedar Falls Utilities, and Hastings Utilities. CPEP has acquired gas through long-term prepaid gas purchase agreements and delivers gas to its members or customers through long-term gas supply contracts for specified volumes of gas at market-based pricing less a contractual discount. Under the current agreements, the District anticipates taking approximately 90% of the combined CPEP gas acquired in these transactions under four 30-year gas purchase agreements, one entered into in 2009 (CPEP #2), one in 2012 (CPEP #3), one in 2018 (CPEP #4) and one in 2022 (CPEP #5). In 2025, the CPEP prepaid gas purchase agreements accounted for approximately 60% of the District's annual natural gas requirements.

Subsequent to litigation, the 2009 long-term prepaid gas purchase contract (CPEP #2) was renegotiated in 2014. The renegotiated contract provided for the following: 1) \$12.5 million up-front proceeds at closing, which was recorded as unearned gas purchase discounts by the District and recognized as a reduction of the cost of natural gas based on the pattern of gas purchases through October 2019; 2) locked-in discounts of \$.16 per DTH for the period November 1, 2014 through October 31, 2019, and 3) the ability to renegotiate discounts for the November 1, 2019 through June 30, 2039. This project was refinanced in 2019 and 2025. The gas flows under this agreement will expire in 2055.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

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 2025. Including CPEP, prepaid transactions accounted for approximately 71% of the District's annual gas supply in 2025.

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, 2025 and 2024

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

Gas Department Summary Financial Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Capital assets, net	\$ 756,145,633	\$ 689,545,813	\$ 616,420,719
Noncurrent assets	48,764,838	51,680,920	110,361,442
Current assets	<u>270,623,943</u>	<u>314,614,121</u>	<u>277,266,335</u>
Total assets	<u>1,075,534,414</u>	<u>1,055,840,854</u>	<u>1,004,048,496</u>
Deferred outflows of resources			
Pension amounts	5,587,753	7,693,901	15,938,198
OPEB amounts	<u>2,357,613</u>	<u>3,355,683</u>	<u>1,392,310</u>
Total deferred outflows of resources	<u>7,945,366</u>	<u>11,049,584</u>	<u>17,330,508</u>
Total assets and deferred outflows of resources	<u>\$ 1,083,479,780</u>	<u>\$ 1,066,890,438</u>	<u>\$ 1,021,379,004</u>
Deferred inflows of resources			
Pension amounts	\$ 32,321,219	\$ 2,624,069	\$ 1,628,796
OPEB amounts	29,306,694	7,750,014	10,165,709
Lease amounts	2,575,171	2,631,357	2,687,542
Contributions in aid of construction	<u>53,914,386</u>	<u>42,631,048</u>	<u>41,830,029</u>
Total deferred inflows of resources	<u>118,117,470</u>	<u>55,636,488</u>	<u>56,312,076</u>
Current liabilities	102,331,168	114,149,651	90,321,203
Noncurrent liabilities	<u>221,550,236</u>	<u>280,499,536</u>	<u>299,469,472</u>
Total liabilities	<u>323,881,404</u>	<u>394,649,187</u>	<u>389,790,675</u>
Net position:			
Net investment in capital assets	501,157,243	470,344,142	442,054,853
Restricted	22,387,386	1,642,710	1,529,636
Unrestricted	<u>117,936,277</u>	<u>144,617,911</u>	<u>131,691,763</u>
Total net position	<u>641,480,906</u>	<u>616,604,763</u>	<u>575,276,252</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,083,479,780</u>	<u>\$ 1,066,890,438</u>	<u>\$ 1,021,379,003</u>

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Gas Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Gas Department at December 31, 2025 and 2024.

	<u>Balance at December 31, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2025</u>
Gas Revenue Bonds				
Series 2018	\$ 24,520,000	\$ -	\$ 1,395,000	\$ 23,125,000
Plus unamortized premium	686,719	-	84,681	602,038
Gas Revenue Bonds				
Series 2022	105,425,000	-	3,875,000	101,550,000
Plus unamortized premium	12,402,116	-	1,309,074	11,093,042
Gas Revenue Bonds				
Series 2023	81,695,000	-	2,675,000	79,020,000
Plus unamortized premium	4,710,034	-	413,490	4,296,544
	<u>\$ 229,438,869</u>	<u>\$ -</u>	<u>\$ 9,752,245</u>	<u>\$ 219,686,624</u>

At December 31, 2025 and 2024, the District's long-term debt included \$23,125,000 and \$24,520,000, respectively of Series 2018 gas revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$1,395,000 and \$1,330,000 towards its outstanding Series 2018 gas revenue bonds.

At December 31, 2025 and 2024, the District's long-term debt included \$101,550,000 and \$105,425,000, respectively of Series 2022 gas revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$3,875,000 and \$3,695,000 towards its outstanding Series 2022 gas revenue bonds. At December 31, 2025 and 2024, the District's net bond proceeds were approximately \$0.1 and \$4.0 million, respectively.

At December 31, 2025 and 2024, the District's long-term debt included \$79,020,000 and \$81,695,000, respectively of Series 2023 gas revenue bonds outstanding. During 2025 the District made principal payments of \$2,675,000 towards its outstanding Series 2023 gas revenue bonds. During 2024 the District made principal payments of \$2,290,000 towards its outstanding Series 2023 gas revenue bonds. At December 31, 2025 and 2024, the District's net bond proceeds remaining were approximately \$31.4 million and \$75.2 million, respectively.

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2025 and 2024

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, 2025, 2024 and 2023. Relative to these bond offerings, the District covenants that it will fix, establish, and maintain rates or charges for natural gas, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately \$47.6 million, \$43.4 million and \$45.9 million for 2025, 2024 and 2023, respectively. Please see the chart below for debt service coverage ratio information:

	2025	2024	2023
Debt service coverage ratios	4.16x	3.89x	4.10x
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 September 2025, Fitch Ratings affirmed the District’s AA+ Issuer Default Rating, citing the District’s “strong financial performance, demonstrated by healthy operating margins, consistently low leverage, and robust liquidity position...”. In March 2025, 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 317 days at year end 2025, as compared with 421 days at year-end 2024 and 330 days at year end 2023. The decrease in days cash on hand at year end 2025 is primarily due to the spend down of revenue bonds for capital expenditures. Consistent with the decrease in “days cash on hand” from 2024 to 2025, unrestricted cash balances decreased by \$11.4 million, to \$176.5 million.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

The Gas Department's liquidity is further enhanced by a \$10,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current unsecured line of credit matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the "U.S. Prime Rate" less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2025, the interest rate was 4.12% and no amount was outstanding. The Gas Department did not draw on the line of credit during 2025, 2024, or 2023.

Gas Department Capital Asset Activity

The District remains committed to expending the funds necessary to allow for continued safe and reliable delivery of natural gas to the District's customers. A key component of this commitment is addressing the District's aging infrastructure, as evidenced by the District's ongoing efforts to replace all remaining cast iron gas mains, approximately 73 miles, over the next five years; the District expended \$18.7 million to improve infrastructure and replace cast iron gas mains in 2025, \$19.0 million in 2024 and \$18.1 million in 2023. Significant projects in 2025 and 2024 are as follows:

In 2025, capital and construction-related costs totaled \$101.7 million, consisting of:

- 1) Gas mains and distribution: \$29.6 million;
- 2) New construction center: \$28.8 million;
- 3) Cast iron infrastructure replacement: \$18.7 million (discussed above);
- 4) Furniture, equipment and all other general plant: \$11.1 million;
- 5) Vehicles: \$7.4 million;
- 6) Construction center improvements: \$3.0 million;
- 7) Liquefied natural gas plant improvements: \$2.7 million;
- 8) Other buildings, land and equipment: \$0.4 million.

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

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Water Department

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Water sales (million gallons)	30,933.0	32,015.8	32,381.8

In 2025, the volume of water sales decreased 1,082.8 million gallons vs. prior year, or 3.4%, due in part to summer precipitation levels that were approximately 1.21 inches, or 11.05%, above 2024 summer precipitation levels, partially offset by the fact that 2025 average temperatures were 2.1 degrees or 7.4% above normal temperature levels. In 2024, the volume of water sales decreased 365.9 million gallons vs. prior year, or 1.1%, due in part to full year precipitation levels that were approximately 1.1 inches, or 3.4%, above normal annual precipitation levels of 31.9 inches (2024 precipitation was 33.0 inches for the year), partially offset by the fact that full year precipitation totals for 2023 were 7.0 inches below normal (25.0 inches for the year).

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Customers (December 31)	231,150	229,270	227,433

The number of customers at the end of 2025 increased 1,880, or 0.8%, over 2024. The number of customers at the end of 2024 increased 1,837, or 0.8%, over 2023.

Water Department Summary of Results of Operations

	<u>2025</u>		<u>2024</u>		<u>2023</u>	
Operating revenues:						
Water sales	\$ 150,349,960	86%	\$ 148,060,282	87%	\$ 141,509,672	87%
Infrastructure charge	19,559,918	11	18,577,324	11	17,215,116	11
Other	4,819,685	3	4,459,141	2	4,081,462	2
Less bad debt expense	(423,624)	—	(188,214)	—	(246,758)	—
Total operating revenues, net	<u>174,305,939</u>	<u>100%</u>	<u>170,908,533</u>	<u>100%</u>	<u>162,559,492</u>	<u>100%</u>
Operating expenses	124,790,872		116,681,892		106,663,577	
Nonoperating expenses (revenues) net	<u>(1,611,446)</u>		<u>2,877,104</u>		<u>3,426,776</u>	
Income before capital grants	51,126,513		51,349,537		52,469,139	
Capital grants	6,312,817		2,076,446		—	
Change in net position	57,439,330		53,425,983		52,469,139	
Net position, beginning of year	<u>575,991,397</u>		<u>522,565,414</u>		<u>470,096,275</u>	
Net position, end of year	<u>\$ 633,430,727</u>		<u>\$ 575,991,397</u>		<u>\$ 522,565,414</u>	

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Operating revenues, net, increased 2.0% in 2025 as compared with 2024 due to an increase to the Commodity Component of rates of 7.5% for residential, commercial, large volume industrial and sprinkling customers effective January 2, 2025, and a 5.3% increase to the Infrastructure Charge effective January 2, 2025, partially offset by decreased usage of 3.4%. Operating revenues, net, increased 5.1% in 2024 as compared with 2023 due to an increase to the Commodity Component of rates of 8.5% for residential, commercial, large volume industrial and sprinkling customers and 9.5% for wholesale customers effective January 2, 2024, a 5.6% increase to the Infrastructure Charge effective January 2, 2024, partially offset by decreased usage associated with precipitation levels that were 1.1 inches above normal in 2024

Total operating expenses in 2025 were up by \$8.1 million as compared with 2024, or 7.0%, due primarily to increased lead service line replacement expenses due to continued execution of the District's ongoing lead service line replacement program, increased distribution expense driven by higher locating related costs and increased depreciation and amortization expense. These increases were partially offset by decreased pension and OPEB expenses. Total operating expenses in 2024 were up by \$10.0 million as compared with 2023, or 9.4%, due primarily to increased pension and Other Post Employment Benefit (OPEB) expense due to changes in investment returns, increased water purification costs driven by higher cost of chemicals, increased distribution expense driven by higher locating related costs and increased depreciation and amortization expense. These increases were partially offset by decreased costs related to water service reconnections and service replacements.

Net non-operating revenues in 2025 increased by \$4.5 million as compared with 2024, or 156.0%, due primarily to settlement revenue. Settlement revenue increased \$6.0 million in 2025 compared to zero in 2024. The District secured settlement payments from a class action lawsuit between public water systems and per- and polyfluoroalkyl substances (PFAS) manufacturers. The District maintains PFAS levels that are far below the Environmental Protection Agency's established maximum contaminant level. This increase was offset by lower interest income of \$1.4 million. Net non-operating expenses in 2024 decreased by \$0.5 million as compared with 2023, or 16.0%, due primarily to lower interest expense, partially offset by insurance proceeds related to a construction center ground settling claim and a flood claim in 2023.

Capital grant revenue increased \$4.2 million in 2025 compared to \$2.1 million in 2024. The District earned \$6.3 million related to lead service line replacement as the District replaced over 700 lead service lines in 2025. Capital grant revenue increased \$2.1 million in 2024 compared to zero in 2023. The District earned \$1.8 million related to lead service line replacement and \$0.3 million from the state Department of Natural Resources.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Water Summary Financial Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Plant in service, net	\$ 1,238,793,754	\$ 1,179,664,080	\$ 1,093,211,593
Current assets	172,954,760	162,766,641	188,819,088
Noncurrent assets	<u>25,009,492</u>	<u>24,903,949</u>	<u>24,867,312</u>
Total assets	<u>1,436,758,006</u>	<u>1,367,334,670</u>	<u>1,306,897,993</u>
Deferred outflows of resources			
Pension amounts	4,696,561	6,744,188	13,939,522
OPEB amounts	1,985,398	2,936,086	1,232,270
Debt refunding	<u>995,959</u>	<u>1,276,931</u>	<u>1,598,872</u>
Total deferred outflows of resources	<u>7,677,918</u>	<u>10,957,205</u>	<u>16,770,664</u>
Total assets and deferred outflows of resources	<u>\$ 1,444,435,924</u>	<u>\$ 1,378,291,875</u>	<u>\$ 1,323,668,657</u>
Deferred inflows of resources			
Pension amounts	\$ 27,455,274	\$ 2,192,262	\$ 1,308,849
OPEB amounts	24,951,447	6,533,558	8,148,438
Lease amounts	1,063,494	1,153,438	818,218
Contributions in aid of construction	<u>448,087,398</u>	<u>416,598,612</u>	<u>391,700,124</u>
Total deferred inflows of resources	<u>501,557,613</u>	<u>426,477,870</u>	<u>401,975,629</u>
Current liabilities	108,583,741	118,905,319	111,633,485
Noncurrent liabilities	<u>200,863,843</u>	<u>256,917,289</u>	<u>287,494,129</u>
Total liabilities	<u>309,447,584</u>	<u>375,822,608</u>	<u>399,127,614</u>
Net position:			
Net investment in capital assets	578,396,744	570,987,403	495,656,856
Restricted	20,815,185	2,956,574	2,712,450
Unrestricted	<u>34,218,798</u>	<u>2,047,420</u>	<u>24,196,108</u>
Total net position	<u>633,430,727</u>	<u>575,991,397</u>	<u>522,565,414</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,444,435,924</u>	<u>\$ 1,378,291,875</u>	<u>\$ 1,323,668,657</u>

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Water Department Long-Term Debt Activity

The following table summarizes the long-term debt of the Water Department at December 31, 2025 and 2024:

	<u>Balance at December 31, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2025</u>
Water Revenue Bonds				
Series 2022	\$ 59,510,000	\$ -	\$ 2,125,000	\$ 57,385,000
Plus unamortized premium	2,873,940	-	275,511	2,598,429
Water Revenue Bonds				
Series 2022	28,975,000	-	1,645,000	27,330,000
Plus unamortized premium	629,927	-	79,558	550,369
Water Revenue Bonds				
Series 2015	109,350,000	-	11,220,000	98,130,000
Plus unamortized premium	3,451,004	-	705,100	2,745,904
Water Revenue Bonds				
Series 2012	20,025,000	-	2,170,000	17,855,000
Plus unamortized premium	1,031,492	-	129,868	901,624
NDEQ Note Payable #2	2,141,441	-	311,784	1,829,657
Drinking Water State				
Revolving Fund (DWSRF)	-	1,693,317	-	1,693,317
	<u>\$ 227,987,804</u>	<u>\$ 1,693,317</u>	<u>\$ 18,661,821</u>	<u>\$ 211,019,300</u>

At December 31, 2025 and 2024, the District's long-term debt included \$57,385,000 and \$59,510,000, respectively of Series 2022 water revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$2,125,000 and \$2,025,000 towards its outstanding Series 2022 water revenue bonds. At December 31, 2025 and 2024, \$0.7 million and \$27.2 million, respectively, of the bond proceeds remained.

At December 31, 2025 and 2024, the District's long-term debt included \$27,330,000 and \$28,975,000, respectively, of Series 2018 water revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$1,645,000 and \$1,570,000 towards its outstanding Series 2018 water revenue bonds.

At December 31, 2025 and 2024, the District's long-term debt included \$98,130,000 and \$109,350,000 respectively, of Series 2015 water revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$11,220,000 and \$10,680,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2025 and 2024, the District's long-term debt included \$17,855,000 and \$20,025,000, respectively, of Series 2012 water revenue bonds outstanding. During 2025 and 2024, respectively, the District made principal payments of \$2,170,000 and \$2,095,000 towards its outstanding Series 2012 water revenue bonds.

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2025 and 2024

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, 2025 and 2024, long term obligations for this note were \$1,829,657 and \$2,141,441 respectively. During 2025 and 2024, the District made principal payments of \$311,784 and \$305,641 respectively pursuant to this note payable.

In 2025, The District entered into an DWSRF agreement with the Nebraska Department of Water, Energy and Environment for the replacement of lead service lines; the loan is at a 0% interest rate per annum. This loan was issued for \$40,000,000 and provides for loan forgiveness up to 62%. The District draws proceeds on the loan as lead service lines are replaced. At December 31, 2025, long term obligations for this loan were \$1,693,317.

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, 2025, 2024 and 2023. 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, \$51.7 million and \$50.4 million for 2025, 2024 and 2023, respectively. Please see the chart below for debt service coverage ratio information:

	2025	2024	2023
Debt service coverage ratios	4.47x	4.45x	4.28x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In February 2026, S&P Global Ratings rated the Series 2026 Water Revenue Bonds AA+ and affirmed the AA+ rating of the District’s water enterprise system , citing the District’s “affordable rates and comprehensive long-term planning.” In February 2026, Moody’s Investors Service rated the Series 2026 Water Revenue Bonds Aa2 and affirmed the Aa2 rating of the District’s water enterprise system, citing a “growing customer base, strong financial performance.”

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

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 354 days at year-end 2025 as compared with 353 days at year-end 2024 and 453 days at year-end 2023. The unrestricted cash balance was \$111.2 million at year-end 2025.

The Water Department's liquidity is further enhanced by a \$10,000,000 unsecured line of credit that may be drawn upon by both the Gas and Water Departments. The current Loan Agreement matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the “U.S. Prime Rate” less 2.63 percentage points, with a minimum rate of 1.95%. As of December 31, 2023, the interest rate was 4.12% and no amount was outstanding. The Water Department drew on the line of credit in June of 2025 in the amount of \$2,281,640 and paid off the balance in July of 2025. The Water Department did not draw on the line of credit during 2024, or 2023.

Water Department Capital Asset Activity

Significant projects in 2025 and 2024 are as follows:

- In 2025, capital and construction-related costs totaled \$91.4 million; significant expenditures for projects completed or in process included:
 - 1) Water mains and distribution: \$33.2 million;
 - 2) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$31.1 million;
 - 3) Platte South Electrical building construction: \$11.1 million;
 - 4) Construction machines: \$4.8 million;
 - 5) Platte West water treatment plant: \$3.8 million;
 - 6) Other buildings, land and equipment: \$3.3 million;
 - 7) Land acquisition and pump stations: \$2.0 million;
 - 8) Furniture, equipment and all other general plant: \$1.8 million;
 - 9) Florence water treatment plant: \$0.3 million.

- In 2024, capital and construction-related costs totaled \$114.2 million; significant expenditures for projects completed or in process included:
 - 1) Water mains and distribution: \$58.6 million;
 - 2) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$31.0 million;
 - 3) Florence water treatment plant – Basin 6 refurbishment: \$5.8 million;
 - 4) Platte South Administration building and security upgrades: \$4.7 million;
 - 5) Construction machines: \$4.2 million;
 - 6) Platte South Electrical building construction: \$2.7 million;
 - 7) Furniture, equipment and all other general plant: \$2.6 million;
 - 8) Other buildings, land and equipment: \$2.5 million;
 - 9) Land acquisition for future reservoir and pump station: \$2.1 million.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2025 and 2024

Economic Factors and Going Forward

In December 2025, the Board of Directors approved the District's 2026 budget. The board also approved an increase to gas rate commodity charges. The 2026 budget projects 1.8% overall annual increase in the average residential gas bill as compared with 2025 budget assumptions. In addition, an approved increase to water rate commodity charges will result in a 4.5% overall annual increase to the average residential water bill as compared with 2025 budget assumptions. These gas and water rate increases became effective on January 2, 2026.

The District estimates 2026 revenues of \$265.1 million for the Gas Department and \$190.3 million for the Water Department. The revenues, combined with modest spend-down of cash reserves by the Gas and Water Departments, will be used to fund the District's operating expenditures, natural gas purchases and debt service costs.

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 was completed to expand the District's liquefied natural gas plant, an on-site storage facility. Financed with revenue bonds, the project has begun to positively impact customer-owners for many years to come by doubling output capacity and providing a hedge against spikes in the market price of natural gas.

Proceeds from gas revenue bonds issued in 2023 are being used to finance a portion of a new construction center and the remodel of an existing construction center. Renovations are underway at the existing construction center and new construction center is set to open in spring of 2026. This facility will improve reliability and business continuity and provide additional space for District employees for generations to come.

System improvements also continue at the District's three water production facilities. These large long-term capital improvement plans are largely financed with bond issuances to spread the costs over time, as the associated benefits will be realized over many years and many generations of our customer-owners.

Work to remove lead water service lines became a significant focus for the District and other water utilities across the nation. The District has replaced over 1,000 (700 in 2025) of these customer-owned service lines since inception of the program. The District plans to replace over 1,000 lead service lines in 2026. The District continues to leverage federal grants and loans rather than rates to fund the program.

The District is committed to financial and operational stability and will continue to responsibly invest in infrastructure, systems and people to serve our customers into the future.

Contact Information

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

METROPOLITAN UTILITIES DISTRICT

Statements of Net Position
December 31, 2025 and 2024

	2025				2024			
	Gas Department	Water Department	Eliminations	Business-type Activities Total	Gas Department	Water Department	Eliminations	Business-type Activities Total
Assets and Deferred Outflows of Resources								
Capital assets:								
Utility plant in service	\$ 942,731,181	1,573,186,805	—	2,515,917,986	\$ 798,515,026	1,473,574,728	—	2,272,089,754
Less accumulated depreciation	284,511,120	446,923,644	—	731,434,764	266,153,262	421,085,918	—	687,239,180
Right-to-use lease assets	1,047,211	—	—	1,047,211	1,047,211	—	—	1,047,211
Less accumulated amortization	942,490	—	—	942,490	733,048	—	—	733,048
Right-to-use SBITA assets	27,870,083	—	—	27,870,083	18,461,708	—	—	18,461,708
Less accumulated amortization	11,694,118	—	—	11,694,118	8,072,336	—	—	8,072,336
	674,500,747	1,126,263,161	—	1,800,763,908	543,065,299	1,052,488,810	—	1,595,554,109
Construction in progress	81,644,886	112,530,593	—	194,175,479	146,480,514	127,175,270	—	273,655,784
Net capital assets	756,145,633	1,238,793,754	—	1,994,939,387	689,545,813	1,179,664,080	—	1,869,209,893
Noncurrent assets:								
Cash and cash equivalents – restricted	20,398,773	3,939,534	—	24,338,307	32,348,675	22,060,327	—	54,409,002
Investments - restricted	1,168,841	—	—	1,168,841	13,834,946	—	—	13,834,946
Net pension asset	20,653,022	17,688,332	—	38,341,354	—	—	—	—
Lease receivable	2,614,697	1,080,063	—	3,694,760	2,636,342	1,154,663	—	3,791,005
Other noncurrent assets	3,929,505	2,301,563	—	6,231,068	2,860,957	1,688,959	—	4,549,916
Total noncurrent assets	48,764,838	25,009,492	—	73,774,330	51,680,920	24,903,949	—	76,584,869
Current assets:								
Cash and cash equivalents	176,484,520	111,181,484	—	287,666,004	187,877,604	101,494,139	—	289,371,743
Cash and cash equivalents – restricted	1,779,562	2,951,800	—	4,731,362	5,759,375	2,800,610	—	8,559,985
Investments - restricted	9,843,293	155,406	—	9,998,699	28,881,226	8,490,422	—	37,371,648
Accounts receivable – customers and others, less allowance for doubtful accounts	50,965,557	39,844,566	—	90,810,123	62,859,192	36,004,093	—	98,863,285
Interdepartmental receivable	—	3,783,360	(3,783,360)	—	—	2,341,114	(2,341,114)	—
Natural gas in storage	8,478,162	—	—	8,478,162	5,895,625	—	—	5,895,625
Propane in storage	7,123,247	—	—	7,123,247	7,511,683	—	—	7,511,683
Lease receivable	21,644	74,600	—	96,244	19,063	71,919	—	90,982
Interest receivable	13,393	15,342	—	28,735	13,489	13,490	—	26,979
Materials and supplies	5,910,914	10,319,717	—	16,230,631	5,550,378	8,391,042	—	13,941,420
Construction materials	8,582,749	3,960,342	—	12,543,091	8,389,924	2,728,267	—	11,118,191
Prepayments	1,420,902	668,143	—	2,089,045	1,856,562	431,545	—	2,288,107
Total current assets	270,623,943	172,954,760	(3,783,360)	439,795,343	314,614,121	162,766,641	(2,341,114)	475,039,648
Total assets	1,075,534,414	1,436,758,006	(3,783,360)	2,508,509,060	1,055,840,854	1,367,334,670	(2,341,114)	2,420,834,410
Deferred Outflows of Resources								
Pension amounts	5,587,753	4,696,561	—	10,284,314	7,693,901	6,744,188	—	14,438,089
OPEB amounts	2,357,613	1,985,398	—	4,343,011	3,355,683	2,936,086	—	6,291,769
Deferred charge on refunding	—	995,959	—	995,959	—	1,276,931	—	1,276,931
Total deferred outflows of resources	7,945,366	7,677,918	—	15,623,284	11,049,584	10,957,205	—	22,006,789
Total assets and deferred outflows of resources	\$ 1,083,479,780	1,444,435,924	(3,783,360)	2,524,132,344	\$ 1,066,890,438	1,378,291,875	(2,341,114)	2,442,841,199

See accompanying notes to basic financial statements.

	2025				2024			
Liabilities, Deferred Inflows and Net Position	Gas Department	Water Department	Eliminations	Business-type Activities Total	Gas Department	Water Department	Eliminations	Business-type Activities Total
Net position:								
Net investment in capital assets	\$ 501,157,243	578,396,744	—	1,079,553,987	\$ 470,344,142	570,987,403	—	1,041,331,545
Restricted:								
Environmental	—	178,099	—	178,099	—	176,974	—	176,974
Debt service requirements-sinking fund	1,734,364	2,948,754	—	4,683,118	1,642,710	2,779,600	—	4,422,310
Net pension asset	20,653,022	17,688,332	—	38,341,354	—	—	—	—
Unrestricted	117,936,277	34,218,798	—	152,155,075	144,617,911	2,047,420	—	146,665,331
Total net position	641,480,906	633,430,727	—	1,274,911,633	616,604,763	575,991,397	—	1,192,596,160
Deferred inflows of resources								
Pension amounts	32,321,219	27,455,274	—	59,776,493	2,624,069	2,192,262	—	4,816,331
OPEB amounts	29,306,694	24,951,447	—	54,258,141	7,750,014	6,533,558	—	14,283,572
Lease amounts	2,575,171	1,063,494	—	3,638,665	2,631,357	1,153,438	—	3,784,795
Contributions in aid of construction	53,914,386	448,087,398	—	502,001,784	42,631,048	416,598,612	—	459,229,660
Total deferred inflows of resources	118,117,470	501,557,613	—	619,675,083	55,636,488	426,477,870	—	482,114,358
Noncurrent liabilities:								
Long-term debt, excluding current installments	211,371,624	192,741,250	—	404,112,874	221,493,869	210,516,020	—	432,009,889
Lease liability	—	—	—	—	116,364	—	—	116,364
SBITA liability	2,830,862	—	—	2,830,862	6,522,495	—	—	6,522,495
Self-insured risks	1,296,848	1,369,954	—	2,666,802	1,000,527	1,098,272	—	2,098,799
Net pension liability	—	—	—	—	15,324,426	13,206,800	—	28,531,226
Net OPEB liability	3,996,329	4,022,180	—	8,018,509	33,980,087	29,948,300	—	63,928,387
Other accrued expenses	2,054,573	2,730,459	—	4,785,032	2,061,768	2,147,897	—	4,209,665
Total noncurrent liabilities	221,550,236	200,863,843	—	422,414,079	280,499,536	256,917,289	—	537,416,825
Current liabilities:								
Accounts payable	47,241,105	14,108,666	—	61,349,771	50,906,724	10,493,369	—	61,400,093
Customer deposits	22,477,647	7,304,034	—	29,781,681	36,209,701	5,262,675	—	41,472,376
Customer advances for construction	986,464	34,168,639	—	35,155,103	355,953	49,138,706	—	49,494,659
Interdepartmental payable	3,783,360	—	(3,783,360)	—	2,341,114	—	(2,341,114)	—
Sewer fee collection due to municipalities	—	26,442,106	—	26,442,106	—	27,680,726	—	27,680,726
Statutory payment due to municipalities	1,347,957	814,349	—	2,162,306	1,117,979	830,562	—	1,948,541
Other accrued expenses	3,765,747	4,041,541	—	7,807,288	3,556,129	3,704,524	—	7,260,653
Current installments of long-term debt	8,315,000	18,278,051	—	26,593,051	7,945,000	17,471,784	—	25,416,784
Current installments of lease liability	116,364	—	—	116,364	225,199	—	—	225,199
Current installments of SBITA liability	4,230,976	—	—	4,230,976	3,285,775	—	—	3,285,775
Unearned revenue - firm service agreement	2,198,019	—	—	2,198,019	2,198,019	—	—	2,198,019
Accrued interest on revenue bonds	730,947	618,169	—	1,349,116	761,436	684,434	—	1,445,870
Accrued interest on SBITA's	161,461	—	—	161,461	102,652	—	—	102,652
Self-insured risks	1,495,402	2,808,186	—	4,303,588	1,251,558	3,638,539	—	4,890,097
Other liabilities	5,480,719	—	—	5,480,719	3,892,412	—	—	3,892,412
Total current liabilities	102,331,168	108,583,741	(3,783,360)	207,131,549	114,149,651	118,905,319	(2,341,114)	230,713,856
Total liabilities	323,881,404	309,447,584	(3,783,360)	629,545,628	394,649,187	375,822,608	(2,341,114)	768,130,681
Total liabilities, deferred inflows of resources, and net position	\$ 1,083,479,780	1,444,435,924	(3,783,360)	2,524,132,344	\$ 1,066,890,438	1,378,291,875	(2,341,114)	2,442,841,199

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2025 and 2024

	2025			2024		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Operating revenues:						
Charges for services	\$ 236,629,830	174,729,563	411,359,393	\$ 218,186,059	171,096,747	389,282,806
Less bad debt expense	624,222	423,624	1,047,846	530,081	188,214	718,295
Charges for services, net	<u>236,005,608</u>	<u>174,305,939</u>	<u>410,311,547</u>	<u>217,655,978</u>	<u>170,908,533</u>	<u>388,564,511</u>
Operating expenses:						
Cost of natural gas	136,272,232	—	136,272,232	104,022,598	—	104,022,598
Operating and maintenance	55,702,042	104,450,688	160,152,730	55,760,800	97,025,005	152,785,805
Depreciation and amortization	21,257,721	17,992,336	39,250,057	20,279,378	17,350,402	37,629,780
Payment in lieu of taxes	4,095,167	2,347,848	6,443,015	3,258,538	2,306,485	5,565,023
Total operating expenses	<u>217,327,162</u>	<u>124,790,872</u>	<u>342,118,034</u>	<u>183,321,314</u>	<u>116,681,892</u>	<u>300,003,206</u>
Operating income	<u>18,678,446</u>	<u>49,515,067</u>	<u>68,193,513</u>	<u>34,334,664</u>	<u>54,226,641</u>	<u>88,561,305</u>
Nonoperating revenues (expenses):						
Investment income, net	9,206,027	3,957,864	13,163,891	14,436,868	5,370,722	19,807,590
Other income (expense)	59,589	(1,059,806)	(1,000,217)	110,539	(219,038)	(108,499)
Interest expense, net	(7,762,899)	(7,305,972)	(15,068,871)	(8,019,917)	(8,028,788)	(16,048,705)
Settlement revenue	—	6,019,360	6,019,360	—	—	—
Total nonoperating revenues (expenses), net	<u>1,502,717</u>	<u>1,611,446</u>	<u>3,114,163</u>	<u>6,527,490</u>	<u>(2,877,104)</u>	<u>3,650,386</u>
Income before capital grants revenue	20,181,163	51,126,513	71,307,676	40,862,154	51,349,537	92,211,691
Capital grants	4,694,980	6,312,817	11,007,797	466,357	2,076,446	2,542,803
Change in net position	24,876,143	57,439,330	82,315,473	41,328,511	53,425,983	94,754,494
Net position, beginning of year	616,604,763	575,991,397	1,192,596,160	575,276,252	522,565,414	1,097,841,666
Net position, end of year	<u>\$ 641,480,906</u>	<u>633,430,727</u>	<u>1,274,911,633</u>	<u>\$ 616,604,763</u>	<u>575,991,397</u>	<u>1,192,596,160</u>

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2025 and 2024

	2025			2024		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Cash flows from operating activities:						
Receipts from customers	\$ 247,828,464	167,140,330	414,968,794	\$ 207,233,312	167,006,069	374,239,381
Payments to suppliers	(157,726,388)	(63,228,956)	(220,955,344)	(94,083,147)	(70,491,588)	(164,574,735)
Cash collections on behalf of other governments	—	235,978,913	235,978,913	—	229,149,654	229,149,654
Cash disbursements to other governments	—	(229,774,047)	(229,774,047)	—	(219,939,982)	(219,939,982)
Payments to employees	(52,367,458)	(44,997,738)	(97,365,196)	(49,864,953)	(42,059,775)	(91,924,728)
Payments in lieu of taxes	(4,095,167)	(2,347,848)	(6,443,015)	(3,258,538)	(2,306,485)	(5,565,023)
Net cash provided by operating activities	<u>33,639,451</u>	<u>62,770,654</u>	<u>96,410,105</u>	<u>60,026,674</u>	<u>61,357,893</u>	<u>121,384,567</u>
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	1,641,741	(1,641,741)	—	1,963,018	(1,963,018)	—
Net cash provided by (used in) noncapital financing activities	<u>1,641,741</u>	<u>(1,641,741)</u>	<u>—</u>	<u>1,963,018</u>	<u>(1,963,018)</u>	<u>—</u>
Cash flows from capital and related financing activities:						
Plant additions	(98,254,954)	(91,696,047)	(189,951,001)	(96,951,500)	(116,965,400)	(213,916,900)
Plant removal/retirement costs	(1,991,932)	624,551	(1,367,381)	(1,842,085)	1,663,666	(178,419)
Debt issuance costs	—	—	—	(78,000)	—	(78,000)
Payments on long-term debt	(7,945,000)	(17,471,784)	(25,416,784)	(7,315,000)	(16,675,639)	(23,990,639)
Payments on line-of-credit	—	(2,281,640)	(2,281,640)	—	—	—
Proceeds from line-of-credit	—	2,281,640	2,281,640	—	—	—
Change in SBITA liabilities	(2,686,859)	—	(2,686,859)	6,665,232	—	6,665,232
Payments on lease liabilities	(225,199)	—	(225,199)	(213,963)	—	(213,963)
Proceeds from issuance of debt	—	330,239	330,239	—	—	—
Proceeds from capital grants	3,999,979	4,669,372	8,669,351	466,357	2,076,446	2,542,803
Proceeds from settlement	—	4,162,266	4,162,266	—	—	—
Customer advances/CIAC	13,072,047	25,960,503	39,032,550	2,100,877	40,937,865	43,038,742
Interest paid	(9,541,823)	(8,281,301)	(17,823,124)	(9,906,807)	(9,081,894)	(18,988,701)
Net cash used in capital and related financing activities	<u>(103,573,741)</u>	<u>(81,702,201)</u>	<u>(185,275,942)</u>	<u>(107,074,889)</u>	<u>(98,044,956)</u>	<u>(205,119,845)</u>
Cash flows from investing activities:						
Interest received	9,265,712	3,956,013	13,221,725	14,625,501	5,371,573	19,997,074
Sales of investment securities	91,263,038	46,896,017	138,159,055	144,977,049	96,568,835	241,545,884
Purchase of investments	(59,559,000)	(38,561,000)	(98,120,000)	(162,686,000)	(83,448,000)	(246,134,000)
Net cash flows provided by (used in) investing activities	<u>40,969,750</u>	<u>12,291,030</u>	<u>53,260,780</u>	<u>(3,083,450)</u>	<u>18,492,408</u>	<u>15,408,958</u>
Net decrease in cash and cash equivalents	<u>(27,322,799)</u>	<u>(8,282,258)</u>	<u>(35,605,057)</u>	<u>(48,168,647)</u>	<u>(20,157,673)</u>	<u>(68,326,320)</u>
Cash and cash equivalents, beginning of year	<u>225,985,654</u>	<u>126,355,076</u>	<u>352,340,730</u>	<u>274,154,301</u>	<u>146,512,749</u>	<u>420,667,050</u>
Cash and cash equivalents, end of year	<u>\$ 198,662,855</u>	<u>118,072,818</u>	<u>316,735,673</u>	<u>\$ 225,985,654</u>	<u>126,355,076</u>	<u>352,340,730</u>

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2025 and 2024

	2025			2024		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 18,678,446	49,515,067	68,193,513	\$ 34,334,664	54,226,641	88,561,305
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	21,081,755	17,992,336	39,074,091	20,099,092	17,350,402	37,449,494
Depreciation charged to operating and maintenance	6,441,652	2,044,743	8,486,395	5,201,725	1,607,996	6,809,721
Amortization charged to depreciation and amortization	175,966	—	175,966	180,286	—	180,286
Amortization charged to operating and maintenance	4,337,601	370,571	4,708,172	4,474,119	493,174	4,967,293
Cash flows impacted by changes in:						
Amounts due from customers and others	12,607,699	(268,012)	12,339,687	(11,001,852)	(4,445,890)	(15,447,742)
Natural gas, propane, materials, supplies, and prepayments	(2,118,977)	(2,165,273)	(4,284,250)	2,110,141	(1,491,359)	618,782
Other noncurrent assets	(1,068,546)	(612,607)	(1,681,153)	(231,190)	(68,214)	(299,404)
Accounts payable and other	(3,220,589)	4,117,708	897,119	7,734,682	3,072,540	10,807,222
Customer deposits	(13,744,684)	2,041,359	(11,703,325)	6,404,824	(3,361,511)	3,043,313
Self-insurance and other liabilities	2,128,472	(33,257)	2,095,215	281,228	1,332,554	1,613,782
Net pension liability (asset)	(35,977,448)	(30,895,133)	(66,872,581)	(9,882,412)	(8,350,818)	(18,233,230)
Deferred inflows pension	30,311,132	25,830,601	56,141,733	(1,628,796)	(1,308,849)	(2,937,645)
Deferred outflows pension	1,492,166	1,480,038	2,972,204	10,868,366	9,387,596	20,255,962
Net OPEB liability	(29,983,758)	(25,926,120)	(55,909,878)	(4,482,949)	(4,102,893)	(8,585,842)
Deferred inflows OPEB	21,156,290	18,167,668	39,323,958	(2,433,452)	(1,629,408)	(4,062,860)
Deferred outflows OPEB	1,398,460	1,200,909	2,599,369	(1,945,617)	(1,689,288)	(3,634,905)
Deferred inflows leases	(56,186)	(89,944)	(146,130)	(56,185)	335,220	279,035
Net cash provided by operating activities	\$ 33,639,451	62,770,654	96,410,105	\$ 60,026,674	61,357,893	121,384,567
Supplemental schedules of noncash capital and related financing items:						
Subscription based information technology arrangements	\$ (2,686,859)	—	(2,686,859)	\$ 6,665,232	—	6,665,232
Construction in accounts payable	\$ 5,665,283	7,899,474	13,564,757	\$ 13,689,893	4,238,023	17,927,916

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 7,612,892	\$ 6,233,045
Investments at fair value:		
Mutual funds:		
Fixed income funds	239,120,090	212,053,202
Domestic equity funds	344,640,675	307,604,201
International equity funds	223,701,796	172,798,896
Total investments	<u>807,462,561</u>	<u>692,456,299</u>
Total assets	<u>\$ 815,075,453</u>	<u>\$ 698,689,344</u>
Liabilities		
Accrued expense and benefits payable	<u>-</u>	<u>-</u>
Total liabilities	-	-
Net position held in trust for pension and other post employment benefits	<u><u>\$ 815,075,453</u></u>	<u><u>\$ 698,689,344</u></u>

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, 2025 and 2024

	2025	2024
Additions:		
Investment income, net appreciation in the fair value of pooled separate accounts, interest and dividends, net of investment expense	\$ 119,634,110	\$ 69,192,987
Employer contributions	22,866,545	24,887,501
Employee contributions	7,939,915	7,498,276
Total additions	150,440,570	101,578,764
Deductions:		
Benefit payments	34,020,741	32,353,009
Administrative expenses	33,720	105,145
Total deductions	34,054,461	32,458,154
Net increase	116,386,109	69,120,610
Net position held in trust for pension and OPEB benefits		
Beginning of year	698,689,344	629,568,734
End of year	\$ 815,075,453	\$ 698,689,344

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

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

(b) Basis of Presentation

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

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

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

(c) Fiduciary Fund Type

The District also includes a pension trust fund and other postemployment benefits (OPEB) trust fund as a fiduciary fund type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs or operations. Pension and OPEB trust funds are accounted for in essentially the same manner as the enterprise funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. The Pension Trust Fund accounts for the assets of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The OPEB Trust Fund accounts for the assets of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha. These plans are included in the reporting

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding,

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The District has four items that meet the criterion for reporting as deferred inflows on the statement of net position: contributions in aid of construction (CIAC), pension-related items, OPEB-related items and lease revenue. As described below, CIAC is included in depreciation expense and amortized over the estimated useful lives of the related utility plant. The difference between expected and actual experience and the changes in actuarial assumptions in the measurement of the pension and OPEB liabilities is recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Lease revenue is recognized on a straight-line basis over the term of the lease. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

(g) Utility Plant

Utility plant is stated at cost. Cost includes direct charges such as labor, material, and related overhead. Expenditures for ordinary maintenance and repairs are charged to operations.

Depreciation of utility plant is computed primarily on the straight-line method over its estimated useful life. The weighted average composite depreciation rates, expressed as a percentage of the beginning of the year cost of depreciable plant in service, were:

	<u>2025</u>		<u>2024</u>	
Water Department	2.1	%	2.1	%
Gas Department	3.4		3.4	

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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, debt service requirements, and net pension asset, 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. Restricted for net pension asset represents the net pension asset.
- 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, 2025, the Gas Department held \$21.6 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2024, the Gas Department held \$46.2 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

At December 31, 2025, the Gas Department held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$11.6 million which is comprised of \$1.7 million pursuant to various bond resolutions, \$0.1 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, and \$9.8 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2024, the Gas

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Department held current “Cash and cash equivalents – restricted” and “Investments – restricted” of \$34.6 million which is comprised of \$1.6 million pursuant to various bond resolutions, \$4.0 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District’s gas system, expansion of and improvements to the District’s liquified natural gas plant and related infrastructure improvements and \$29.0 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District’s liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

At December 31, 2025, the Water Department held \$3.9 million in noncurrent “Cash and cash equivalents – restricted” and “Investments – restricted” which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.2 million pursuant to various bond resolutions, and \$0.5 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2024, the Water Department held \$22.1 million in noncurrent “Cash and cash equivalents – restricted” and “Investments – restricted” which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.2 million pursuant to various bond resolutions, and \$18.7 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

At December 31, 2025, the Water Department also held current “Cash and cash equivalents – restricted” and “Investments – restricted” of \$3.1 million which is pursuant to various bond resolutions, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2024, the Water Department also held current “Cash and cash equivalents – restricted” and “Investments – restricted” of \$11.3 million which is made up of \$2.8 million pursuant to various bond resolutions and \$8.5 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 or analyzing 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 recognizes a liability for compensated absences for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash. 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. For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period (parental leave, military leave, and jury duty), a liability is not recognized until the leave commences. The liability for leave that has been used but not yet paid, has been recognized in accrued wages. The liability for leave that has not been used is recognized in compensated absences.

(n) *Risk Management*

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured with respect to its obligation to provide workers' compensation, general liability, and health, dental and vision coverage. The District purchases commercial insurance for property damage.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(o) Revenues

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

	<u>2025</u>	<u>2024</u>
Gas	\$ 24,263,529	44,179,961
Water	4,918,792	4,846,814
	<u>\$ 29,182,321</u>	<u>49,026,775</u>

(p) 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, 2025, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of \$3,783,360. At December 31, 2024, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of \$2,341,114. The receivable and payable have been eliminated in the business-type activities total column.

(q) 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 \$26,442,106 and \$27,680,726 as of December 31, 2025 and 2024, 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 \$5.4 million in 2025 and \$5.3 million in 2024. 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.

(r) Customer Deposits

The District requires certain customers to provide refundable deposits prior to establishing service. Customer deposits are recorded as liabilities when received, as the District has an obligation to either provide future service or refund the deposit. Deposits are available for refund after the customer establishes a satisfactory payment history or refunded upon termination of service, net of any outstanding charges.

(s) Pensions

For purposes of measuring the net pension liability (asset), 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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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.

(t) 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.

(u) 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.

(v) Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued in April 2024, will be effective beginning with fiscal year December 31, 2026. This Statement's objective is to improve components of the financial reporting model to enhance effectiveness in providing essential information for decision making and to assess a government's accountability. The District is currently assessing the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued in September 2024, will be effective beginning with fiscal year December 31, 2026. This Statement requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The District is currently assessing the impact of this Statement.

GASB Statement No. 105, *Subsequent Events*, issued in December 2025, will be effective beginning with fiscal year December 31, 2027. This Statement's objective is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The District is currently assessing the impact of this Statement.

(w) Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The classifications had no impact on previously reported net position.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(2) Impact of Adoption of New Accounting Standard

The District has implemented GASB Statement No. 102, Certain Risk Disclosures, issued in December 2023, for fiscal years beginning after June 15, 2024. This Statement improves 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. Management identified no risks meeting the criteria, therefore no impact to the District's financial statements related to this statement.

(3) Deposits and Investments

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

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, 2025 and 2024, all bank balances were covered by federal depository insurance or collateralized with securities.

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

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment in Maturities in Years</u>		<u>Hierarchy Level</u>	<u>Rating Standard & Poors</u>
		<u>Less Than One</u>	<u>1-5</u>		
2025					
U.S. Treasury and agency obligations	\$ 11,167,540	9,998,699	1,168,841	1	AA+
	<u>\$ 11,167,540</u>	<u>9,998,699</u>	<u>1,168,841</u>		
2024					
U.S. Treasury and agency obligations	\$ 51,206,594	37,371,648	13,834,946	1	AA+
	<u>\$ 51,206,594</u>	<u>37,371,648</u>	<u>13,834,946</u>		

As of December 31, 2025 and 2024, the District's fiduciary funds had the following investments.

<u>Investment Type</u>	<u>Fair Value</u>			<u>Hierarchy Level</u>
	<u>Pension Plan</u>	<u>OPEB</u>	<u>Total</u>	
2025				
Mutual Funds:				
Fixed Income Funds	\$ 205,949,042	33,171,048	239,120,090	1
Domestic Equity Funds	282,477,735	62,162,940	344,640,675	1
International Equity Funds	183,639,937	40,061,859	223,701,796	1
	<u>\$ 672,066,714</u>	<u>135,395,847</u>	<u>807,462,561</u>	
2024				
Mutual Funds:				
Fixed Income Funds	\$ 184,550,360	27,502,842	212,053,202	1
Domestic Equity Funds	254,716,026	52,888,175	307,604,201	1
International Equity Funds	142,521,564	30,277,332	172,798,896	1
	<u>\$ 581,787,950</u>	<u>110,668,349</u>	<u>692,456,299</u>	

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 17.0% and 10.8%, respectively. For the years ended December 31, 2025 and 2024, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 18.3% and 11.7%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Asset allocation: The investment policy statements of the pension and OPEB plans have the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	
	Pension Plan	OPEB
Domestic (U.S.) Equities		
U.S. Large Cap	34.1 %	37.7 %
U.S. Mid Cap	2.7	3.0
U.S. Small Cap	1.2	1.3
International (Non-U.S.) Equities	19.2	21.4
Emerging Markets	6.8	7.6
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	4.0	4.0
Total	<u>100.0 %</u>	<u>100.0 %</u>

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, 2025 and 2024, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(4) Capital Assets

Capital assets at December 31, 2025 and 2024 are summarized as follows:

	Gas Department	Water Department	Total
2025			
Capital assets:			
Utility Plant - Depreciable	\$ 934,637,815	1,557,407,761	2,492,045,576
Utility Plant - Nondepreciable (land)	8,093,366	15,779,044	23,872,410
Right-to-use (RTU) lease assets (buildings)	1,047,211	—	1,047,211
Right-to-use (RTU) subscription assets (SBITA)	27,870,083	—	27,870,083
Total	971,648,475	1,573,186,805	2,544,835,280
Construction in progress (nondepreciable)	81,644,886	112,530,593	194,175,479
	1,053,293,361	1,685,717,398	2,739,010,759
Less:			
Utility Plant - Accumulated depreciation	(284,511,120)	(446,923,644)	(731,434,764)
RTU - Lease accumulated amortization	(942,490)	—	(942,490)
RTU - SBITA accumulated amortization	(11,694,118)	—	(11,694,118)
Total capital assets, net	\$ 756,145,633	1,238,793,754	1,994,939,387
2024			
Capital assets:			
Utility Plant - Depreciable	\$ 791,906,481	1,458,089,738	2,249,996,219
Utility Plant - Nondepreciable (land)	6,608,545	15,484,990	22,093,535
Right-to-use (RTU) lease assets (buildings)	1,047,211	—	1,047,211
Right-to-use (RTU) subscription assets (SBITA)	18,461,708	—	18,461,708
Total	818,023,945	1,473,574,728	2,291,598,673
Construction in progress (nondepreciable)	146,480,514	127,175,270	273,655,784
	964,504,459	1,600,749,998	2,565,254,457
Less:			
Utility Plant - Accumulated depreciation	(266,153,261)	(421,085,918)	(687,239,179)
RTU - Lease accumulated amortization	(733,048)	—	(733,048)
RTU - SBITA accumulated amortization	(8,072,337)	—	(8,072,337)
Total capital assets, net	\$ 689,545,813	1,179,664,080	1,869,209,893

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

The provision for depreciation and amortization expense is as follows:

	2025			2024		
	Gas	Water	Total	Gas	Water	Total
	Department	Department		Department	Department	
Charged to depreciation and amortization	\$ 21,257,721	17,992,336	39,250,057	\$ 20,279,378	17,350,402	37,629,780
Charged to operating and maintenance	10,779,253	2,415,314	13,194,567	9,675,844	2,101,170	11,777,014
	<u>\$ 32,036,974</u>	<u>20,407,650</u>	<u>52,444,624</u>	<u>\$ 29,955,222</u>	<u>19,451,572</u>	<u>49,406,794</u>

The depreciation and amortization expense presented above includes a reduction of expense of \$10,599,982 and \$9,897,109 for the year ended December 31, 2025 and 2024, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2025 and 2024 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year
2025				
Gas Department:				
Utility plant in service	\$ 798,515,026	153,489,382	(9,273,227)	942,731,181
Construction in progress	146,480,514	88,725,330	(153,560,958)	81,644,886
Utility Plant - Accumulated depreciation	(266,153,262)	(28,634,236)	10,276,378	(284,511,120)
Right-of-use lease assets	1,047,211	—	—	1,047,211
RTU - Lease accumulated amortization	(733,048)	(209,442)	—	(942,490)
Right-of-use subscription assets (SBITA)	18,461,708	9,408,375	—	27,870,083
RTU - SBITA accumulated amortization	(8,072,337)	(3,621,781)	—	(11,694,118)
	<u>\$ 689,545,812</u>	<u>219,157,628</u>	<u>(152,557,807)</u>	<u>756,145,633</u>
Water Department:				
Utility plant in service	\$ 1,473,574,728	105,108,649	(5,496,572)	1,573,186,805
Construction in progress	127,175,270	90,470,142	(105,114,819)	112,530,593
Accumulated depreciation	(421,085,918)	(29,526,232)	3,688,506	(446,923,644)
	<u>\$ 1,179,664,080</u>	<u>166,052,559</u>	<u>(106,922,885)</u>	<u>1,238,793,754</u>
	<u>\$ 1,869,209,892</u>	<u>385,210,187</u>	<u>(259,480,692)</u>	<u>1,994,939,387</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

	<u>Balance, beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>
2024				
Gas Department:				
Utility plant in service	\$ 755,488,019	55,244,365	(12,217,358)	798,515,026
Construction in progress	108,974,371	92,727,814	(55,221,671)	146,480,514
Utility Plant - Accumulated depreciation	(252,872,621)	(26,295,412)	13,014,771	(266,153,262)
Right-of-use lease assets	1,047,211	—	—	1,047,211
RTU - Lease accumulated amortization	(523,606)	(209,442)	—	(733,048)
Right-of-use subscription assets (SBITA)	8,365,575	10,559,133	(463,000)	18,461,708
RTU - SBITA accumulated amortization	(4,058,230)	(4,014,107)	—	(8,072,337)
	<u>\$ 616,420,719</u>	<u>128,012,351</u>	<u>(54,887,258)</u>	<u>689,545,812</u>
Water Department:				
Utility plant in service	\$ 1,404,660,992	73,429,227	(4,515,491)	1,473,574,728
Construction in progress	84,234,712	117,813,318	(74,872,760)	127,175,270
Accumulated depreciation	(395,684,111)	(27,810,856)	2,409,049	(421,085,918)
	<u>\$ 1,093,211,593</u>	<u>163,431,689</u>	<u>(76,979,202)</u>	<u>1,179,664,080</u>
	<u>\$ 1,709,632,312</u>	<u>291,444,040</u>	<u>(131,866,460)</u>	<u>1,869,209,892</u>

(5) Lease Receivable

The District leases cell phone tower space and land to others. These leases have terms between forty years and fifty years with payments required monthly or annually.

The total amount of inflows of resources recognized for the periods ending December 31, are as follows:

	<u>2025</u>			<u>2024</u>		
	<u>Gas Department</u>	<u>Water Department</u>	<u>Total</u>	<u>Gas Department</u>	<u>Water Department</u>	<u>Total</u>
Lease Revenue	\$ 56,186	89,945	146,131	56,187	51,584	107,771
Interest Income	80,840	40,185	121,025	81,407	25,689	107,096

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(6) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2025 and 2024 is as follows:

	<u>Balance, beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
2025					
Water Revenue Bonds					
Series 2022	\$ 59,510,000	-	2,125,000	57,385,000	2,235,000
Plus unamortized premium	2,873,940	-	275,511	2,598,429	-
Water Revenue Bonds					
Series 2018	28,975,000	-	1,645,000	27,330,000	1,690,000
Plus unamortized premium	629,927	-	79,557	550,370	-
Water Revenue Bonds					
Series 2015	109,350,000	-	11,220,000	98,130,000	11,790,000
Plus unamortized premium	3,451,004	-	705,100	2,745,904	-
Water Revenue Bonds					
Series 2012	20,025,000	-	2,170,000	17,855,000	2,245,000
Plus unamortized premium	1,031,492	-	129,868	901,624	-
Gas Revenue Bonds					
Series 2023	81,695,000	-	2,675,000	79,020,000	2,810,000
Plus unamortized premium	4,710,034	-	413,490	4,296,544	-
Gas Revenue Bonds					
Series 2022	105,425,000	-	3,875,000	101,550,000	4,070,000
Plus unamortized premium	12,402,116	-	1,309,074	11,093,042	-
Gas Revenue Bonds					
Series 2018	24,520,000	-	1,395,000	23,125,000	1,435,000
Plus unamortized premium	686,719	-	84,681	602,038	-
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	2,141,441	-	311,784	1,829,657	318,051
DWSRF loan	-	1,693,317	-	1,693,317	-
Lease liability	341,563	-	225,199	116,364	116,364
SBITA liability	9,808,270	663,289	3,409,721	7,061,838	4,230,976
Net OPEB liability	63,928,387	-	55,909,878	8,018,509	-
Self-insured risks	6,988,896	3,986,578	4,005,084	6,970,390	4,303,588
Other accrued expenses	11,470,318	8,679,980	7,557,978	12,592,320	7,807,288
	<u>\$ 549,964,107</u>	<u>15,023,164</u>	<u>99,521,925</u>	<u>465,465,346</u>	<u>43,051,267</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

	Balance, beginning of year	Increases	Decreases	Balance, end of year	Due within one year
2024					
Water Revenue Bonds					
Series 2022	\$ 61,535,000	-	2,025,000	59,510,000	2,125,000
Plus unamortized premium	3,159,401	-	285,461	2,873,940	-
Water Revenue Bonds					
Series 2018	30,545,000	-	1,570,000	28,975,000	1,645,000
Plus unamortized premium	715,623	-	85,696	629,927	-
Water Revenue Bonds					
Series 2015	120,030,000	-	10,680,000	109,350,000	11,220,000
Plus unamortized premium	4,258,915	-	807,911	3,451,004	-
Water Revenue Bonds					
Series 2012	22,120,000	-	2,095,000	20,025,000	2,170,000
Plus unamortized premium	1,161,005	-	129,513	1,031,492	-
Gas Revenue Bonds					
Series 2023	83,985,000	-	2,290,000	81,695,000	2,675,000
Plus unamortized premium	5,160,271	-	450,237	4,710,034	-
Gas Revenue Bonds					
Series 2022	109,120,000	-	3,695,000	105,425,000	3,875,000
Plus unamortized premium	13,769,212	-	1,367,096	12,402,116	-
Gas Revenue Bonds					
Series 2018	25,850,000	-	1,330,000	24,520,000	1,395,000
Plus unamortized premium	777,808	-	91,089	686,719	-
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	2,447,082	-	305,641	2,141,441	311,784
Lease liability	555,526	-	213,963	341,563	225,199
SBITA liability	3,415,203	9,484,019	3,090,952	9,808,270	3,285,775
Net OPEB liability	72,514,229	-	8,585,842	63,928,387	-
Net pension liability*	46,764,457	-	18,233,231	28,531,226	-
Self-insured risks	5,442,285	6,172,644	4,626,033	6,988,896	4,890,097
Other accrued expenses	10,986,544	7,720,500	7,236,726	11,470,318	7,260,653
	<u>\$ 624,312,561</u>	<u>23,377,163</u>	<u>69,194,391</u>	<u>578,495,333</u>	<u>41,078,508</u>

* This was a net pension asset in 2025, therefore removed from 2025 schedule

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(a) Water Revenue Bonds

Water Revenue Bonds Series 2012

On December 17, 2012, the District issued Water Revenue Bonds Series 2012 for a par value of \$40,745,000. The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2025</u>	<u>2024</u>
Series 2012 bonds:				
Serial	2.000% - 4.000%	\$ 1,185,000 - 2,335,000	4,580,000	6,750,000
Term	3.125%	2,455,000 - 2,865,000	13,275,000	13,275,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,245,000	598,044	2,843,044
2027	2,335,000	508,244	2,843,244
2028	2,455,000	414,844	2,869,844
2029	2,550,000	338,125	2,888,125
2030	2,650,000	258,438	2,908,438
2031 - 2032	5,620,000	265,156	5,885,156
	<u>\$ 17,855,000</u>	<u>2,382,851</u>	<u>20,237,851</u>

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the Water Revenue Bonds Series 2012. Proceeds from the bonds were used to finance a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Platte South Plant and Florence Plant in part to comply with current regulatory requirements. The Water Revenue Bonds Series 2012 are payable solely from water revenues and are payable through 2032. Principal and interest payments of \$2,170,000 and \$684,844, respectively, were paid on these bonds in 2025. Principal and interest payments of \$2,095,000 and \$768,644, respectively, were paid on these bonds in 2024. Total water revenues for the year ended December 31, 2025 and 2024 were \$174,729,563 and \$171,096,747, respectively.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 \$11,220,000 and \$3,724,505, respectively, were paid on these bonds in 2025. Principal and interest payments of \$10,680,000 and \$4,258,505, respectively, were paid on these bonds in 2024. Total water revenues for the year ended December 31, 2025 and 2024 were \$174,729,563 and \$171,096,747, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding 2025</u>	<u>2024</u>
Series 2015 bonds:				
Serial	2.850% - 5.000%	\$ 7,330,000 - 14,115,000	90,310,000	101,530,000
Term	3.500	2,520,000 - 2,695,000	7,820,000	7,820,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,790,000	3,163,505	14,953,505
2027	12,125,000	2,827,490	14,952,490
2028	12,480,000	2,451,615	14,931,615
2029	12,855,000	2,052,255	14,907,255
2030	13,260,000	1,628,040	14,888,040
2031 - 2035	<u>35,620,000</u>	<u>2,463,163</u>	<u>38,083,163</u>
	<u>\$ 98,130,000</u>	<u>14,586,068</u>	<u>112,716,068</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 \$1,645,000 and \$980,519, respectively, were paid on these bonds in 2025. Principal and interest payments of \$1,570,000 and \$1,059,019, respectively, were paid on these bonds in 2024. Total water revenues for the year ended December 31, 2025 and 2024 were \$174,729,563 and \$171,096,747, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2025</u>	<u>2024</u>
Series 2018 bonds:				
Serial	2.500% - 5.000%	\$ 1,255,000 - 2,540,000	27,330,000	28,975,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,690,000	939,394	2,629,394
2027	1,775,000	854,894	2,629,894
2028	1,845,000	783,894	2,628,894
2029	1,900,000	728,544	2,628,544
2030	1,955,000	671,544	2,626,544
2031 - 2035	10,785,000	2,355,856	13,140,856
2036 - 2038	7,380,000	503,550	7,883,550
	<u>\$ 27,330,000</u>	<u>6,837,676</u>	<u>34,167,676</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Water Revenue Bonds Series 2022

On October 13, 2022, the District issued Water System Revenue Bonds, Series 2022 (the 2022 Water Bonds) for a par value of \$63,085,000. The 2022 Water Bonds were issued for the purpose of financing a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2022 Water Bonds will be used to finance a portion of the costs to improve the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The District has pledged future water revenues to repay the 2022 Water Bonds. The 2022 Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$2,125,000 and \$2,823,344, respectively, were paid on these bonds in 2025. Principal and interest payments of \$2,025,000 and \$2,924,594, respectively, were paid on these bonds in 2024. Total water revenues for the year ended December 31, 2025 and 2024 were \$174,729,563 and \$171,096,747, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2025</u>	<u>2024</u>
Series 2022 bonds:				
Serial	4.250% - 5.000%	\$ 1,550,000 - 4,740,000	57,385,000	59,510,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,235,000	2,717,094	4,952,094
2027	2,345,000	2,605,344	4,950,344
2028	2,460,000	2,488,094	4,948,094
2029	2,585,000	2,365,094	4,950,094
2030	2,715,000	2,235,844	4,950,844
2031 - 2035	15,750,000	9,002,219	24,752,219
2036 - 2040	20,010,000	4,743,469	24,753,469
2041 - 2042	9,285,000	613,592	9,898,592
	<u>\$ 57,385,000</u>	<u>26,770,750</u>	<u>84,155,750</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 17,960,000	7,418,036	25,378,036
2027	18,580,000	6,795,972	25,375,972
2028	19,240,000	6,138,446	25,378,446
2029	19,890,000	5,484,018	25,374,018
2030	20,580,000	4,793,865	25,373,865
2031 - 2035	67,775,000	14,086,394	81,861,394
2036 - 2040	27,390,000	5,247,019	32,637,019
2041 - 2042	9,285,000	613,592	9,898,592
	<u>\$ 200,700,000</u>	<u>50,577,342</u>	<u>251,277,342</u>

The District has pledged future water revenues to repay the Water Bonds. The aggregate Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$17,160,000 and \$8,213,211, respectively, were paid on these bonds in 2025. Principal and interest payments of \$16,370,000 and \$9,010,761, respectively, were paid on these bonds in 2024. Total water revenues for the year ended December 31, 2025 and 2024 were \$174,729,563 and \$171,096,747, 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 2025; funds available for debt service were equal to 4.5 times average debt service costs in 2025.

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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 \$1,395,000 and \$851,179, respectively, were paid on these bonds in 2025. Principal and interest payments of \$1,330,000 and \$917,679, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2025 and 2024 was \$236,629,830 and \$218,186,059, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2025</u>	<u>2024</u>
Series 2018 bonds:				
Serial	2.750% - 5.000%	\$ 1,040,000 - 2,175,000	13,720,000	15,115,000
Term	3.500% - 4.000%	\$ 1,650,000 - 2,095,000	9,405,000	9,405,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,435,000	812,816	2,247,816
2027	1,490,000	755,416	2,245,416
2028	1,550,000	695,816	2,245,816
2029	1,605,000	645,441	2,250,441
2030	1,650,000	597,291	2,247,291
2031 - 2035	9,110,000	2,129,393	11,239,393
2036 - 2038	6,285,000	460,263	6,745,263
	<u>\$ 23,125,000</u>	<u>6,096,436</u>	<u>29,221,436</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 \$3,875,000 and \$4,201,300, respectively, were paid on these bonds in 2025. Principal and interest payments of \$3,695,000 and \$4,386,050, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2025 and 2024 was \$236,629,830 and \$218,186,059, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2025</u>	<u>2024</u>
Series 2022 bonds:				
Serial	3.000% - 5.000%	\$ 2,405,000 - 7,845,000	101,550,000	105,425,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,070,000	4,007,550	8,077,550
2027	4,275,000	3,804,050	8,079,050
2028	4,490,000	3,590,300	8,080,300
2029	4,715,000	3,365,800	8,080,800
2030	4,950,000	3,130,050	8,080,050
2031 - 2035	28,710,000	11,681,750	40,391,750
2036 - 2040	34,880,000	5,520,150	40,400,150
2041 - 2042	15,460,000	699,150	16,159,150
	<u>\$ 101,550,000</u>	<u>35,798,800</u>	<u>137,348,800</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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 a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2023 Gas Bonds. The 2023 Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$2,675,000 and \$4,084,750, respectively, were paid on these bonds in 2025. Principal and interest payments of \$2,290,000 and \$4,467,535, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2025 and 2024 was \$236,629,830 and \$218,186,059, respectively.

The balance, annual installments, and interest rates at December 31, 2025 and 2024 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding 2025</u>	<u>2024</u>
Series 2023 bonds:				
Serial	5.000%	\$ 2,290,000 - 6,440,000	79,020,000	81,695,000

At the option of the District, the Gas Revenue Bonds Series 2023 are subject to optional redemption prior to maturity on and after December 1, 2033. Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,810,000	3,951,000	6,761,000
2027	2,950,000	3,810,500	6,760,500
2028	3,095,000	3,663,000	6,758,000
2029	3,250,000	3,508,250	6,758,250
2030	3,415,000	3,345,750	6,760,750
2031 - 2035	19,810,000	13,990,750	33,800,750
2036 - 2040	25,280,000	8,517,500	33,797,500
2041 - 2043	18,410,000	1,871,000	20,281,000
	<u>\$ 79,020,000</u>	<u>42,657,750</u>	<u>121,677,750</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Series 2018, Series 2022 and Series 2023 Debt Service Requirements

The total principal and interest payments for the Series 2018, 2022 and 2023 gas revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,315,000	8,771,366	17,086,366
2027	8,715,000	8,369,966	17,084,966
2028	9,135,000	7,949,116	17,084,116
2029	9,570,000	7,519,491	17,089,491
2030	10,015,000	7,073,091	17,088,091
2031 - 2035	57,630,000	27,801,893	85,431,893
2036 - 2040	66,445,000	14,497,913	80,942,913
2041 - 2043	33,870,000	2,570,150	36,440,150
	<u>\$ 203,695,000</u>	<u>84,552,986</u>	<u>288,247,986</u>

The District has pledged future gas revenues to repay the Gas Bonds. The aggregate Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$7,945,000 and \$9,137,229, respectively, were paid on these bonds in 2025. Principal and interest payments of \$7,315,000 and \$9,771,264, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2025 and 2024 was \$236,629,830 and \$218,186,059, 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 2025; funds available for debt service were equal to 4.2 times average debt service costs in 2025.

Series 2018, Series 2022 and Series 2023 Remedies for Default

The Series 2018, 2022 and 2023 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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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 2025 and 2024, the District paid back \$311,784 and \$305,641, 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
2026	\$ 318,051	35,011	17,505	370,567
2027	324,444	28,618	14,309	367,371
2028	330,965	22,097	11,048	364,110
2029	337,617	15,444	7,723	360,784
2030	344,403	8,658	4,329	357,390
2031	174,177	1,742	871	176,790
	<u>\$ 1,829,657</u>	<u>111,570</u>	<u>55,785</u>	<u>1,997,012</u>

DWSRF Loan

Included in long-term debt in the Water Department is a note payable, bearing a 0% interest rate, to the Nebraska Department of Water, Energy and Environment (NDWEE). This note payable relates to the replacement of lead service lines. The District’s loan agreement is in the amount of \$40.0 million and provides for loan forgiveness up to 62%. The District will draw upon these proceeds during the project with principal payments beginning after completion of the project.

The District has pledged future water revenues to repay this loan. The lien of NDWEE 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 NDWEE in the collection of the loan and enforcement of the agreement.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

The loan requirements to maturity at December 15, 2057, for the DWSRF loan, are as follows:

	<u>Principal</u>	<u>Total</u>
2026	\$ —	—
2027	—	—
2028	56,444	56,444
2029	56,444	56,444
2030	56,444	56,444
2031 - 2035	282,220	282,220
2036 - 2040	282,220	282,220
2041 - 2045	282,220	282,220
2046 - 2050	282,220	282,220
2051 - 2055	282,220	282,220
2056 - 2057	112,885	112,885
	<u>\$ 1,693,317</u>	<u>1,693,317</u>

(d) Lease Liability

The District leases facilities from others. This lease has a term of three years requiring monthly payments.

Building Lease - 14242 C Circle

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

As of December 31, 2025, the District had outstanding principal and interest of \$117,400 related to this lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2025 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 116,364	1,036	117,400
	<u>\$ 116,364</u>	<u>1,036</u>	<u>117,400</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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%, 3.177% or 3.298% depending on the year the agreement was initiated. Any variable payments made to vendor that were determined to be performance or usage-based were not included in the measurement of the liability.

As of December 31, 2025, the District had outstanding principal and interest of \$7,281,733 related to these subscriptions.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of December 31, 2025 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,230,976	118,156	4,349,132
2027	859,998	84,361	944,359
2028	1,970,864	17,378	1,988,242
	<u>\$ 7,061,838</u>	<u>219,895</u>	<u>7,281,733</u>

(7) Line of Credit

The District has an unsecured line of credit for \$10,000,000. The current Loan Agreement matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the U.S. Prime Rate less 2.63 percentage points with a minimum rate of 1.95%. As of December 31, 2025, the interest rate was 4.12% and no amount was outstanding. The District drew on the line of credit in June of 2025 in the amount of \$2,281,640 and paid off the balance in July of 2025. The District did not draw on the line of credit during 2024.

(8) Defined-Benefit Pension Plan

General Information about the Pension Plan

(a) Plan Description

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

The Board has fiduciary responsibility for the Plan along with PNC Institutional Asset Management, who serves in the role of discretionary asset manager/co-fiduciary. The Board consists of seven directors, elected by the District’s customer-owners. Administrative responsibility for the Plan has been delegated to the Board’s Insurance and Pension Committee, which consists of three Board members

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

who are appointed by the full Board. The Committee's decisions and direction are implemented by the Management Pension Committee, comprised of the following District employees: the President, the Chief Financial Officer, the General Counsel and the Vice President of Accounting.

(b) Benefits Provided

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

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

(c) Employees Covered by Benefit Terms

As of January 1, 2025, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	734
Disabled members	15
Inactive members entitled to but not yet receiving benefits	58
Inactive non-vested members	4
Active members	896
Total	<u><u>1,707</u></u>

(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 2025, 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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

2026. District contributions to the Plan totaled \$12,900,000 for the fiscal year ending December 31, 2025 and \$12,912,828 for the fiscal year ending December 31, 2024.

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, 2025 and 2024 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 5,889,632	5,833,991
Investments at fair value		
Mutual funds:		
Fixed income funds	205,949,042	184,550,360
Domestic equity funds	282,477,735	254,716,026
International equity funds	183,639,937	142,521,564
Total investments	672,066,714	581,787,950
Total assets	677,956,346	587,621,941
Net position restricted for pensions	\$ 677,956,346	587,621,941

**Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2025 and 2024**

	2025	2024
Additions:		
Employer contributions	\$ 12,900,000	12,912,828
Employee contributions	7,939,915	7,498,276
Total contributions	20,839,915	20,411,104
Net investment income	98,902,390	58,052,663
Total additions	119,742,305	78,463,767
Deductions:		
Service benefits	29,374,180	28,131,942
Administrative expenses	33,720	94,255
Total deductions	29,407,900	28,226,197
Net increase	90,334,405	50,237,570
Net position restricted for pensions:		
Beginning of year	587,621,941	537,384,371
End of year	\$ 677,956,346	587,621,941

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Net Pension Liability

All of the District's pension assets are available to pay member's benefit. The net pension liability as of December 31, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Total pension liability	\$ 639,614,992	616,153,168
Fiduciary net position	<u>677,956,346</u>	<u>587,621,941</u>
Net pension (asset) liability	(38,341,354)	28,531,227
Fiduciary net position as a % of total pension liability	105.99%	95.37%
Covered payroll	\$ 88,218,090	83,387,029
Net pension liability (asset) as a % of covered payroll	-43.46%	34.22%

(a) Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2025, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2025, rolled forward one year to December 31, 2025.

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

	<u>2025</u>	<u>2024</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.75% to 12.5%	3.65% to 11.4%
Long-term investment rate of return, net of pension plan investment expenses, including inflation	6.75%	6.75%
Cost-of-living adjustment	2.50%	2.50%

2025

Mortality rates for employees (active members) were based on the Pub-2016 General Members (Median) Employee Mortality Table projected generationally using the MP-2021 Scale.

Mortality rates for retirees were based on the Pub-2016 General Members (Median) Retiree Mortality Table projected generationally using the MP-2021 Scale.

Mortality rates for beneficiaries were based on the Pub-2016 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2021 Scale.

Mortality rates for disabled annuitants were based on the Pub-2016 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2021 Scale.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

2024

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 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, 2024, unless otherwise noted. 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 2124.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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		
U.S. Large Cap	34.1 %	3.5 %
U.S. Mid Cap	2.7	4.3
U.S. Small Cap	1.2	2.8
International (Non-U.S.) equities	19.2	4.9
Emerging Markets	6.8	4.0
U.S. aggregate bonds	15.0	2.0
International bonds	3.0	2.0
Intermediate term credit	11.0	2.0
Short term credit	3.0	0.9
REITS	4.0	3.3
Total	100.0 %	

(b) Discount Rate

The discount rate used to measure the total pension liability at December 31, 2025 and 2024 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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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

The following presents the net pension liability (asset) of the District as of December 31, 2025, 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%)
2025 \$	43,074,044	(38,341,354)	(106,462,635)

The following presents the net pension liability (asset) of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District's net pension (asset)/liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2024 \$	107,460,949	28,531,227	(37,379,612)

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(d) Changes in Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at December 31, 2023	\$ 584,148,828	537,384,371	46,764,457
Changes for the year:			
Service cost	15,812,155	-	15,812,155
Interest on total pension liability	38,496,096	-	38,496,096
Differences between expected and actual experience	5,828,031	-	5,828,031
Assumption changes	-	-	-
Employer contributions	-	12,912,828	(12,912,828)
Employee contributions	-	7,498,276	(7,498,276)
Net investment income	-	58,052,663	(58,052,663)
Benefit payments, including member refunds	(28,131,942)	(28,131,942)	-
Administrative expenses	-	(94,255)	94,255
Net changes	<u>32,004,340</u>	<u>50,237,570</u>	<u>(18,233,230)</u>
Balances at December 31, 2024	\$ <u>616,153,168</u>	<u>587,621,941</u>	<u>28,531,227</u>
Changes for the year:			
Service cost	17,066,185	-	17,066,185
Interest on total pension liability	40,615,148	-	40,615,148
Differences between expected and actual experience	2,491,299	-	2,491,299
Assumption changes	(7,336,628)	-	(7,336,628)
Employer contributions	-	12,900,000	(12,900,000)
Employee contributions	-	7,939,915	(7,939,915)
Net investment income	-	98,902,390	(98,902,390)
Benefit payments, including member refunds	(29,374,180)	(29,374,180)	-
Administrative expenses	-	(33,720)	33,720
Net changes	<u>23,461,824</u>	<u>90,334,405</u>	<u>(66,872,581)</u>
Balances at December 31, 2025	\$ <u>639,614,992</u>	<u>677,956,346</u>	<u>(38,341,354)</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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

The District recognized pension expense of \$5,141,356 and \$11,997,914 for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,945,016	2,295,462
Changes of assumptions	1,339,298	6,332,985
Differences between projected and actual earnings on pension plan investments	-	51,148,046
Total	<u>\$ 10,284,314</u>	<u>59,776,493</u>

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,450,312	4,816,331
Changes of assumptions	2,383,476	-
Differences between projected and actual earnings on pension plan investments	3,604,301	-
Total	<u>\$ 14,438,089</u>	<u>4,816,331</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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

<u>Year ended December 31:</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 2,260,084
2027	(24,288,307)
2028	(15,521,751)
2029	(11,438,820)
2030	156,210
Thereafter	(659,595)
	<u>\$ (49,492,179)</u>

(9) Postemployment Benefits

General Information about the OPEB Plan

(a) Plan Description

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(b) Plan Membership

As of January 1, 2025, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	874
Inactive members entitled to but not yet receiving benefits	15
Active members	<u>896</u>
Total	<u><u>1,785</u></u>

(c) Contributions

The contribution requirements of plan members and the District are established and can be amended by the Board. Contributions are made to the plan based on a pay-as-you-go basis, with an additional amount to prefund benefits through an OPEB trust created in 2016, as determined annually by the Board. For the years ended December 31, 2025 and 2024, the following payments were made:

	<u>2025</u>	<u>2024</u>
Water retirees	\$ 3,466,834	\$ 3,209,161
Gas retirees	<u>4,037,135</u>	<u>3,767,275</u>
Total claims/fees paid	7,503,969	6,976,436
Prefunded benefits	5,319,984	7,753,606
Retiree contributions	<u>(2,857,408)</u>	<u>(2,755,369)</u>
Total	<u>\$ 9,966,545</u>	<u>\$ 11,974,673</u>

Retiree health premiums are calculated based on a three-year rolling average, with 2025 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2025. 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, 2025 are as follows: 1) ages 59 and older: \$287.77 per month, 2) age 58: \$431.66 per month and 3) ages 55 through 57: \$863.32 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 \$287.77 per month).

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 1,723,260	399,054
Investments at fair value		
Mutual funds:		
Fixed income funds	33,171,048	27,502,842
Domestic equity funds	62,162,940	52,888,175
International equity funds	40,061,859	30,277,332
Total investments	<u>135,395,847</u>	<u>110,668,349</u>
Total assets	<u>137,119,107</u>	<u>111,067,403</u>
Net position restricted for other postemployment benefits	<u>\$ 137,119,107</u>	<u>111,067,403</u>

**Statements of Changes in the Fiduciary Net Position
For the Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Additions:		
Employer contributions	\$ 9,966,545	11,974,673
Net investment income	20,731,720	11,140,324
Total additions	<u>30,698,265</u>	<u>23,114,997</u>
Deductions:		
Benefit payments	4,646,561	4,221,067
Administrative expenses	-	10,890
Total deductions	<u>4,646,561</u>	<u>4,231,957</u>
Net increase	26,051,704	18,883,040
Net position restricted for other postemployment benefits:		
Beginning of year	<u>111,067,403</u>	<u>92,184,363</u>
End of year	<u>\$ 137,119,107</u>	<u>111,067,403</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

Net OPEB Liability

The net OPEB liability as of December 31, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Total OPEB liability	\$ 145,137,616	174,995,790
Fiduciary net position	<u>137,119,107</u>	<u>111,067,403</u>
Net OPEB liability	8,018,509	63,928,387
Fiduciary net position as a % of total OPEB liability	94.48%	63.47%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2025 rolled forward using standard actuarial techniques to December 31, 2025.

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

	<u>2025</u>	<u>2024</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.75% to 13.5%	3.65% to 10.4%
Long-term investment rate of return, net of OPEB plan investment expenses, including inflation	6.75%	6.75%
Healthcare cost trend rates:		
Medical trend assumptions (under age 65)	7.00% - 4.50%	7.00% - 4.50%
Medical trend assumptions (Age 65 and older)	5.50% - 4.50%	5.50% - 4.50%
Year of ultimate trend rate	Fiscal Year Ended 2035	Fiscal Year Ended 2033

2025

Pre-retirement mortality rates were based on the Pub-2016 General Members (Median) Employee Mortality Table projected generationally using the MP-2021 Scale.

Post-retirement mortality rates for retirees were based on the Pub-2016 General Members (Median) Retiree Mortality Table projected generationally using the MP-2021 Scale.

Post-retirement mortality rates for beneficiaries were based on the Pub-2016 General Members (Median) Contingent Survivor Mortality Table projected generationally using the MP-2021 Scale.

Disability mortality rates were based on the Pub-2016 Non-Safety Disabled Retiree Mortality Table projected generationally using the MP-2021 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, 2024, unless otherwise noted.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

2024

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.

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		
U.S. large cap	37.7 %	3.5 %
U.S. mid cap	3.0	4.3
U.S. small cap	1.3	2.8
International (Non-U.S.) equities	21.4	4.9
Emerging markets	7.6	4.0
U.S. aggregate bonds	11.0	2.0
International bonds	3.0	2.0
Intermediate term credit	9.0	2.0
Short term credit	2.0	0.9
REITS	4.0	3.3
Total	100.0 %	

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2025 and 2024 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, 2025 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 District will begin to pay benefits from the trust in 2026.
- 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, 2025 funding report, issued October 21, 2025, 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 Fiduciary Net Position (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, 2025, calculated using the discount rate of 6.75%, as well as the District’s net OPEB (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:

2025	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset) \$	26,604,263	8,018,509	(7,424,571)

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

2024	1% Decrease	Discount Rate	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Net OPEB liability	\$ 86,535,182	63,928,387	45,263,429

(d) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset)/liability of the District as of December 31, 2025, 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:

2025	1% Decrease	Current	1% Increase
	(9,166,488)	Trend Rates	8,018,509
Net OPEB liability (asset)	\$ (9,166,488)	8,018,509	28,996,860

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.50% decreasing to 4.50% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

2024	1% Decrease	Current	1% Increase
	41,748,819	Trend Rates	91,251,639
Net OPEB liability	\$ 41,748,819	63,928,387	91,251,639

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(e) Changes in Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2023	\$ 164,698,591	92,184,362	72,514,229
Changes for the year:			
Service cost	3,541,247	-	3,541,247
Interest on total OPEB liability	10,977,019	-	10,977,019
Employer contributions	-	11,974,673	(11,974,673)
Net investment income	-	11,140,324	(11,140,324)
Benefit payments, including member refunds	(4,221,067)	(4,221,067)	-
Administrative expenses	-	(10,889)	10,889
Net changes	<u>10,297,199</u>	<u>18,883,041</u>	<u>(8,585,842)</u>
Balances at December 31, 2024	<u>\$ 174,995,790</u>	<u>111,067,403</u>	<u>63,928,387</u>
Changes for the year:			
Service cost	3,027,794	-	3,027,794
Interest on total OPEB liability	11,657,955	-	11,657,955
Differences between expected and actual experience	(39,098,525)	-	(39,098,525)
Assumption changes	(798,837)	-	(798,837)
Employer contributions	-	9,966,545	(9,966,545)
Net investment income	-	20,731,720	(20,731,720)
Benefit payments, including member refunds	(4,646,561)	(4,646,561)	-
Net changes	<u>(29,858,174)</u>	<u>26,051,704</u>	<u>(55,909,878)</u>
Balances at December 31, 2025	<u>\$ 145,137,616</u>	<u>137,119,107</u>	<u>8,018,509</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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

The District recognized OPEB income of \$4,020,006 and \$4,308,932 for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	41,122,576
Changes of assumptions	4,343,011	682,895
Differences between projected and actual earnings on OPEB plan investments	-	12,452,670
Total	\$ 4,343,011	54,258,141

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	12,637,185
Changes of assumptions	6,291,769	32,284
Differences between projected and actual earnings on OPEB plan investments	-	1,614,103
Total	\$ 6,291,769	14,283,572

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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
2026	\$ (9,957,539)
2027	(11,139,712)
2028	(9,420,010)
2029	(8,453,602)
2030	(5,790,619)
Thereafter	(5,153,648)
	<u>\$ (49,915,130)</u>

(10) Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. Beginning January 1, 2024, for bargaining employees, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date. For employees not covered by the collective bargaining agreement, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date.

“Matching” contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled \$1,366,344 and \$1,267,478 for 2025 and 2024, respectively. Management has determined the criteria established in GASB Statements No. 84 and 97 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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 \$1,283,742 and \$1,908,758 at December 31, 2025 and 2024, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2025 and 2024 are as follows:

	Business-type Activities Total	
	2025	2024
Beginning balance	\$ 1,908,758	1,688,883
Expenses	34,889,100	34,473,842
Payments	(35,514,116)	(34,253,967)
Ending balance	<u>\$ 1,283,742</u>	<u>1,908,758</u>

The District carries commercial insurance coverage for property with deductibles ranging from \$40,000 to \$500,000. The District is also self-insured for workers’ compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2025. Effective June 15, 2023, the District is also self-insured for auto physical damage. In 2025 and 2024, 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 2025, and 2024 are as follows:

	2025	2024	2023
Gas Department			
Beginning balance	\$ 2,252,085	2,038,028	4,248,222
Expenses	1,297,607	1,105,196	2,098,470
Payments	(757,442)	(891,139)	(4,308,664)
Ending balance	<u>\$ 2,792,250</u>	<u>2,252,085</u>	<u>2,038,028</u>
Water Department			
Beginning balance	\$ 4,736,811	3,404,257	4,500,014
Expenses	2,688,970	5,067,448	627,577
Payments	(3,247,641)	(3,734,894)	(1,723,334)
Ending balance	<u>\$ 4,178,140</u>	<u>4,736,811</u>	<u>3,404,257</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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 2025, the Water Department and Gas Department wrote off receivables totaling \$631,961 and \$467,759, respectively. During 2024, the Water Department and Gas Department wrote off receivables totaling \$708,714 and \$700,003, respectively. The allowance consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Water Department	\$ 1,802,306	1,623,932
Gas Department	<u>3,821,757</u>	<u>3,667,298</u>
	<u>\$ 5,624,063</u>	<u>5,291,230</u>

(13) Commitments

(a) Central Plains Energy Project (CPEP)

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

In 2009, MUD participated in the CPEP Project 2 Series transaction. This agreement was for a 30-year supply of gas that the District is taking approximately 88% of the gas acquired in this agreement or 16% of the District’s annual gas requirements. This project was refinanced in 2014 subsequent to litigation. The 2014 bonds were refinanced into a 5-year mandatory put of the bonds. The gas in this agreement had 25-years remaining and gas flow was scheduled to end in 2039. In 2019, this project was refinanced as required in the 2014 documents. In 2025, Project 2 was refinanced again and extended through June 2055 and is structured in a similar 5-year mandatory put of the bonds. In 2031 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.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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, 2025, the District owed CPEP \$11,986,161 for gas purchases under these agreements, which is recorded within "Accounts payable" in the statements of net position. During the year ended December 31, 2025, billings from CPEP to the District for services provided under these agreements were \$59,480,304.

The District has contracted to purchase the following volumes of gas from CPEP, through 2054, at a discount to market-based pricing on a pay-as-you-go basis:

	<u>DTH</u>
2026	18,862,293
2027	18,862,293
2028	18,950,366
2029	18,862,293
2030	18,862,293
2031-2054	<u>430,816,654</u>
	<u>525,216,192</u>

In 2025, the District purchased 18,862,293 DTH of gas under these agreements, representing 60% of the District's annual gas requirements.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(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, 2026 and October 31, 2026 and are generally renewed on an annual basis. The District has a gas supply contract that expires March 31, 2028 that was purchased based off market conditions and is not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of \$1.4 million vs. market prices over the initial five-year term of the deal. In 2023, the District worked with TEAC to refinance the agreement into a new five-year term. This agreement is currently scheduled to expire in 2053. After the additional five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

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

	DTH
2026	1,401,600
2027	1,358,500
2028	1,571,300
2029	1,566,200
2030	1,566,200
2031-2053	35,079,300
	<u>42,543,100</u>

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

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
2026	1,554,305
2027	1,315,481
2028	1,638,960
2029	1,663,057
2030	1,663,057
2030-2053	42,659,010
	<u>50,493,870</u>

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. Gas flows commenced on November 1, 2018, and the District will achieve total gas cost savings of \$1.8 million vs. market prices over the initial five-year term of the deal. In 2023, the District and Black Belt worked to refinance the agreement for an additional five-year term. After the additional five-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

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

	DTH
2026	1,319,795
2027	1,443,640
2028	1,715,640
2029	1,707,140
2030	1,707,140
2031-2048	30,323,920
	<u>38,217,275</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(c) Gas Transportation Agreement

On November 7, 2012, the District's entered into a twenty (20) year firm transportation agreement with Northern Natural Gas; the term of the agreement runs from November 1, 2016 to October 31, 2036. Under this agreement, NNG will provide 198,975 Dth/day of firm transportation service during the months of November through March and 139,283 Dth/day of firm transportation service during the months of April through October. Per the terms of the agreement, 61% of the transportation volumes are priced at a discounted rate below NNG's maximum tariff rate with the remaining 39% priced at NNG's maximum tariff rates. The District's annual pipeline demand and storage demand fees under this agreement are capped at a maximum of \$20 million until October 31, 2026 and \$21.3 million until October 31, 2036.

In June 2019, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates by over 90%. NNG and its shippers agreed to a settlement in June 2020 with higher rates effective January 1, 2020. The District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of \$20 million. After settlement, all of the District's transportation rates are now discounted below their proposed rates. Since the settlement rates were higher than our discounted rates with our contract cap we did not receive any refunds from the interim rates in effect until settlement. The District did have some additional commodity fees from the settlement period that were refunded to the District. The rate cap of \$20 million in our contract is approximately \$8 million lower than the annual settlement demand rates.

In June 2022, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates. NNG and its shippers agreed to a settlement in 2023 with higher rates effective January 1, 2023. Due to the rate cap, as explained above, the rate increase has no impact on the District's annual transportation and storage demand charges paid to NNG by the District. Our annual rate cap of \$20 million is approximately \$16.9 million lower than the new transportation and storage demand rates that went into effect on January 1, 2023.

In June 2025, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates. NNG and its shippers have not settled or resolved this case and NNG is currently charging interim rates that are subject to refund to customers if settlement rates are lower. The rate case requests an 85% increase to their base transportation demand charges and 48% increase to storage rates. The MUD-NNG rate cap agreement will save MUD \$47 million if the proposed filed rates are adopted and \$41 million from the interim rates are adopted.

(d) Construction

At December 31, 2025, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately \$1.0 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2022. For the Gas Department, obligations amounted to approximately \$6.7 million at December 31, 2025, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2022 and Series 2023.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2025 and 2024

(14) Subsequent Events

On March 25, 2026, the District issued approximately \$269.4 million of Water System Revenue Refunding Bonds, Series 2026, which will be used to execute the District's construction improvement plan for the three water treatment plants along with variance other system improvements. The issuance includes the refunding of Water Revenue Bonds Series 2012, 2015, and 2018. Principal payments on the Water System Revenue Refunding Bonds commence on June 1, 2026 and continue annually until December 1, 2046. Interest rates on this issue range from 4.0% to 5.0%.

(15) Change in Accounting Estimate

During fiscal year 2025, the District updated the methodology used to estimate the gas unbilled revenue accrual. This reevaluation was performed in accordance with the requirements of GASB Statement No. 100, Accounting Changes and Error Corrections, which provides guidance for reporting changes in accounting estimates when new information or improved methodologies become available.

Historically, the District estimated unbilled revenue using matching of gas purchase expenses with gas revenues and reconciling the volumes billed in the system to the volumes purchased in each month. The new methodology uses a retrospective review for the first time due to new experience gained with the data available. This change represents a change in accounting estimate under GASB 100 and is applied prospectively.

The effect of this change was a decrease in current-year unbilled accounts receivable accrual of \$22.9 million in the Gas Department. Because changes in accounting estimates are applied prospectively, no restatement of beginning net position was required.

Management believes the revised methodology provides a more accurate representation of earned, but unbilled revenue based on current operational data.

METROPOLITAN UTILITIES DISTRICT

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability									
Service cost	\$ 3,027,794	3,541,247	3,263,676	3,168,618	3,937,556	3,804,402	4,185,594	7,514,662	7,150,328
Interest	11,657,955	10,977,019	10,382,538	9,825,208	10,554,294	9,825,558	9,923,893	9,748,668	9,806,106
Differences between expected and actual experience	(39,098,525)	-	(6,509,765)	-	(23,900,067)	-	(513,787)	-	-
Assumption changes	(798,837)	-	5,944,698	-	6,340,679	-	(9,717,898)	(64,476,519)	(4,130,520)
Benefit payments	(4,646,561)	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	(29,858,174)	10,297,199	8,755,910	7,858,113	(6,625,561)	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	174,995,790	164,698,591	155,942,681	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	<u>\$ 145,137,616</u>	<u>174,995,790</u>	<u>164,698,591</u>	<u>155,942,681</u>	<u>148,084,568</u>	<u>154,710,129</u>	<u>143,675,315</u>	<u>143,676,670</u>	<u>195,143,624</u>
Plan Fiduciary Net Position									
Employer contributions	\$ 9,966,545	11,974,673	11,855,281	11,277,253	13,250,226	14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	20,731,720	11,140,324	12,962,452	(14,114,823)	9,692,659	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(4,646,561)	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	-	(10,889)	(10,524)	(9,746)	(9,001)	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	26,051,704	18,883,041	20,481,972	(7,983,029)	19,375,861	18,960,181	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	111,067,403	92,184,362	71,702,390	79,685,419	60,309,558	41,349,377	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	<u>\$ 137,119,107</u>	<u>111,067,403</u>	<u>92,184,362</u>	<u>71,702,390</u>	<u>79,685,419</u>	<u>60,309,558</u>	<u>41,349,377</u>	<u>24,435,887</u>	<u>13,605,004</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 8,018,509</u>	<u>63,928,387</u>	<u>72,514,229</u>	<u>84,240,291</u>	<u>68,399,149</u>	<u>94,400,571</u>	<u>102,325,938</u>	<u>119,240,783</u>	<u>181,538,620</u>
Plan fiduciary net position as a percentage of the total OPEB liability	94.48%	63.47%	55.97%	45.98%	53.81%	38.98%	28.78%	17.01%	6.97%
Covered payroll	98,294,172	92,549,569	86,492,121	78,036,221	74,635,409	73,975,548	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	8.16%	69.07%	83.84%	107.95%	91.64%	127.61%	146.68%	173.56%	267.91%

Notes to Schedule:

Changes in actuarial assumptions and methods:

1/1/25 valuation (assumptions used for measuring total OPEB liability as of December 31, 2025):

1. Mortality rates to be based on Pub-2016 tables and projections using the MP-2021
2. Withdrawal and Retirement rates were adjusted to better reflect actual experience.
3. Salary scale was increased from 3.40% to 3.75%
4. Health care cost trend rates and retiree claim costs were updated.
5. Retiree claim costs were adjusted to better reflect actual experience.
6. Monthly retiree premiums were updated.

1/1/23 valuation (assumptions used for measuring total OPEB liability as of December 31, 2023):

1. Per capita health care costs and rates of health care inflation used to project the per capita costs were updated
2. Health care cost trend rates and retiree claim costs were updated.
3. Monthly retiree premiums were updated.

1/1/21 valuation (assumptions used for measuring total OPEB liability as of December 31, 2021):

1. The discount rate was held at 6.75%.
2. Mortality rates to be based on Pub-2010 tables and projections using the MP-2020
3. Withdrawal and Retirement rates were unchanged
4. Salary scale was held at 3.40%
5. The spousal coverage assumption was held at 60%
6. Price inflation assumption was at 2.50%

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, as such, only nine 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, 2016 Through December 31, 2025
 (\$ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 16,874	\$ 8,167	\$ 8,707	\$ 66,054	12.36%
2017	15,950	11,015	4,935	67,761	16.26%
2018	15,950	16,704	(754)	67,761	24.65%
2019	13,545	14,254	(709)	69,759	20.43%
2020	13,545	14,242	(697)	73,975	19.25%
2021	10,565	13,250	(2,685)	74,635	17.75%
2022	10,565	11,277	(712)	78,036	14.45%
2023	11,790	11,855	(65)	86,492	13.71%
2024	11,790	11,975	(185)	92,550	12.94%
2025	6,811	9,967	(3,156)	98,294	10.14%

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, 2025

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-2016 Mortality Tables projected generationally using Scale MP-2021.

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
2016	6.3%
2017	16.2%
2018	-8.0%
2019	21.4%
2020	15.8%
2021	14.8%
2022	-17.0%
2023	17.0%
2024	11.7%
2025	18.3%

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Fiscal Years ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 17,066,185	15,812,155	14,685,921	13,490,074	13,007,768	12,718,417	11,710,809	11,863,654	11,137,854	10,857,017
Interest on total pension liability	40,615,148	38,496,096	36,716,217	34,985,031	34,269,868	33,306,797	31,734,106	30,304,199	29,552,506	28,076,211
Differences between expected and actual experience	2,491,299	5,828,031	2,296,397	3,108,808	(6,869,382)	(9,512,053)	1,714,570	(1,597,520)	(5,835,431)	(1,578,237)
Assumption changes	(7,336,628)	-	-	-	5,498,608	-	5,751,024	-	8,713,229	-
Benefit payments, including member refunds	(29,374,180)	(28,131,942)	(26,553,746)	(25,339,507)	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)
Net change in total pension liability	23,461,824	32,004,340	27,144,789	26,244,406	22,670,459	14,616,001	29,705,723	21,453,640	26,123,138	20,799,847
Total pension liability, beginning	616,153,168	584,148,828	557,004,039	530,759,633	508,089,174	493,473,173	463,767,450	442,313,810	416,190,672	395,390,825
Total pension liability, ending (a)	\$ 639,614,992	616,153,168	584,148,828	557,004,039	530,759,633	508,089,174	493,473,173	463,767,450	442,313,810	416,190,672
Plan Fiduciary Net Position										
Employer contributions	\$ 12,900,000	12,912,828	11,055,924	10,500,000	11,600,000	12,300,000	12,300,000	11,606,179	11,193,821	10,300,000
Employee contributions	7,939,915	7,498,276	6,991,643	5,994,641	5,374,956	5,021,423	4,413,137	3,805,373	3,757,444	3,895,899
Net investment income	98,902,390	58,052,663	75,376,746	(97,597,177)	69,875,660	66,226,054	78,431,581	(20,727,828)	52,812,850	25,696,348
Benefit payments, including member refunds	(29,374,180)	(28,131,942)	(26,553,746)	(25,339,507)	(23,236,403)	(21,897,160)	(21,204,786)	(19,116,693)	(17,445,020)	(16,555,144)
Administrative expenses	(33,720)	(94,255)	(92,954)	(100,218)	(103,969)	(92,241)	(70,123)	(94,940)	(94,161)	(85,186)
Net change in plan fiduciary net position	90,334,405	50,237,570	66,777,613	(106,542,261)	63,510,244	61,558,076	73,869,809	(24,527,909)	50,224,934	23,251,917
Plan fiduciary net position, beginning	587,621,941	537,384,371	470,606,758	577,149,019	513,638,775	452,080,699	378,210,890	402,738,799	352,513,865	329,261,948
Plan fiduciary net position, ending (b)	\$ 677,956,346	587,621,941	537,384,371	470,606,758	577,149,019	513,638,775	452,080,699	378,210,890	402,738,799	352,513,865
Net pension (asset) liability, ending (a) - (b)	\$ (38,341,354)	28,531,227	46,764,457	86,397,281	(46,389,386)	(5,549,601)	41,392,474	85,556,560	39,575,011	63,676,807
Fiduciary net position as a percentage of the total pension liability	105.99%	95.37%	91.99%	84.49%	108.74%	101.09%	91.61%	81.55%	91.05%	84.70%
Covered payroll	\$ 88,218,090	83,387,029	77,757,044	70,609,770	67,274,914	66,588,665	63,272,421	62,865,829	62,624,066	61,064,398
Net pension (asset) liability as a percentage of covered payroll	-43.46%	34.22%	60.14%	122.36%	-68.95%	-8.33%	65.42%	136.09%	63.19%	104.28%

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.

Changes in actuarial assumptions and methods:

1/1/2025 valuation (assumptions used for measuring 12/31/2025 total pension liability):

1. The general wage growth assumption was increased from 3.40% to 3.50%.
2. The salary merit scale was adjusted to better reflect actual experience.
3. The mortality assumption was modified by moving to the Pub-2016 General Employees Median Mortality Table, projected generationally using Scale MP-2021.
4. Assumed retirement rates were adjusted to better reflect actual experience.
5. Assumed termination rates were adjusted to better reflect actual experience.
6. The marriage assumption was decreased from 90% to 80%.

1/1/2022 valuation (assumptions used for measuring 12/31/2021 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.

Note: Schedule to show 10-year trend.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
 Schedule of Employer Contributions - Defined Benefit Pension Plan
 January 1, 2016 Through December 31, 2025
 (\$ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 10,215	\$ 10,300	\$ (85)	\$ 61,064	16.87%
2017	10,273	11,194	(921)	62,624	17.87%
2018	11,198	11,606	(408)	62,866	18.46%
2019	11,270	12,300	(1,030)	63,272	19.44%
2020	11,036	12,300	(1,264)	66,589	18.47%
2021	9,481	11,600	(2,119)	67,275	17.24%
2022	8,588	10,500	(1,912)	70,610	14.87%
2023	10,204	11,056	(852)	77,757	14.22%
2024	11,437	12,913	(1,476)	83,387	15.49%
2025	12,022	12,900	(878)	88,218	14.62%

Notes to Schedule

Valuation date: January 1, 2025
 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 10 to 20 years (single equivalent amortization period is 21 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-2016 Mortality Tables projected generationally using Scale MP-2021.
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
2016	7.9%
2017	15.2%
2018	-5.2%
2019	21.0%
2020	14.7%
2021	13.7%
2022	-17.1%
2023	16.2%
2024	10.8%
2025	17.0%

METROPOLITAN UTILITIES DISTRICT

Water Department

Schedule of Insurance Coverage

December 31, 2025

(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	\$500,000 deductible	6-15-2026
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2026
Contractors Equipment floater	Construction equipment and communication equipment	CNA Financial Corporation	\$40,000 deductible	6-15-2026
Terrorism	Terrorist acts	Lloyds of London	\$10,000 deductible	6-15-2026
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	\$200,000 per loss	2-7-2026

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, 2025
(Unaudited)

Operating revenues, net	\$ 174,305,939
Thousands of gallons of water supplied to mains	36,358,320
Thousands of gallons of water sold	30,933,029
Maintenance	\$ 45,862,135
Gross additions to utility plant in service, exclusive of land	\$ 104,814,595
Land purchased	\$ 294,054
Depreciation charged to operations and other accounts	\$ 20,037,079
Cost per thousand gallons of water sold (schedule A)	\$ 4.27
Collected for sale and rent of meters, net	\$ 381,615
Assessments against property for extension of mains	\$ 95,308
Operating expenses (schedule B)	\$ 124,790,872
Average number of employees for the year	429
Compensation of employees for the year	\$ 44,997,738
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, 2025

(Unaudited)

Operating expenses:	
Operations	\$ 58,588,553
Maintenance	45,862,135
Depreciation and amortization	17,992,336
Provision for statutory payments to municipalities	2,347,848
Total operating expenses	\$ 124,790,872
Other deductions:	
Interest	7,305,972
Total operating expenses and other deductions	\$ 132,096,844
Thousands of gallons of water sold	30,933,029
Cost per thousand gallons of water sold	\$ 4.27

Schedule B**METROPOLITAN UTILITIES DISTRICT**

Water Department

Operating Expenses

Year ended December 31, 2025

(Unaudited)

Operating expenses:

Operations:

Primary pumping	\$ 11,533,816
Purification	14,799,821
Booster pumping	3,547,205
Distribution	12,803,530
Customer accounting	7,546,734
Marketing	1,570,232
Administrative	6,787,215
Total operating	<u>\$ 58,588,553</u>

Maintenance:

Primary pumping	4,180,965
Purification	4,811,742
Booster pumping	2,078,061
Distribution	34,791,367
Total maintenance	<u>\$ 45,862,135</u>

Depreciation and amortization

17,992,336

Provision for statutory payments to municipalities

2,347,848

Total operating expenses

\$ 124,790,872

METROPOLITAN UTILITIES DISTRICT

Gas Department
 Schedule of Insurance Coverage
 December 31, 2025
 (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	\$500,000 deductible	6-15-2026
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2026
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	CNA Financial Corporation	\$40,000 deductible	6-15-2026
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	\$200,000 per loss	2-7-2026
Terrorism	Terrorist acts	Lloyds of London	\$10,000 deductible	6-15-2026
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2026
Propane caverns	Two caverns - special cause of loss, including earthquake and flood	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2026

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, 2025

(Unaudited)

Operating revenues, net	\$	236,005,608
Dekatherms of gas delivered to mains		33,211,390
Dekatherms of gas sold		33,211,390
Maintenance	\$	20,580,638
Gross additions to utility plant in service	\$	152,004,562
Land purchased	\$	1,484,820
Depreciation charged to operations and other accounts	\$	27,699,373
Cost per thousand cubic feet of gas sold (schedule A)	\$	6.85
Collected for sale and rent of meters	\$	—
Assessments against property for extension of mains	\$	—
Operating expenses (schedule B)	\$	217,327,162
Average number of employees for the year		500
Compensation of employees for the year	\$	52,367,458
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, 2025

(Unaudited)

Operating expenses:	
Natural gas	\$ 136,272,232
Operations	35,121,404
Maintenance	20,580,638
Depreciation and amortization	21,257,721
Provision for statutory payments to municipalities	4,095,167
Total operating expenses	<u>\$ 217,327,162</u>
Other deductions:	
Interest	<u>7,762,898</u>
Total operating expenses and other deductions	<u>\$ 225,090,060</u>
Thousands of cubic feet of gas sold	<u>32,857,237</u>
Cost per thousand cubic feet of gas sold	\$ 6.85

Schedule B

METROPOLITAN UTILITIES DISTRICT

Gas Department

Operating Expenses

Year ended December 31, 2025

(Unaudited)

Operating expenses:	
Natural gas	\$ 136,272,232
Operations:	
Production	4,884,274
Distribution	15,625,721
Customer accounting and collecting	10,466,096
Marketing	1,818,509
Administrative	2,326,804
Total operations	<u>\$ 35,121,404</u>
Maintenance:	
Production	3,463,638
Distribution	17,117,000
Total maintenance	<u>\$ 20,580,638</u>
Depreciation and amortization	21,257,721
Provision for statutory payments to municipalities	4,095,167
Total operating expenses	<u><u>\$ 217,327,162</u></u>

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2025, 2024, and 2023

(Unaudited)

Water Department	2025	2024	2023
Number of customers (December)	231,150	229,270	227,433
Sales (thousand gallons)	30,933,029	32,015,811	32,381,759
Operating revenues, net	\$ 174,305,939	170,908,533	162,559,492
Operating expenses	124,790,872	116,681,892	106,663,577
Operating income	\$ 49,515,067	54,226,641	55,895,915
Plant additions and replacements, net	\$ 91,384,472	114,188,116	86,158,744
Plant in service	\$ 1,573,186,805	1,473,574,728	1,404,660,992
Miles of mains	3,224	3,204	3,180
Average daily pumpage (thousand gallons)	99,912	99,684	98,379
Gas Department			
Number of customers (December)	244,399	242,687	241,080
Sales (DTH):			
Firm	28,903,627	27,126,240	28,726,337
Interruptible	4,307,763	4,503,965	4,199,835
Total	33,211,390	31,630,205	32,926,172
Operating revenues, net	\$ 236,005,608	217,655,978	255,933,175
Cost of gas sold	136,272,232	104,022,598	143,384,526
Other operating expenses	81,054,930	79,298,716	73,543,842
Operating income	\$ 18,678,446	34,334,664	39,004,807
Plant additions and replacements, net	\$ 101,733,808	104,181,289	91,905,485
Plant in service	\$ 942,731,181	798,515,026	755,488,019
Miles of mains	3,020	2,994	2,970
Average daily sendout (DTH)	100,193	94,323	98,121
Number of active employees – water and gas combined	942	913	905

Metropolitan Utilities District

Compliance Report
Year Ended December 31, 2025

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance	3-5
Schedule of expenditures of federal awards	6
Notes to schedule of expenditures of federal awards	7
Schedule of findings and questioned costs	8-9



RSM US LLP

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

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Utilities District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Omaha, Nebraska
March 27, 2026



RSM US LLP

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Metropolitan Utilities District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon, dated March 27, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Omaha, Nebraska
March 27, 2026

Metropolitan Utilities District

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Direct Program:				
Natural Gas Distribution Infrastructure Safety and Modernization Grant Program FY2022	20.708		\$ -	\$ 4,622,079
Total U.S. Department of Transportation			<u>-</u>	<u>4,622,079</u>
U.S. Environmental Protection Agency				
Passed Through Nebraska Department of Environment and Energy:				
Drinking Water State Revolving Fund	66.468	D311693	-	3,969,805
Total U.S. Environmental Protection Agency			<u>-</u>	<u>3,969,805</u>
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 8,591,884</u>

See notes to schedule of expenditures of federal awards.

Metropolitan Utilities District

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metropolitan Utilities District (the District) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3. Indirect Cost Rate

The District has elected to use the de minimis indirect cost rate allowed under the Uniform Guidance, specifically for the Federal Assistance Listing Number Program 20.708. The District has elected not to use the de minimis indirect cost rate for the Federal Assistance Listing Number Program 66.468.

Metropolitan Utilities District

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2025**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes x No
 ___ Yes x None Reported
 ___ Yes x No

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes x No
 ___ Yes x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

___ Yes x No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.708	Natural Gas Distribution Infrastructure Safety and Modernization Grant Program
66.468	Drinking Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low-risk auditee?

___ Yes x No

(Continued)

Metropolitan Utilities District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2025**

II. Financial Statement Findings

A. Internal Control

No matters reported.

B. Instances of Noncompliance

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

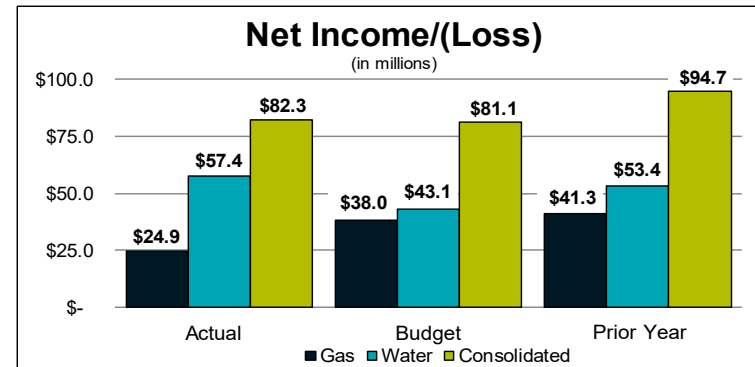
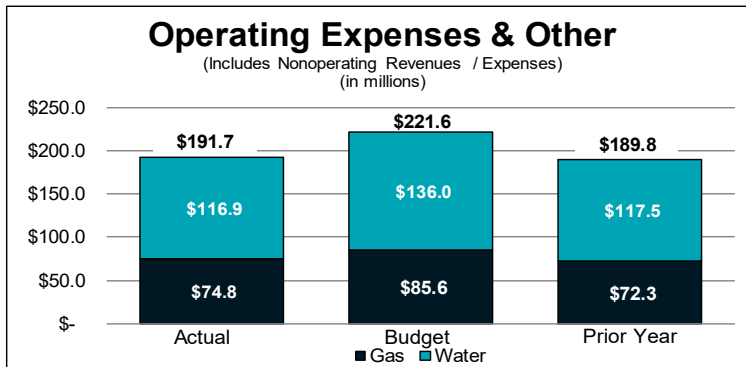
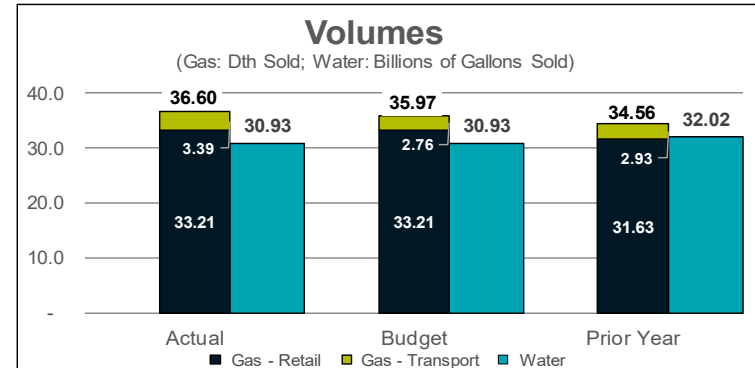
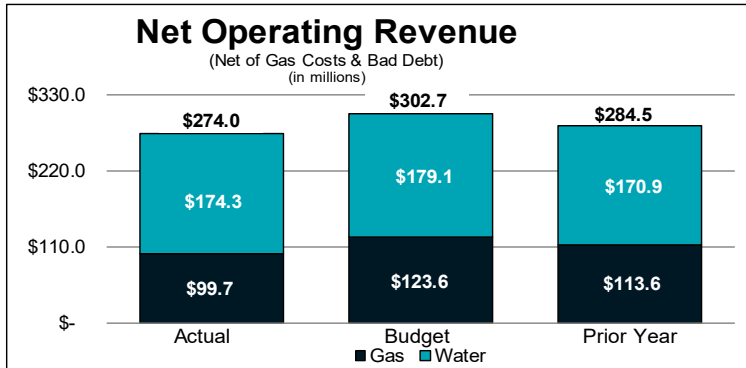
No matters reported.

2025 FINANCIAL REVIEW

APRIL 1, 2026

2025 FINANCIAL SUMMARY

GAS & WATER COMBINED (in millions)

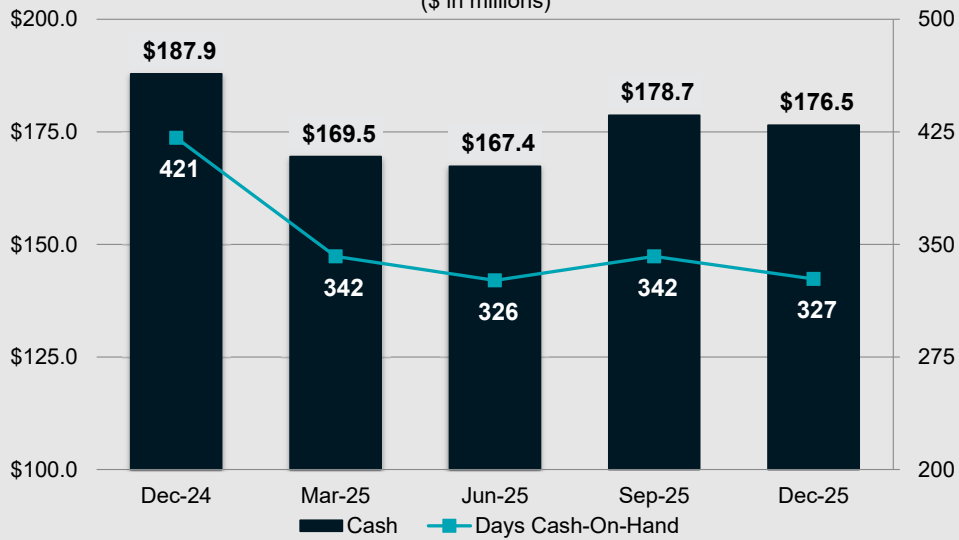


CASH POSITION – GAS & WATER DEPARTMENTS

DECEMBER 31, 2025

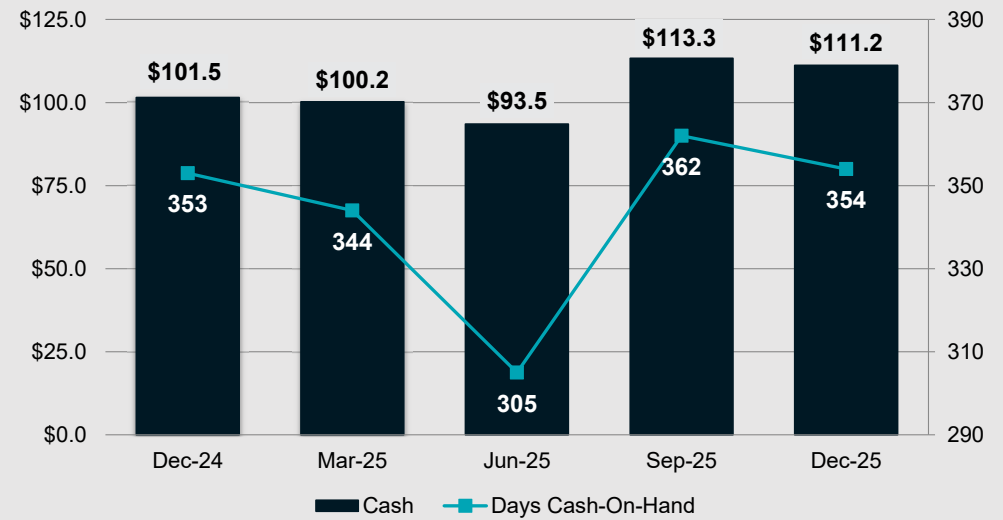
Gas - Unrestricted Cash

(\$ in millions)



Water - Unrestricted Cash

(\$ in millions)



FINANCIAL STABILITY – KEY MEASURES

	<u>2025</u>	<u>2024</u>
<u>Debt Service Coverage:</u>		
Water Debt service coverage ratios	4.47x	4.45x
Gas Debt service coverage ratios	4.16x	3.89x
Debt service coverage requirements	1.20x	1.20x
<u>Pension Funding:</u>		
Funded Ratio (Actuarial Value of Assets / Actuarial Liability)	97%	94%
<u>OPEB Funding (\$ in millions):</u>		
District contribution to OPEB trust fund	\$5.3	\$7.8
Retiree medical claims/fees paid	\$4.7	\$4.2
Total District contribution to OPEB Plan	\$10.0	\$12.0
<u>Credit Ratings:</u>		
Gas Department		
Fitch Ratings - September 2025	AA+	2 nd highest rating - No change
Moody's Investor Services - October 2023	Aa2	3 rd highest rating - No change
S&P Global Ratings - March 2025	AA+	2 nd highest rating - No change
Water Department		
Fitch Ratings - N/A	-	Does not rate the Water Dept.
Moody's Investor Services - February 2026	Aa2	3 rd highest rating - No change
S&P Global Ratings - February 2026	AA+	2 nd highest rating - Upgrade

METROPOLITAN

UTILITIES DISTRICT