

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 23, 2026

NEW ISSUE –BOOK-ENTRY ONLY

**Ratings: Moody’s “Aa2”
S&P Global Ratings “AA+”**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2026 Bonds (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Nebraska. The 2026 Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.

**METROPOLITAN
UTILITIES DISTRICT**

\$268,415,000*
THE METROPOLITAN UTILITIES DISTRICT OF OMAHA
Water System Revenue and Refunding Bonds,
Series 2026

Dated: Date of Delivery

Due: December 1, as shown on the inside cover page

The Metropolitan Utilities District of Omaha (the “District”) is issuing its Water System Revenue and Refunding Bonds, Series 2026 (the “2026 Bonds”). The 2026 Bonds will be issued in fully registered form in the denomination of \$5,000 or any multiple thereof. Interest on the 2026 Bonds will be payable June 1, 2026 and each June 1 and December 1 thereafter. The 2026 Bonds are subject to optional redemption prior to maturity on and after December 1, 2035, as described herein. The 2026 Bonds are issued, together with other funds available to the District, to finance the Project (as defined herein), to refund the Refunded Bonds, and to pay the costs and expenses incurred in the issuance of the 2026 Bonds, each as described more fully herein. BOKF, National Association, Lincoln, Nebraska is Paying Agent and Registrar for the 2026 Bonds.

The 2026 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. Purchases of beneficial interests in the 2026 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2026 Bonds will be paid by the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2026 Bond must maintain an account with a broker or dealer who is, or acts through, a Participant to receive payment of the principal of and interest on such 2026 Bonds. See “BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2026 Bonds will be payable on a parity with the District’s Outstanding Parity Revenue Bonds, and any other Parity Revenue Bonds, including any which hereafter may be issued under the Resolution, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the District’s Water System, subject to the prior payment therefrom of the operations and maintenance expenses of the District’s Water System. See “SECURITY FOR THE 2026 BONDS.” The 2026 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2026 Bonds.

An investment in the 2026 Bonds involves a certain degree of risk. Prospective investors are advised to read this entire Official Statement, including without limitation, the Appendices and the caption “BONDHOLDERS’ RISKS” herein for a description of certain risk factors which should be considered in connection with an investment in the 2026 Bonds.

MATURITY SCHEDULE – See Inside Front Cover

The 2026 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality of Gilmore & Bell, P.C., Bond Counsel. Certain legal matters will be passed upon for the District by Mark Mendenhall, Esq., its Senior Vice-President and General Counsel. It is expected that the 2026 Bonds in definitive form will be ready for delivery through the DTC book-entry system on or about March 25, 2026*.

The date of this Official Statement is _____, 2026

* Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

\$268,415,000

THE METROPOLITAN UTILITIES DISTRICT OF OMAHA Water System Revenue and Refunding Bonds, Series 2026

Due December 1,	Principal Amount	Rate	Price	CUSIP Number ()¹
2026	\$19,045,000	%	%	
2027	18,320,000			
2028	19,240,000			
2029	20,190,000			
2030	21,205,000			
2031	22,255,000			
2032	20,600,000			
2033	9,575,000			
2034	10,055,000			
2035	10,550,000			
2036	8,635,000			
2037	9,065,000			
2038	9,520,000			
2039	7,445,000			
2040	7,815,000			
2041	8,205,000			
2042	8,620,000			
2043	8,965,000			
2044	9,320,000			
2045	9,695,000			
2046	10,095,000			

[[†]Yield to first optional call date of December 1, 2035.]

¹ CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the owners of the 2026 Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

* Preliminary; subject to change

THE METROPOLITAN UTILITIES DISTRICT OF OMAHA
7350 World Communications Drive, Omaha, Nebraska 68122
(402) 554-6666
www.mudomaha.com

DIRECTORS

Gwen Howard	Chairperson of the Board
Tanya Cook	Vice Chairperson of the Board
Jim Begley	Board Member
Tim Cavanaugh	Board Member
David J. Friend	Board Member
Mike McGowan	Board Member
Bob Sidzyik	Board Member
Mark E. Doyle	President and Secretary of the Board (<i>ex officio</i>)

MANAGEMENT

Mark E. Doyle	President
Steve Dickas	Senior Vice-President, Chief Financial Officer
Kendall Minor	Senior Vice-President, Chief Operations Officer
Mark Mendenhall	Senior Vice-President and General Counsel
Steve Ausdemore	Senior Vice-President, Field Operations, Safety and Security

PAYING AGENT AND REGISTRAR

BOKF, NATIONAL ASSOCIATION
Lincoln, Nebraska

BOND COUNSEL

GILMORE & BELL, P.C.
Omaha, Nebraska

FINANCIAL ADVISOR

PIPER SANDLER & CO.
Leawood, Kansas

No dealer, broker, salesman or any other person has been authorized by the District or its agents to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offering nor the solicitation of an offer to sell to any person in any state or other political jurisdiction in which such an offer or solicitation may not lawfully be made, or in any state which said agents are not qualified. This Official Statement is not to be construed as a contract with the purchasers of the 2026 Bonds.

Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the District or other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain market prices of the 2026 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

FORWARD-LOOKING STATEMENTS

This Official Statement contains “forward-looking statements” within the meaning of federal securities laws. These forward-looking statements include statements about the District’s future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of management of the District. When used in this Official Statement, the words “plan,” “expect,” “estimate,” “budget,” “intend,” “anticipate,” “should,” “will,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include those discussed in the “**BONDHOLDERS’ RISKS**” section of this Official Statement. The District undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. Capitalized terms used in this Summary Statement shall have the same meanings as given thereto in this Official Statement.

Purpose of the 2026 Bonds

The proceeds of the sale of the 2026 Bonds will be used, together with other available funds, to (a) fund the Project (as described herein), (b) refund the Refunded Bonds, and (c) pay the costs and expenses incurred in the issuance of the 2026 Bonds. See “**PURPOSE OF THE 2026 BONDS.**”

Security for the 2026 Bonds

Principal of and interest on the 2026 Bonds will be payable on a parity with the 2022 Bonds, the 2023 Note, and any other Parity Revenue Bonds which hereafter may be issued under the Resolution, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the Water System, subject to the prior payment therefrom of the operations and maintenance expenses of the Water System. See “**SECURITY FOR THE 2026 BONDS.**”

No Debt Service Reserve Account will be established with respect to the 2026 Bonds.

The District

The District was created in 1913 under the authority of the Enabling Act as a public service corporation and political subdivision of the State of Nebraska. The District is empowered to own, manage and control the waterworks system serving Omaha and the surrounding area, and also the gas system of the District. Under the Enabling Act, the revenues of the gas system are not available to secure or pay the District’s waterworks system revenue bonds, including the 2026 Bonds, and vice versa. Accordingly, the operational and financial statistics of the District set forth in this Official Statement, except as noted, including in “**APPENDIX B**”, refer only to the waterworks system of the District. All corporate powers of the District are vested in a Board of Directors consisting of seven voting members. The District is located in eastern Nebraska, encompassing the City of Omaha and environs. The District’s water service area is approximately 291 square miles and the District’s service area has an estimated population of 600,000 as of December 31, 2024. See “**APPENDIX A—THE WATER SYSTEM—General.**”

Water System

The District owns and operates water supply, treatment, and distribution facilities with the goal of providing its water service area with high quality and reliable water supply for potable water service and fire protection. See “**APPENDIX A—THE WATER SYSTEM—The Service Area**” for a map of the District’s Water Service Area.

Water Rates

The District’s Board of Directors has the sole power and authority and is required to determine and fix all water rates. See APPENDIX A for additional information about the District’s water rates.

The District covenants in the Resolution that it will fix, establish and maintain rates or charges for water, services or facilities supplied or furnished by the District as will in each Fiscal Year provide an

amount sufficient to pay Current Expenses and to generate Net Revenues at least equal to the sum of (a) 120% of the Average Principal and Interest Requirements on the 2026 Bonds and 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 therefor) that are payable from System Revenues, as the same shall become due.

Debt Service Coverage

The District's estimated pro forma debt service coverage ratio, using estimated maximum annual debt service on the 2026 Bonds, together with the Outstanding Parity Revenue Bonds, is 2.02 times for the year ended December 31, 2024. See "**APPENDIX A—THE WATER SYSTEM—Historical Operating Results**" included elsewhere in this Official Statement.

OFFICIAL STATEMENT

\$268,415,000*

**THE METROPOLITAN UTILITIES DISTRICT
OF OMAHA
Water System Revenue and Refunding Bonds, Series 2026**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page and appendices hereto, is to set forth information concerning The Metropolitan Utilities District of Omaha (the “**District**”) and its \$268,415,000* Water System Revenue and Refunding Bonds, Series 2026 (the “**2026 Bonds**”).

The 2026 Bonds are to be issued pursuant to Chapter 14, Article 21, Reissue Revised Statutes of Nebraska, 2012, as amended (the “**Enabling Act**”), including, in particular, Section 14-2142 of the Enabling Act, and a resolution of the District adopted February 8, 2006, as amended and supplemented from time to time, including a resolution of the District adopted December 3, 2025 (collectively, the “**Resolution**”) authorizing the 2026 Bonds. The 2026 Bonds, the District’s \$57,385,000 aggregate principal amount outstanding of Water System Revenue Bonds, Series 2022, which have a final maturity of 2042 (the “**2022 Bonds**”), the District’s \$40,000,000 maximum principal amount of Water System Revenue Note, Series 2023 (the “**2023 Note**”) issued to the Nebraska Department of Environment and Energy, of which \$0 is presently outstanding, any additional Parity Revenue Bonds that may hereafter be issued pursuant to the Resolution are herein sometimes referred to as the “**Bonds**.” Certain provisions of the Resolution, including the definitions of certain terms, are summarized in “**APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**.” These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of the Resolution. Certain capitalized terms not otherwise defined herein will have the respective meanings assigned to them in the Resolution.

The 2026 Bonds shall not be obligations of the State of Nebraska (the “State”) or of any of its political subdivisions, other than the District, nor shall the State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2026 Bonds.

PURPOSE OF THE 2026 BONDS

General

The proceeds of the sale of the 2026 Bonds will be used, together with other funds available to the District, to (a) fund the Project (as described herein), (b) refund all or a portion of the District’s (i) \$20,025,000 aggregate principal amount outstanding of Water Revenue Bonds, Series 2012 (the “**2012 Bonds**”), (ii) \$98,130,000 aggregate principal amount outstanding of Water System Improvement and Refunding Revenue Bonds, Series 2015 (the “**2015 Bonds**”), and (iii) \$27,330,000 aggregate principal amount outstanding of Water System Revenue Bonds, Series 2018, (the “**2018 Bonds**” and, together with

* Preliminary; subject to change

the 2012 Bonds and the 2015 Bonds, the “**Refunded Bonds**”), and (c) pay the costs and expenses incurred in the issuance of the 2026 Bonds.

The Project

A portion of the proceeds of the 2026 Bonds will be applied to pay for improvements to the District’s Water System. The anticipated improvements include, but are not limited, to, projects at the Florence Water Treatment Plant, Platte South Water Treatment Plant, Platte West Water Treatment Plant, various water pumping station repairs and rehabilitation, and related infrastructure, including reimbursement of the District for expenditures made therefor (collectively, the “**Project**”).

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USE OF THE 2026 BOND PROCEEDS

The anticipated application of the 2026 Bond proceeds is as follows:

Sources of Funds:

Principal amount of the 2026 Bonds	\$
Refunded Bonds Debt Service Fund	
[Plus/Less] Net Original Issue [Premium/Discount]	
Total Sources	<u>\$</u>

Uses of Funds:

Refund Refunded Bonds	\$
Deposit to Project Fund	
Costs of Issuance (including Underwriting Discount)	
Total Uses	<u>\$</u>

DESCRIPTION OF THE 2026 BONDS

General

The 2026 Bonds will be dated the date of their issuance and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The 2026 Bonds will be issued in fully registered form in the denomination of \$5,000 or any multiple thereof. Interest on the 2026 Bonds will be payable June 1, 2026 and each June 1 and December 1 thereafter (each, an “**Interest Payment Date**”).

The 2026 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company (“**DTC**”), New York, New York. Purchases of beneficial interests in the 2026 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2026 Bonds will be paid by the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2026 Bond must maintain an account with a broker or dealer who is, or acts through, a Participant to receive payment of the principal of and interest on such 2026 Bonds. See “**BOOK-ENTRY SYSTEM.**”

The principal of any 2026 Bond shall be payable to the registered owner thereof, as shown on the registration books kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender to the Registrar. If any 2026 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by said 2026 Bond until the principal thereof is paid in full. Payment of interest on any 2026 Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each Interest Payment Date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at his or her address as it last appears on the registration books kept by the Registrar on the close of business on the fifteenth day immediately preceding an Interest Payment Date (the “**Record Date**”).

Optional Redemption

The 2026 Bonds maturing on or before December 1, 2035 will not be subject to redemption prior to their stated maturity. At the option of the District, the 2026 Bonds maturing on or after December 1,

2036 shall be subject to redemption prior to maturity on any date on or after December 1, 2035, at par, as a whole or in part in such order of maturities as the District shall determine (and in the event that less than all of the 2026 Bonds of any maturity are called for redemption, the particular 2026 Bonds of such maturity to be redeemed shall be selected by lot by the District), upon notice mailed to the registered owner of each such 2026 Bond (which initially will be Cede & Co. for all of the 2026 Bonds) not less than 30 days prior to the date fixed for redemption together with the interest accrued thereon to the date fixed for redemption.

Notice of Call for Redemption

Notice of any redemption of 2026 Bonds shall be given by the Paying Agent by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each 2026 Bond being redeemed. Such notice shall specify the number or numbers of the 2026 Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any 2026 Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with the Resolution funds sufficient to pay the redemption price of such 2026 Bond on the redemption date, then such 2026 Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of 2026 Bonds with respect to which such failure or defect did not occur. Any 2026 Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled. So long as any 2026 Bond to be redeemed remains in book-entry form, the Paying Agent shall send such notice to DTC, or its nominee. See **“BOOK-ENTRY SYSTEM.”**

Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice will not affect the validity of the redemption of any 2026 Bonds. If less than all of the 2026 Bonds of a single maturity are to be redeemed, the selection of the 2026 Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, will, so long as the 2026 Bonds remain in book-entry form, be made by DTC, or any successor depository, and the DTC Participants through a lottery process. Otherwise, such selection will be made by lot by the Paying Agent.

SECURITY FOR THE 2026 BONDS

Pledge and Rate Covenant

The 2026 Bonds will be payable on a parity with the 2022 Bonds and the 2023 Note from, and secured by a pledge of, and lien upon, the Net Revenues of the Water System (see **“APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Certain Definitions”** and **“—Revenue Fund”**) and other moneys pledged in the Resolution to the payment thereof which Net Revenues are the Revenues of the Water System after deducting Current Expenses relating to the operating and maintenance expenses of the Water System.

The Resolution provides that:

“The Net Revenues paid, or to be paid, or held, or to be held, in the Revenue Fund and all moneys at any time held in the Bond Fund and the Project Fund, are hereby pledged to secure the payment of the principal of and interest on the Bonds. The moneys, as received and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any

or all other obligations and liabilities of the District (other than Current Expenses, the 2022 Bonds, and the 2023 Note). The lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise, against the District, irrespective of whether said parties have notice thereof.”

The District covenants in the Resolution that it will (except as limited by law) fix, establish and maintain rates or charges for water, services or facilities supplied or furnished by the District, and shall revise the same from time to time, whenever necessary, as will in each Fiscal Year provide an amount sufficient to pay Current Expenses and to generate Net Revenues at least equal to the sum of the following amounts:

- (i) 120% of the amount equal to the Average Principal and Interest Requirements on the Bonds, including any Parity Revenue Bonds, then Outstanding; and
- (ii) 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 therefor) that are payable from System Revenues, as the same shall become due.

The District may not furnish free water, service or facilities, except that the District may provide fire protection water without charge to fire departments within the District’s service area. The District covenants in the Resolution to take all steps necessary to enforce the prompt payment of all rates and charges. The Board will shut off or discontinue, or cause to be shut off or discontinued, service for delinquencies in the payment of such charges, and the Board will prescribe and enforce rules and regulations for the connection with and the disconnection from properties or the Facilities of the District.

No Reserve Account

No Debt Service Reserve Account will be established or funded with respect to the 2026 Bonds.

BONDHOLDERS’ RISKS

This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the 2026 Bonds. This section is provided for convenience and is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the 2026 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks.

Prospective investors in the 2026 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the 2026 Bonds or adversely affect the ability of the District to make timely payments of principal of or interest on the 2026 Bonds. Additional risks and uncertainties not currently known to the District or that the District currently believes are immaterial may also impair its operations or financial condition.

General

The ability of the District to comply with its covenants under the Resolution and to generate Net Revenues sufficient to pay principal of and interest on the 2026 Bonds may be adversely affected by actions and events outside of the control of the District and may be adversely affected by actions taken (or

not taken) by voters, property owners, taxpayers or persons obligated to pay fees and charges. Among other matters, above normal rainfall, drought, general and local economic conditions, conservation efforts by customers and changes in law and government regulations could adversely affect the amount of Net Revenues realized by the District or significantly raise the cost of operating the Water System.

In addition, the realization of future Net Revenues is subject to, among other things, the capabilities of management of the District, the ability of the District to provide service to its customers, the ability of the District to establish, maintain and collect charges from its customers and the ability of the District to establish, maintain and collect rates and charges sufficient to pay for operation and maintenance costs of the Water System, the 2026 Bonds and other obligations payable from Net Revenues. See “**APPENDIX A—THE WATER SYSTEM—Historical Operating Results**” and “**APPENDIX A—THE WATER SYSTEM—Debt Service on The District’s Water System Bonds**” herein.

Factors Affecting the Water System

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Water System operations and financial performance to an extent that cannot be determined at this time:

Changes in Management or Policies. Losses of or changes in key management personnel of the Water System or District policies could have a materially adverse effect on the financial performance of the Water System.

Future Economic Conditions. Increased unemployment or other adverse economic conditions or changes in the demographics of the District; an inability to control expenses in periods of inflation and difficulties in increasing charges could adversely affect the financial performance of the Water System to an extent that cannot be determined at this time.

Seasonality. Demand for water during the warmer months is generally greater than during cooler months due primarily to additional requirements for water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for water may decrease and adversely affect the District’s revenues available to pay debt service on the 2026 Bonds.

Insurance Claims. Increases in the cost of third-party general liability insurance coverage and the amounts paid in settlement of liability claims not covered by third-party insurance could materially adversely affect the financial position of the Water System. The District is self-insured for certain potential liabilities.

Organized Labor Efforts. Certain employees of the District are represented by a collective bargaining unit. See “**APPENDIX A—THE DISTRICT-GENERAL—Employees and Human Resources.**” The collective bargaining agreement, however, does not grant employees the right to strike. Labor disputes with that collective bargaining unit could result in adverse labor actions or increased labor costs.

Environmental Regulation. Water utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action

regarding such standards and procedures. Consequently, there can be no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels and fines. Legislative, regulatory, administrative or enforcement actions involving environmental controls could also adversely affect the operation of the facilities of the Water System. For example, if property of the District is determined to be contaminated by hazardous materials, the District could be liable for significant clean-up costs even if it were not responsible for the contamination. See “ENVIRONMENTAL MATTERS” included elsewhere in this Official Statement.

Natural Disasters or Terrorist Attacks. The occurrence of a terrorist attack in the District or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the District’s facilities, affect water supply, interrupt services or otherwise impair operations and the ability of the Water System to produce revenues.

Availability of Water. The District owns and operates three water treatment plants that treat water from a variety of sources including the Missouri, Platte and Elkhorn River systems in addition to groundwater. In the unlikely event the District is unable to source water sufficient to meet the needs of its customers or other emergency conditions exist that impact its ability to treat and distribute water to its customers, the Water System would be negatively impacted. While the District is confident it has the ability to source ample water given those three water treatment plants, there may be other water utilities in the State lacking sufficient water access. The District may be requested to assist such communities or utilities with water resources, and the District may be subject to legislative changes that could require the District to be part of a solution to water access challenges in the State.

Aging of the Pipe Infrastructure. The District has over 1,100 miles of cast iron pipe in the ground, some of which is more than 50 years old. While there has been no regulatory mandate on how quickly this must be removed and replaced, there may be regulatory mandates in the future. In 2008, the District started a plan to replace this cast iron pipe in a more systematic accelerated manner. The District implemented a “Water Infrastructure Replacement” charge to its customer base that is planned to be able to pay for the cast iron pipe replacement. Should there be regulatory mandates that require acceleration of this plan, should the cost of replacement become significantly higher than the estimate, or should the District believe that they need to accelerate the plan, there could be impact to the District.

Miscellaneous Factors. The water supply industry in general has experienced, or may in the future experience, problems including (a) the effects of inflation on the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, such as with a particularly rainy summer, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, (d) compliance with rapidly changing environmental, safety and licensing regulations and requirements, and (e) impact of customer conservation and using lower amounts of water.

Inflation

Inflation can lead to significant increases in costs of gas, energy, and food, in addition to associated wage and salary pressures. The District’s Water rate structure, which may be adjusted via rate actions approved by the District’s Board, is designed to sufficiently recover the costs to maintain and operate the water system and pay debt service. While management and the Board are sensitive to billing increases to customers, the District’s risk associated with inflationary pressures is mitigated by the Board’s unlimited rate setting authority. The inability of the District to increase fees and charges to keep pace with inflation could adversely affect the financial condition and results of operations of the Water System. The District also relies on highly skilled employees in many areas and if it does not offer or keep

pace with prevailing market wages and salaries, it may have difficulty recruiting talent and face significant pressures in operating the Water System effectively. The District cannot predict the extent of inflationary pressures on its wages and salaries or other operating costs, including gas and other energy costs.

Cybersecurity Risks

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the District and the services it provides, or the unauthorized access to or disclosure of personally identifiable information and other confidential or sensitive information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the District may incur significant costs to remediate possible injury to the affected persons beyond its current insurance policy, and the District may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. While the District maintains and updates a robust information security program, no assurance can be given that such efforts will prevent a security breach. Any failure to maintain proper functionality and security of the District's information systems could interrupt the District's operations, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations and financial condition. Further, at least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality.

Unfunded Pension and Other Post-Employment Benefits Liabilities

The District's unfunded pension and other post-employment benefits liabilities could materially adversely affect the financial position of the Water System. See "**APPENDIX A—THE DISTRICT—Employees and Human Resources—Pension Plan**" and "**APPENDIX A—THE DISTRICT—Employees and Human Resources—Other Post-Employment Benefits.**"

Summary Financial Information

Certain summarized historical financial information of the Water System are summarized in this Official Statement, including APPENDIX B hereto. There can be no assurance that the financial results achieved by the District in the future will be similar to historical results contained therein. Such future results will vary from historical results, and actual variations may be material. Therefore, the historical operating results of the Water System contained in this Official Statement cannot be viewed as a representation that the District will be able to generate sufficient revenues in the future to make timely payment of principal of, redemption premium, if any, and interest on its debt obligations, including the 2026 Bonds.

Failure to Meet Rate Covenant

The District is obligated by the Resolution to establish rates necessary for the District to meet certain ratios with respect to its water system revenues and debt service requirements. See "**SECURITY FOR THE 2026 BONDS—Pledge and Rate Covenant**" included elsewhere in this Official Statement. Various factors, including certain of the factors discussed elsewhere in "**BONDHOLDERS' RISKS**" such as weather, seasonality and use, could in the future cause the District to produce water system revenues below expectations and the District may not be able to raise rates in sufficient time to meet its debt service coverage requirements under the Resolution.

Tariffs

The imposition by the United States of tariffs on certain imports from Mexico, Canada, China, and other countries encompass essential construction materials such as steel, aluminum, and lumber. The tariffs may cause delays and shortages in obtaining necessary materials, potentially leading to project delays and increased costs by the District. This could adversely affect the expectations and timing for projects to become complete and operational. In response to U.S. tariffs, other countries have announced plans for their own tariffs on American products. Such retaliatory actions could further disrupt supply chains and increase costs for materials and goods essential to construction projects. The tariffs have introduced significant uncertainty into the market, leading to volatility in material prices and potential delays in project timelines. This uncertainty could affect planning and financial forecasting for construction generally, including within the District.

Limitation of Rights Upon Insolvency

The United States Bankruptcy Code enables debtors, including the District, which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including bondholders. In the event of any insolvency upon the part of the District, the holders of the 2026 Bonds could be treated as general creditors of the District along with other unsecured claimants. The extent to which holders of 2026 Bonds are to be treated as a separate class or otherwise given priority over other claimants, including as to the Net Revenues, is a matter that would be subject to future determinations of Nebraska state and federal courts interpreting and applying both state law and the United States Bankruptcy Code. Procedures under the Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights. The State of Nebraska has authorized its political subdivisions to seek relief under the United States Bankruptcy Code by statute.

Future Legislation

Proposals affecting tax-exempt interest may be considered from time to time which could limit the availability of or eliminate federally tax-exempt interest on tax-exempt bonds. Neither house of Congress has passed any such proposal, and it is not possible to predict whether any such proposal will be enacted into law. If enacted into law, such a proposal could adversely affect the ability of the District to finance and/or refinance projects on favorable tax-exempt terms. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that the 2026 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

ENVIRONMENTAL MATTERS

The District is subject to extensive and continually evolving environmental laws and regulations. Growing public concern over environmental issues and impacts on drinking water have caused additional pressures for regulatory agencies to promulgate more stringent regulations. The regulations are administered and enforced by the EPA and NDEE.

Primary measures impacting the District's water system are the EPA's Safe Drinking Water Act and the Nebraska Regulations Governing Public Water Supply Systems. These laws established a program requiring compliance with national drinking water standards for contamination that may have an adverse effect on the health of individuals drinking the water. As required by Section 71-5303(1) of the Nebraska Safe Drinking Water Act, the District has obtained and there is in effect a permit to operate the Water System granted by the Director of the State of Nebraska Department of Environment and Energy Regulation and Licensure. Such permit is valid for an indefinite period of time unless revoked for cause. The regulations require periodic scheduled tests of all water sources as well as tests of tap water.

Amendments to the Safe Drinking Water Act in 1996 required EPA to develop rules to balance the risks between microbial pathogens and DBPs. The Stage 1 Disinfectants and Disinfection Byproducts Rule and Interim Enhanced Surface Water Treatment Rule, both promulgated in December 1998, were the first phase in a rulemaking strategy required by Congress as part of the 1996 Amendments to the Safe Drinking Water Act.

The Stage 2 DBP rule, enacted in 2009, builds upon earlier rules that addressed disinfection byproducts to improve drinking water quality and provide additional public health protection from disinfection byproducts. This rule strengthens public health protection for customers of systems that deliver disinfected water by requiring such systems to meet maximum contaminant levels as an average at each compliance monitoring location (instead of as a system-wide average as in previous rules) for two groups of DBPs, TTHM and HAA5.

As part of the required testing phase of the Stage 2 DBP rule, the District determined that the water produced by the Florence Plant would occasionally exceed the levels mandated by the new rules. An engineering firm, HDR, was hired to perform a CER of the plant, to perform a condition assessment of the plant assets, to identify methods of meeting current and upcoming regulations and to create a 20 year CIP. Based on the results of the CER, the District has implemented several significant improvements at the Florence Plant.

Regulations adopted by the EPA and NDEE under these laws also established standards and requirements for the design, construction, upgrade and operation of the District's water system. In addition, the Nebraska Ground Water Management and Protection Act ("NGWM&PA") authorized the establishment of ground water control areas where quantities of water are inadequate to meet current or anticipated needs or where the quality of ground water is threatened by dewatering. Ground water aquifers supplying water to the District's water system are believed to be adequate to meet current demands. Amendments to the NGWM&PA require Nebraska's Department of Natural Resources to determine any area of the state where ground or surface water has become "fully appropriated" or "over appropriated". If such a determination is made, the local natural resource district must conduct studies and then develop a ground water management plan to regulate usage and to determine priorities among users.

The District's water system is also impacted by the federal Clean Water Act ("CWA"). The CWA could impact the District's ability to discharge treatment plant residuals into the Missouri River in the future. Changes to the CWA or regulatory requirements thereunder could be extremely costly to the District and compliance therewith could have a material adverse effect on the District's financial position and results of operations.

In 2021, the EPA released new Lead and Copper Rule Revisions ("LCRR") that required compliance in October 2024. The LCRR apply to every water utility in the United States and imposed requirements related to replacement of lead service lines, more aggressive water testing, and potential

public notification requirements. The District has programs in place to address the LCRR and believes it is well-positioned with respect to compliance with the new requirements.

The District's water pumping facilities are also impacted by requirements of the Federal Clean Air Act.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis for the years ended December 31, 2024 and 2023 is included in "APPENDIX B" to this Official Statement.

BOOK-ENTRY SYSTEM

Portions of the information relating to the Book-Entry System under this heading have been furnished by The Depository Trust Company and have not been independently verified by the District or the Underwriters. Neither the Underwriters nor the District makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

General

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the 2026 Bonds. The 2026 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond Certificate will be issued for each maturity of the 2026 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC and Its Direct and Indirect Participants

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests

Purchases of the 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Consents

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding the 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Interest and Redemption Price

Principal, redemption price and interest payments on the 2026 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Fund Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Bond Fund Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (if applicable) and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the District or the Bond Fund Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Beneficial Owners of the 2026 Bonds will rely on DTC's Direct or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the 2026 Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, 2026 Bond certificates will be printed and delivered.

The District and the Paying Agent will not have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (ii) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal or redemption price of, or interest on, the 2026 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Resolution; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2026 Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included under this heading “BOOK-ENTRY SYSTEM”, other than in this paragraph and the preceding bold face paragraph, has been provided by DTC. No representation is made by the District, the Paying Agent or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date thereof.

LEGAL PROCEEDINGS

There is not now pending or threatened litigation of any nature seeking to restrain or enjoin, or in any manner questioning, the issuance and delivery of the 2026 Bonds, the proceedings and authority under which the 2026 Bonds are issued or affecting the validity of the 2026 Bonds thereunder, the power and authority of the District to fix and establish and collect adequate rates, tolls, rents or other charges for water and all other commodities, services and facilities sold, furnished or supplied by the District, the proceedings and authority under which the District’s present rates, tolls and other charges are made and the right and authority of the District to conduct its water business or operate any of its properties now constructed or contemplated to be constructed; and neither the corporate existence nor the boundaries of the District nor the title of its present officers to their respective offices is being contested.

The District is engaged in routine litigation incidental to the conduct of its business. In the opinion of its General Counsel, the aggregate amounts recoverable from the District are not material.

RATINGS

Moody’s Investors Service, Inc. and S&P Global Ratings have given the ratings of “Aa2” and “AA+”, respectively, to the 2026 Bonds. Such ratings reflect only the views of each respective organization, and explanations of the significance of each such rating may be obtained from, respectively, Moody’s Investors Service, 250 Greenwich Street, New York, NY 10007 or S&P Global Ratings, Public Finance Department, 55 Water Street, New York, NY 10041-0003. There can be no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by such rating agencies if in their respective judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have a material adverse effect on the market price of the 2026 Bonds.

INDEPENDENT AUDITORS

The financial statements of the District as of December 31, 2024 and 2023, and for the years then ended, included as “**APPENDIX B**” to this Official Statement have been audited by RSM US LLP.

CONTINUING DISCLOSURE

The District will agree in an undertaking (the “**Undertaking**”) for the benefit of the holders of the 2026 Bonds to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (“**MSRB**”) annually and to provide notice to the MSRB of certain events, pursuant to the requirements of Rule 15c2-12 (“**Rule**”) under the Securities Exchange Act of 1934, as amended. See “**APPENDIX E—FORM OF CONTINUING DISCLOSURE UNDERTAKING.**”

A failure by the District to comply with the Undertaking will not constitute an event of default with respect to the 2026 Bonds, although any holder would have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Undertaking. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2026 Bonds and their market price.

The District believes it has complied in all material respects with its prior undertakings under the Rule in the past five years.

UNDERWRITING

The 2026 Bonds are being purchased by _____ (the “**Underwriter**”). The Underwriter has agreed, subject to certain conditions, to purchase the 2026 Bonds from the District at a price of \$_____, which is the \$_____ aggregate principal amount of the 2026 Bonds [less/plus a net/aggregate original issue discount/premium of \$_____ and] less an underwriting discount of \$_____ for its services in underwriting the 2026 Bonds. The 2026 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

TAX MATTERS

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the 2026 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2026 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2026 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2026 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under the law existing as of the issue date of the Bonds:

Federal and State of Nebraska Tax Exemption. The interest on the 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Nebraska.

Alternative Minimum Tax. The interest on the 2026 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The 2026 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the 2026 Bonds, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2026 Bonds in gross income for federal and State of Nebraska income tax purposes retroactive to the date of issuance of the 2026 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2026 Bonds, but has reviewed the discussion under the heading “TAX MATTERS.”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2026 Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the 2026 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a 2026 Bond is generally the first price at which a substantial amount of the 2026 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2026 Bond during any accrual period generally equals (1) the issue price of that 2026 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2026 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2026 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that 2026 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2026 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a 2026 Bond is the sum of all payments on the 2026 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a 2026 Bond is generally the first price at which a substantial amount of the 2026 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2026 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is

amortized, the owner's basis in the 2026 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2026 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium, if any.

Sale, Exchange or Retirement of 2026 Bonds. Upon the sale, exchange or retirement (including redemption) of a 2026 Bond, an owner of the 2026 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange or retirement of the 2026 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2026 Bond. To the extent a 2026 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2026 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2026 Bonds, and to the proceeds paid on the sale of the 2026 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2026 Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2026 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2026 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2026 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

LEGAL MATTERS

All of the legal proceedings in connection with the authorization and issuance of the 2026 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel. Certain legal matters in connection with the 2026 Bonds will be passed upon for the District by Mark Mendenhall, Esq., Senior Vice-President and General Counsel of the District. Certain of the fees of Bond Counsel are contingent upon the issuance and sale of the 2026 Bonds.

OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from records of the District and from other sources believed to be reliable, but the accuracy and completeness of the information are not guaranteed. All references to and explanations and summaries of statutes, resolutions, contracts and other documents contained herein are qualified in their entirety by reference to said statutes and documents for a full and complete description of their respective provisions. Any statements contained herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The delivery and distribution of this Official Statement have been duly authorized by the Board of Directors of the District, and the District has “deemed final” this Official Statement (within the meaning of the Rule).

FINANCIAL ADVISOR

Piper Sandler & Co. serves as financial advisor to the District. The financial advisor will not be a manager or a member of any purchasing group for the purchase and sale of the 2026 Bonds.

MISCELLANEOUS

The references herein to the laws of the State of Nebraska, the Resolution and other resolutions and contracts are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the laws of the State of Nebraska to the Resolution and to such other resolutions and contracts for full and complete statements of such provisions.

Any statements made in this Official Statement involving matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

**BOARD OF DIRECTORS
THE METROPOLITAN UTILITIES DISTRICT
OF OMAHA**

METROPOLITAN UTILITIES DISTRICT OF OMAHA

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THE DISTRICT – GENERAL

Nature of the District

The District was created on July 17, 1913 under the authority of Chapter 14, Article 21, Reissue Revised Statutes of Nebraska, 2012, as amended (the “**Enabling Act**”) as a public service corporation and political subdivision of the State. The District is the only metropolitan utilities district in the State of Nebraska, and its service area includes the Omaha metropolitan area. The District’s mission is to provide safe, reliable and cost-effective natural gas and water services to its community.

Powers of the District

The Enabling Act requires, among other things, that each of the District’s two utilities, namely, the gas system and the separate water system, be operated separately, that all funds, accounts and financial obligations of each utility be separate and independent of all funds, accounts and financial obligations of the other utility, that all of the District’s funds be under the control of the Board, that all of the District’s receipts be remitted to the Senior Vice-President, Chief Financial Officer of the District, and that the Board annually cause the books and accounts of the District to be examined and audited and the audit report to be filed with the State Auditor of Public Accounts.

The Enabling Act further provides that the District has sole management and control of its assets and the construction, operation, maintenance and extension or improvements of the necessary plant with power to extend its facilities as far beyond the corporate limits of the District as its Board may deem necessary.

The District has the power to issue bonds when authorized by a vote of the electors, or revenue bonds, such as the 2026 Bonds, without such a vote, for the purpose of providing funds for utility extensions, improvements, additions and capital investment and the refunding of bonds, in such amounts as the Board determines to be needed for such purposes.

The District is prohibited by the Enabling Act from mortgaging its physical properties, except to secure loans from certain specified federal agencies. There is no mortgage on any of the physical properties of the District.

The District may not use its taxing power, and no governmental authority has the power to levy or collect taxes to pay, in whole or in part, any indebtedness or obligation (including the 2026 Bonds) of or incurred by the District or upon which the District may be liable.

Governance

All corporate powers of the District are vested in a Board of Directors consisting of seven members. The District’s President is the ex officio non-voting Secretary of the Board. Each Director is elected for a six-year term. The terms of the Directors are arranged so that not more than three are elected at any one time.

The present membership and officers of the Board of Directors are as follows:

	Number of Years on Board	Term Expires in January	Occupation or Profession
Tanya Cook**	5	2027	Public Relations Firm President, Former Nebraska State Senator
James P. Begley	13	2031	Director of Labor Studies/University of Nebraska at Omaha
Tim Cavanaugh	26	2027	Interim Douglas County Treasurer
David J. Friend	25	2031	Police Chief, Metropolitan Community College
Gwen Howard*	11	2027	Retired Social Worker, Former Nebraska State Senator
Mike McGowan	15	2029	Retired natural gas executive
Bob Sidzyik	3	2029	Membership Development Coordinator, International Brotherhood of Electrical Workers
Mark E. Doyle, Secretary	7 [†]	<i>Ex officio</i>	President of the District

* Chairperson

** Vice Chairperson

[†] Mr. Doyle was appointed President on April 6, 2018. He has been employed by the District for 14 years.

Management Team

The management of the District is under the direction of its President, and its four Senior Vice-Presidents. The President serves at the pleasure of the Board.

The District’s senior management staff is as follows:

	Year Employed
Mark E. Doyle, President	2010
Steve Dickas, Senior Vice President, Chief Financial Officer	2023
Kendall Minor, Senior Vice-President, Chief Operations Officer	2024
Mark Mendenhall, Senior Vice-President, General Counsel	2013
Steve Ausdemore, Senior Vice-President, Field Operations, Safety and Security	2017

Funds of the District

All of the District’s funds are under the control of the Board of Directors, subject to the requirements of the Resolution and the Enabling Act. Each Director is a public officer. The District is required by the Enabling Act to have its accounts audited annually by independent certified public accountants, in accordance with generally accepted government auditing standards, and to file a copy of such audit with the Auditor of Public Accounts of the State and local political jurisdictions within the District’s service area.

The audited financial statements of the District as of December 31, 2024 and 2023 are set forth in “**APPENDIX B**”.

Taxes Applicable to the District

In the opinion of Mark Mendenhall, Esq., General Counsel to the District (“**General Counsel**”), the District is not liable for federal or State income taxes. The District is not liable for ad valorem taxes other than for a few parcels of property owned by the District where non-public uses occur, for example ground owned by the District but rented for farming. However, as required by the Enabling Act, the District pays two percent of its revenues from the retail sales of water within the corporate limits of the City of Omaha to the City of Omaha, and two percent of its revenues from the retail sales of water within other city and village corporate limits to those cities and villages served by the District.

The District is subject to State Sales and Use Tax on certain labor charges and nearly all material purchases. The State Sales and Use Tax rate is 5.5%. Various municipalities within the District’s service area have also imposed a local sales and use tax between 1.5% and 2%.

General Plant

Among the general plant properties of the District, in addition to the properties comprising the District’s water system and separate gas system, are general office and local office buildings, transportation and special mechanized equipment, furniture, office, computer, laboratory, shop equipment and tools, a communication system and other items necessary for conduct of the District’s business, including the operation and maintenance of the water system.

Insurance

The District maintains an insurance program designed to furnish protection against losses which would have an adverse effect on its financial position or operational capabilities. The District regularly reviews its risks of loss and modifies the insurance program when construction and operation exposures or developments in the insurance industry warrant.

Currently, the District maintains a \$1.4 billion combined insurance policy with AEGIS/Starr Tech which addresses physical damage to real and personal property, equipment breakdown (boilers and machinery coverage) and data processing equipment; the combined program has a loss limit of \$300 million. The policy is a Blanket Limit replacement cost policy that includes coverage for certified and non- certified acts of terrorism. Effective June 15, 2023, the District elected to self-insure physical damage to the vehicle fleet.

The District’s construction equipment is covered by a \$38 million policy with Continental Casualty.

The above discussion relates to both the District’s water department and the separate gas department.

In addition, the Political Subdivisions Tort Claims Act limits the total amount recoverable from claims against the District as follows:

- 1) One million dollars for any person for any number of claims arising out of a single occurrence; and
- 2) Five million dollars for all claims arising out of a single occurrence.

See “**THE DISTRICT - GENERAL—Employees and Human Resources—Insurance**” for a discussion of the District’s worker’s compensation insurance and employee health insurance.

Employees and Human Resources

The District had 896 full-time employees as of December 31, 2024. The District’s clerical, craft and administrative employees (totaling approximately 609) are represented by one local union, International Brotherhood of Electrical Workers, Local 1521 (the “**Union**”). Under Nebraska law, unions and their members are not permitted to strike or otherwise hinder, delay, limit or suspend the continuity or efficiency of any public utility service. If new contracts are not approved by the District and the Union, the matter may be referred to the Nebraska Commission of Industrial Relations for decision. The District has an ongoing working relationship with the Union, and neither the Union nor its members have been involved in an illegal strike against the District.

The negotiated collective bargaining agreement between the District and its unionized employees covers a three-year term from April 1, 2023 through March 31, 2026.

Pension Plan.

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.

Employees Covered by Benefit Terms. As of January 1, 2024, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	728
Disabled members	14
Inactive members entitled to but not yet receiving benefits	60
Inactive non-vested members	5
Active members	888
Total	1,695

Net Pension (Asset) Liability. All of the District’s pension assets are available to pay member’s benefit. The net pension (asset) liability as of December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Total pension liability	\$616,153,168	\$584,148,828
Fiduciary net position	<u>587,621,941</u>	<u>537,384,372</u>
Net pension liability	28,531,227	46,764,456
Fiduciary net position as a % of total pension liability	95.37%	91.99%
Covered payroll	83,387,029	77,757,044
Net pension liability as a % of covered payroll	34.22%	60.14%

See Footnote 8 to the District’s Audited Financial Statements attached hereto as “**APPENDIX B**” for additional information about the District’s pension assets, liability and funding.

Postemployment Benefits

Plan Description. The District sponsors the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha (the “**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.

Plan Membership. As of January 1, 2023, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	861
Inactive members entitled to but not yet receiving benefits	20
Active members	865
Total	1,746

Contributions. The contribution requirements of plan members and the District are established and can be amended by the Board. Contributions are made to the plan based on a pay-as-you-go basis, with an additional amount to prefund benefits through an OPEB trust created in 2016, as determined annually by the Board. For the years ended December 31, 2024 and 2023, the following payments were made:

	2024	2023
Water retirees	\$3,209,161	\$3,140,604
Gas retirees	3,767,275	3,686,797
Total claims/fees paid	\$6,976,436	\$6,827,401
Prefunded benefits	7,753,606	7,530,044
Retiree contributions	(2,755,369)	(2,502,164)
Total	\$11,974,673	\$11,855,281

Retiree health premiums are calculated based on a three-year rolling average, with 2024 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2024. Retirees contribute to the cost of retiree health care at varying rates based on their age, as follows: 1) ages 59 and older: 33% of the full premium, 2) age 58: 50% of the full premium and 3) ages 55 through 57: 100% of the full premium. The rates in effect as of April 1, 2024 are as follows: 1) ages 59 and older: \$284.05 per month, 2) age 58: \$426.08 per month and 3) ages 55 through 57: \$852.15 per month. If spousal coverage is purchased, the same age-based monthly rates apply based on the retiree’s age, meaning that the cost for spousal coverage is the same as the cost for the retiree’s coverage (i.e. in the case of a married couple comprised of a retiree who is 59 and a spouse who is 55; each would pay \$284.05 per month).

Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions under GASB 75. 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 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.

**Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Years ended December 31,**

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 3,541,247	3,263,676	3,168,618	3,937,556
Interest	10,977,019	10,382,538	9,825,208	10,554,294
Differences between expected and actual experience	-	(6,509,765)	-	(23,900,067)
Assumption changes	-	5,944,698	-	6,340,679
Benefit payments	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)
Net change in total OPEB liability	10,297,199	8,755,910	7,858,113	(6,625,561)
Total OPEB liability, beginning	164,698,591	155,942,681	148,084,568	154,710,129
Total OPEB liability, ending (a)	\$ <u>174,995,790</u>	<u>164,698,591</u>	<u>155,942,681</u>	<u>148,084,568</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 11,974,673	11,855,281	11,277,253	13,250,226
Net investment income (loss)	11,140,324	12,962,452	(14,114,823)	9,692,659
Benefit payments	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)
Administrative expenses	(10,889)	(10,524)	(9,746)	(9,001)
Net change in plan fiduciary net position	18,883,041	20,481,972	(7,983,029)	19,375,861
Plan fiduciary net position, beginning	92,184,362	71,702,390	79,685,419	60,309,558
Plan fiduciary net position, ending (b)	\$ <u>111,067,403</u>	<u>92,184,362</u>	<u>71,702,390</u>	<u>79,685,419</u>
Net OPEB liability, ending (a) - (b)	\$ <u>63,928,387</u>	<u>72,514,229</u>	<u>84,240,291</u>	<u>68,399,149</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.47%	55.97%	45.98%	53.81%
Covered payroll	92,549,569	86,492,121	78,036,221	74,635,409
Net OPEB liability as a percentage of covered payroll	69.07%	83.84%	107.95%	91.64%

Notes to Schedule:

Changes in actuarial assumptions and methods:

1/1/23 valuation (assumptions used for measuring total OPEB liability as of December 31, 2023):

1. Per capita health care costs and rates of health care inflation used to project the per capita costs were updated.
2. Health care cost trend rates and retiree claim costs were updated.
3. Monthly retiree premiums were updated.

1/1/21 valuation (assumptions used for measuring total OPEB liability as of December 31, 2021):

1. The discount rate was held at 6.75%.
2. Mortality rates to be based on Pub-2010 tables and projections using the MP-2020.
3. Withdrawal and Retirement rates were unchanged.
4. Salary scale was held at 3.40%.
5. The spousal coverage assumption was held at 60%.
6. Price inflation assumption was at 2.50%.

Schedule of Employer Contributions - Other Post Employment Benefits
January 1, 2015 Through December 31, 2024
(\$ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	16,874	3,935	12,939	63,385	6.21
2016	16,874	8,167	8,707	66,054	12.36
2017	15,950	11,015	4,935	67,761	16.26
2018	15,950	16,704	(754)	67,761	24.65
2019	13,545	14,254	(709)	69,759	20.43
2020	13,545	14,242	(697)	73,975	19.25
2021	10,565	13,250	(2,685)	74,635	17.75
2022	10,565	11,277	(712)	78,036	14.45
2023	11,790	11,855	(65)	86,492	13.71
2024	11,790	11,975	(185)	92,550	12.94

Beginning Fiscal Year ending December 31, 2017, the Actuarial Determined Contribution (ADC) is calculated in accordance with the District's funding policy, if one exists.

Prior to Fiscal Year ending December 31, 2017, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Standards No. 45.

Notes to Schedule:

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Amortization method Level Dollar
Remaining amortization period 20 years
Asset valuation method Market value
Long-term investment rate of return 6.75%
Inflation 2.50%

Healthcare cost trend rates:

Under age 65 7.00% - 4.50%
65 and Older 5.50% - 4.50%

Mortality Pub-2010 Mortality Tables projected generationally using Scale MP-2020.

Actuarial Assumptions. The District’s net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2023 rolled forward using standard actuarial techniques to December 31, 2024.

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

Inflation	2.50%
Salary increases, including inflation	3.65% to 10.4%
Long-term investment rate of return, net of OPEB plan investment expenses, including inflation	6.75%
Healthcare cost trend rates:	
Medical trend assumptions (under age 65)	7.00% - 4.50%
Medical trend assumptions (Ages 65 and older)	5.50% - 4.50%
Year of ultimate trend rate	Fiscal Year Ended 2033

Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.

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

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

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

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2020, unless otherwise noted.

See Footnote 9 to the District’s Audited Financial Statements attached hereto as “**APPENDIX B**” for additional information about the District’s other postemployment benefits plan.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. Prior to April 1, 2023, for bargaining employees, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for bargaining employees, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Prior to April 1, 2023, for employees not covered by the collective bargaining agreement, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for employees not covered by the collective bargaining agreement, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Beginning

January 1, 2024, for bargaining employees, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date. For employees not covered by the collective bargaining agreement, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date. “Matching” contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled \$1,213,783 and \$893,369 for 2024 and 2023, respectively. Management has determined the criteria established in GASB Statement 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.

Insurance

The District is exposed to various risk of loss related to torts, theft of and destruction of assets, errors and omissions, and natural disasters. In addition, the District is exposed to risks of loss due to injuries to, and illnesses of, its employees. The District provides its employees with two health insurance options, both of which are primarily self-insured: a Health Maintenance Organization (“HMO”) and a preferred provider Organization (“PPO”). The District utilizes an “Administrative Services Only” contract under which the District reimburses the HMO/PPO for actual claims paid, a monthly administrative fee, and stop-loss protection for individual claims. Individual stop-loss coverage is effective when annual individual claims exceed \$425,000, and when aggregate claims exceed 125% of projected levels. A liability for claims is recorded in accounts payable, and was \$1,908,758 and \$1,688,883 at December 31, 2024 and 2023, respectively.

The District carries commercial insurance coverage for property with deductibles ranging from \$40,000 to \$500,000. The District is also self-insured for workers’ compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2024. Effective June 15, 2023, the District is also self-insured for auto physical damage. In 2024 and 2023, the insurance policies in effect have adequately covered all settlements of claims against the District. No claims have exceeded the limits of property or liability insurance in any of the past three years. Liabilities are recorded for these self-insured risks. The liabilities are based on a combination of loss experience and estimates by the District’s in-house legal department. See Footnote 11 to the District’s Audited Financial Statements attached hereto as “**APPENDIX B.**”

In addition, the Political Subdivisions Tort Claims Act limits the total amount recoverable from claims against the District as follows:

- 1) One million dollars for any person for any number of claims arising out of a single occurrence; and
- 2) Five million dollars for all claims arising out of a single occurrence.

THE WATER SYSTEM

General

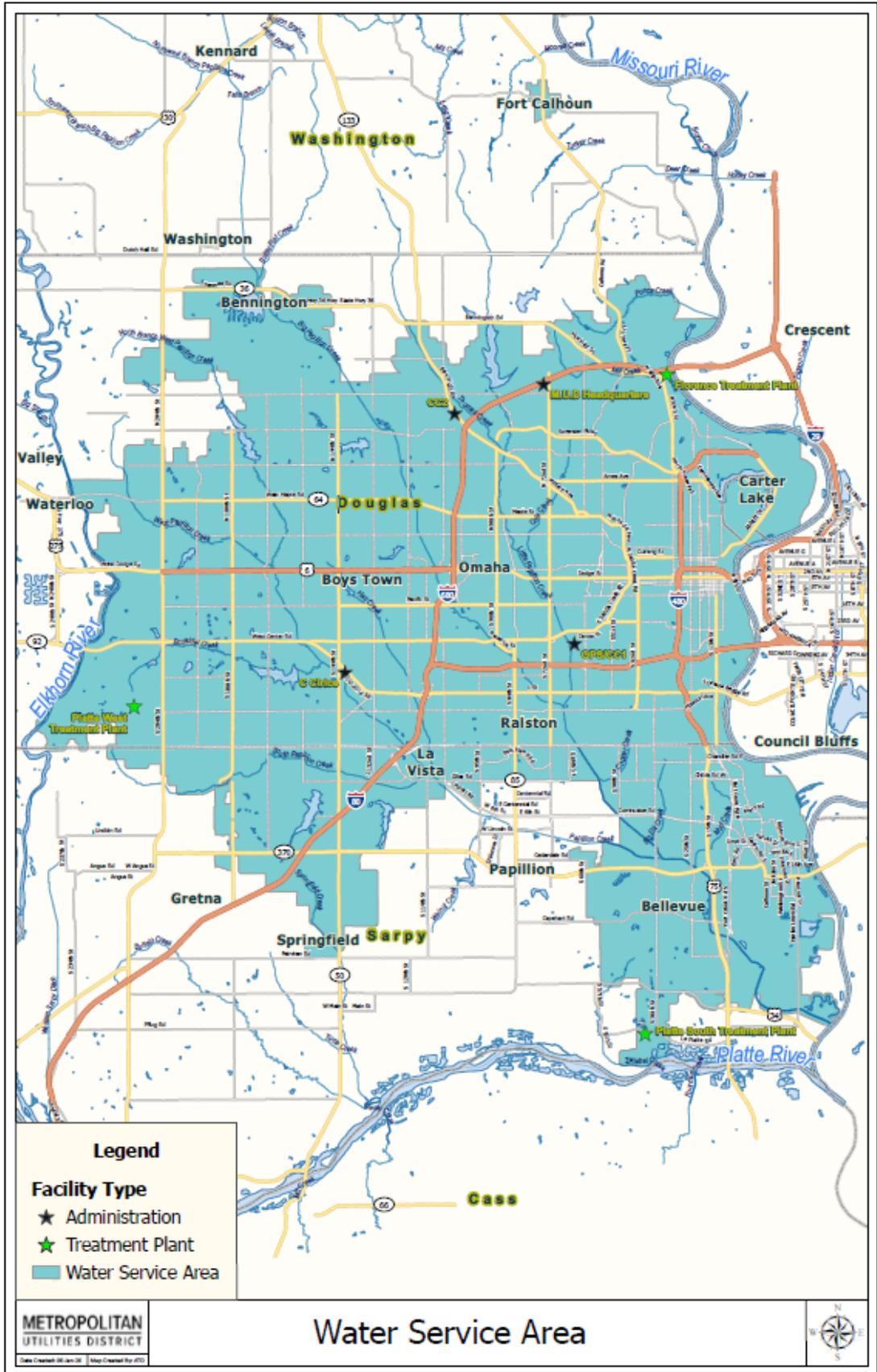
The District provides water service (as of December 31, 2024) to 229,270 customers in the City of Omaha, Nebraska, and adjacent territory, including Bellevue, Waterloo, Bennington, LaVista and Ralston, Nebraska, and Carter Lake, Iowa, as well as the Papio-Missouri Natural Resources District (“**Papio**”) (which supplies water to Fort Calhoun, Nebraska) and portions of unincorporated Douglas County and Sarpy County, Nebraska; the District’s service area is approximately 291 square miles. Omaha, with a 2024 estimated Census population of 489,265, is the largest city in the State. Certain general information about the City of Omaha Metropolitan Area is included under “**APPENDIX A—THE OMAHA METROPOLITAN AREA.**” The City of Omaha has no obligation or liability with respect to the Bonds.

The Service Area

The Water System of the District presently covers an area of approximately 291 square miles and extends from a point approximately 1½ miles north of the Omaha city limits to a point approximately 22 miles south of the northern point. The eastern boundary is the Missouri River and the system extends west approximately 18 miles. The total population of the area served by the District is estimated to be approximately 600,000 as of December 31, 2024. See below for a map of the District’s Water System service area.

Certain statistical and other information regarding the City of Omaha Metropolitan Area is set forth in “**APPENDIX A—THE OMAHA METROPOLITAN AREA**” to this Official Statement. **The City of Omaha is not obligated on and has no liability for the District’s Bonds.**

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State of Nebraska Permit

As required by Section 71-5303(1) of the Nebraska Safe Drinking Water Act, the District has obtained and there is in effect a permit to operate the Water System granted by the Director of the State of Nebraska Department of Environment and Energy Regulation and Licensure. Such permit is valid for an indefinite period of time unless revoked for cause.

Water Facilities

The District owns and operates water treatment facilities sized and designed to provide its water service area with a high quality and reliable water supply for potable water service. The Florence Plant treats surface water extracted from the Missouri river and is located in northeast Omaha immediately adjacent to the Missouri River. The Florence Plant, originally constructed in 1889, has been expanded and upgraded several times to its current capacity of 158 MGD.

The Platte South Plant treats ground water and is located directly south of Omaha along the Platte River in southern Sarpy County. The Platte South Plant went on-line in 1968 and has a capacity of 60 MGD.

The Platte West Water Treatment Plant (the “**Platte West Plant**”) treats ground water and is located west of Omaha along the Platte River in western Douglas County. The wellfield is located along and on either side of the Platte River with wells in both Douglas and Saunders Counties. The Platte West Plant went on-line in 2008 and has a capacity of 100 MGD.

Transmission and Distribution System

The transmission and distribution system includes approximately 3,204 miles of main ranging in size from four inches to 60 inches. This system is divided into several pressure zones and includes fifteen pump stations, one booster station, and seven reservoirs and/or elevated storage tanks to provide adequate pressure and flow.

Water Supply

Omaha is situated between the valleys of two great river systems, the Missouri and the Platte, placing the District in an enviable position relative to a basic water supply. Historically, Omaha’s sole source of water had been surface water from the Missouri River. From the late 1800s, the single producing plant was located in the former town of Florence, Nebraska, north of the discharge point for all Omaha wastes. The Florence Plant was constructed in 1889 and has been expanded over time to a maximum capacity of 158 MGD.

Studies by the District and independent consultants in the early 1960s indicated that further expansion of the water production facilities at Florence was not warranted due to the shift of population westward. Omaha’s major growth trend was to the south and southwest. Studies also indicated that a water supply of 60 MGD could be developed in the Platte River valley immediately south of Omaha. In 1964, an alluvial well field development was begun to provide additional ground-water supply from the Platte River valley, and construction started on a water production facility, water transmission mains, and a repump station. This construction program was completed and the Platte South Plant was put into service in 1968.

The District began planning for a third source of supply in the early 1970’s. Continued westward growth of Omaha onto higher ground created some difficulties delivering water to these new areas. As a

result, the District determined to build a new water plant near the Platte River, west of the existing Omaha city limits. A 1993 preliminary engineering study concluded that a 100 MGD plant would meet the needs of the District's customers through approximately 2030. The Platte West Plant and its wellfield became operational in 2008 and were financed in part by the proceeds of the 2006A Bonds and 2006B Bonds, the outstanding balance of which was refunded by the 2015 Bonds. The District's recently completed Water System Master Plan estimates that the current plants will meet capacity needs until at least 2050.

City of Blair, Nebraska Emergency Water Supply

Since 1978, the District has provided wholesale water to the Papio Missouri Natural Resources District ("**PMNRD**") for a rural water system ("**RWS 1**") located northwest and north of Omaha in Washington County, Nebraska. PMNRD commenced operations in 2006 of a second rural water system ("**RWS 2**") adjacent to RWS 1. The City of Blair, Nebraska ("**Blair**"), provides the water supply for RWS 2. PMNRD and Blair requested an agreement with the District to provide emergency water to RWS 2 should Blair's supply be shut down by emergency conditions. The District, through the piping of RWS 1 and RWS 2, can provide an emergency supply with a proper connection of the systems. In 2004, the District and PMNRD entered into an agreement to provide an emergency water supply to RWS 2 and Blair by providing 1.5 million gallons per day ("**MGD**") on a wholesale supply basis during a "water emergency." A water emergency is defined as a major failure of Blair's water treatment plant resulting in a lack of water that jeopardizes public health and safety. The District is not obligated to reserve any capacity for this purpose and is obligated to provide water only when it is available for sale after fulfilling the District's normal uses.

The Project

The proceeds of the sale of the 2026 Bonds will be used to finance improvements to the District's Water System, including but not limited to the Florence Water Treatment Plant (the "**Florence Plant**"), Platte South Water Treatment Plant (the "**Platte South Plant**"), Platte West Plant, a new reservoir, various water pumping station repairs and rehabilitation, and related infrastructure, including reimbursement of the District for expenditures made therefor.

The Refunding Projects

2012 Refunding Project - The proceeds of the sale of the 2012 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 regulatory requirements and to address certain condition assessment concerns identified by the District's consultant in the Comprehensive Engineering Review ("**CER**") of the Florence Plant, including reimbursing previously incurred capital expenditures of the District for such purposes, paying the costs and expenses incurred in the issuance of the 2012 Bonds and depositing an amount in the Reserve Account as required by the 2012 Resolution.

2015 Refunding Project - The proceeds of the sale of the 2015 Bonds were used to (a) finance a portion of the costs of improvements to the District's Water System including multiple projects undertaken to upgrade the District's Florence Plant in part to comply with regulatory requirements and to address certain condition assessment concerns identified by the District's consultant in the CER of the Florence Plant and piping upgrades to the District's Water System (b) refund the District's outstanding 2006A Bonds and 2006B Bonds and (c) pay the costs and expenses incurred in the issuance of the 2015 Bonds. The 2006A Bonds and 2006B Bonds, being refunded with proceeds of the 2015 Bonds, were issued to finance a portion of the construction, equipping and improving of the Platte West Plant.

2018 Refunding Project - The proceeds of the sale of the 2018 Bonds were used to (a) finance a portion of the costs of improvements to and continued rehabilitation of the District's Florence Plant and other improvements to the District's Water System, and (b) pay the costs and expenses incurred in the issuance of the 2018 Bonds.

Customers

As of December 31, 2024, the District's 229,270 Water System customers included 209,931 residential, 19,335 commercial and industrial and 4 wholesale water system operators. During 2024, approximately 62% of the District's metered Water System revenue was derived from sales to residential customers, 37% from sales to commercial and industrial customers and 1% from sales to wholesale customers.

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Ten Largest Customers by Revenue

The following table shows the ten largest customers by revenue for the twelve months ended December 31, 2024.

<u>Customer</u>	<u>Percentage of Total Water System Revenue</u>	<u>Rank by Revenue</u>
City of Omaha	1.3%	1
Fireball Group LLC (Data Processing)	0.8%	2
WK Kellogg Sales LLC	0.7%	3
Nebraska Beef	0.6%	4
Greater Omaha Packing Co	0.5%	5
University of Nebraska at Omaha	0.5%	6
Broadmoor Development Company	0.5%	7
Omaha Public Schools	0.5%	8
JBS USA LLC	0.5%	9
Tyson Processing	0.3%	10

Customer Water Sales (Volumes). Collectively, the ten largest customers accounted for approximately 10% of total water volume sold in fiscal year 2024, and no single customer accounted for more than 2% of total water volume sold.

Water Usage

The District has continued long-range planning studies to identify capacity requirements and resulting probable capital expenditure requirements. The following table illustrates the change in water usage, in millions of gallons (“MG”), and growth in the number of customers for the period between 2015 and 2024:

Year	Water Usage (MG)	Number of Customers
2015	30,476	208,256
2016	31,912	211,623
2017	33,307	214,142
2018	31,138	216,180
2019	31,235	218,116
2020	34,070	220,625
2021	34,172	222,715
2022	35,367	225,028
2023	35,890	227,433
2024	36,385	229,270

Water Rates

The District’s Board of Directors, by Nebraska statute, has the sole power and authority to determine and fix all water rates.

The District’s Rate Structure is comprised of four components:

1. Commodity – Variable based on usage
2. Statutory Payments to Municipalities – 2% variable
3. Infrastructure Charge – Fixed Based on Customer Class
4. Service Charge – Fixed: Based on meter size

Since January 1, 2015 there have been 10 water increases, as follows:

Effective Date	Rate Component	
	Commodity	Service Charge
1/2/2015	5.0%	5.0%
1/2/2016	3.5%	3.5%
1/2/2017	2.5%	2.5%
1/2/2018	2.5%	0.0%
7/1/2019	7.0%	0.0%
1/1/2020	12.0%	0.0%
5/1/2021	4.35%	0.0%
1/1/2022-Two Tiered	7.79% W1(Residential) & W2 (Commercial & Industrial) 5.58% W-3(Large Vol Industrial), W-4 (Commercial & Industrial – Sprinkling) & Wholesale	0.0%
1/2/2023-Two Tiered	7.13% All Customer Classes Except Wholesale 8.13% Wholesale	0.0%
1/2/2024-Two Tiered	8.5% All Customer Classes Except Wholesale 9.5% Wholesale	0.0%
1/2/2025-Two Tiered	7.5% All Customer Classes Except Wholesale 10.0% Wholesale	0.0%

Effective January 2, 2024, the District effectuated a 5.6% increase to the “Infrastructure Charge” component of rates for all customer classes; the “Statutory Payments” rate component is determined statutorily by the Enabling Act. It is estimated that the average homeowner in the District will spend approximately \$490 in 2026 for water (based on 109 CCF annual usage), of which \$284 represents fixed charges (58% of amounts to be billed). The District finds, based on studies and review, that its rates continue to compare favorably with rates in other municipalities with similar operating conditions.

Residential customers of the District paid an average of \$3.95 and \$3.71 per 100 cubic feet (ccf) during the 12 months ended December 31, 2024 and 2023, respectively. This compares with the monthly residential average of \$5.00 per ccf as reported by the Memphis Light, Gas and Water Division “2025 Utility Bill Comparisons for Selected Cities Rates in Effect January 2025.” The District’s average annual use per residential customer was 115 ccf and 115ccf for the 12 months ended December 31, 2024 and

2023, respectively. The District believes its present rate structure has been developed in a manner and structure comparable to industry standards, resulting in charges that compare favorably to industry averages and is comparable to those of major neighboring water utilities.

The District serves the following customer rate classes: Residential, Commercial & Industrial, Large Volume Industrial, Commercial & Industrial - Sprinkling and Cooling and Wholesale.

Capital Programs

The District is in a continual process of analyzing Water System requirements and making long-range recommendations and estimates of capital expenditures necessary to serve the growing loads with a reliable and economical water supply. The following table lists the District’s actual capital expenditures, exclusive of interest during construction, for fiscal years 2022, 2023 and 2024. The District is financing its Capital Programs with revenues from operations, investment income, financing proceeds and cash on hand.

	<u>2022</u>	<u>2023</u> (\$ millions)	<u>2024</u>
CAPITAL PROGRAM:			
Mains	\$ 57.5	\$ 61.2	\$ 88.5
Water Plant Improvements	4.5	16.9	17.2
Hydrants & Valves	0.7	0.9	1.0
Buildings & Improvements	3.0	3.7	0.4
Purification & pumping equipment	0.1	0.3	2.4
Construction machines	5.0	3.5	4.2
Furniture, tools, and miscellaneous	1.8	0.7	2.7
Undistributed Charges	<u>2.7</u>	<u>(1.0)</u>	<u>(2.2)</u>
Total capital expenditures	<u>\$ 75.3</u>	<u>\$ 86.2</u>	<u>\$114.2</u>

Operating Revenues and Water Sales

The following table lists a breakdown of the Water System's operating revenues and water sales for the two years ended December 31, 2023 and 2024.

	<u>2023</u>		<u>2024</u>
OPERATING REVENUES			
Metered sales of water	\$ 141,509,672	\$	148,060,282
Infrastructure charge	17,215,116		18,577,324
Other operating revenues:			
Late payment charges	702,711		816,066
Private fire protection	1,085,123		1,122,104
Rents, including interdepartmental	227,919		192,732
Backflow testing and tapping	(66,908)		(166,309)
Service turn on charges	624,907		727,367
Miscellaneous	1,507,710		1,767,181
Total other operating revenues	<u>4,081,462</u>		<u>4,459,141</u>
Total operating revenues	162,806,250		171,096,747
Less: Bad debt expense	(246,758)		(188,214)
Total operating revenues, net	<u>\$ 162,559,492</u>	\$	<u>170,908,533</u>

Operations and Maintenance Expenses

The following table lists a breakdown of the Water System's operations and maintenance expenses for the two years ended December 31, 2023 and 2024.

	December 31,	
	<u>2023</u>	<u>2024</u>
OPERATING EXPENSES*		
Operating Expense:		
Primary pumping	\$ 10,952,148	\$ 10,621,175
Purification	13,261,904	15,112,954
Booster pumping	2,982,549	3,523,313
Distribution	11,205,739	12,278,152
Customer accounting & collecting	7,365,946	7,900,938
Marketing and public information	1,335,508	1,477,709
Administrative and general	3,140,591	9,693,798
Total operating expense	<u>50,244,385</u>	<u>60,608,039</u>
Maintenance expense:		
Primary pumping	3,677,461	3,432,608
Purification	2,814,829	4,957,623
Booster pumping	2,445,608	2,416,399
Distribution	28,520,824	25,610,336
Total maintenance expense	<u>37,458,722</u>	<u>36,416,966</u>
Total Operating & Maintenance	87,703,107	97,025,005
Less: Depreciation expense	<u>(1,961,310)</u>	<u>(2,078,598)</u>
Total Operating & Maintenance, net	<u>\$ 85,741,797</u>	<u>\$ 94,946,407</u>

* Source: Unaudited books and records of the District

Historical Operating Results

The following table provides summary statistical information about the District's Water System for the years 2022 to 2024, inclusive.

WATER SYSTEM HISTORICAL OPERATING RESULTS

	Fiscal Year Ending December 31,		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water System (Usage, Million Gallons) ⁽¹⁾	35,367	35,890	36,385
Water Sales in Millions of Gallons ⁽¹⁾	31,667.0	32,382.0	31,667.0
Number of Water Customers ⁽¹⁾	225,028	227,433	229,270
Sales Revenues ⁽²⁾	\$ 152,647,809	\$ 162,559,492	\$ 170,908,533
Expenses ⁽²⁾			
Operating and maintenance ⁽³⁾	84,007,191	85,741,797	94,946,407
Depreciation and Amortization ⁽³⁾	17,917,185	18,701,848	19,429,000
Payment in lieu of taxes ⁽²⁾	<u>2,109,790</u>	<u>2,219,932</u>	<u>2,306,485</u>
Total operating expenses ⁽²⁾	104,034,166	106,663,577	116,681,892
Operating Income (Loss) ⁽²⁾	48,613,643	55,895,915	54,226,641
Nonoperating Income (Loss), Net ⁽²⁾	(6,347,228)	(3,426,776)	(800,658)
Net Income ⁽²⁾	\$ 42,266,415	\$ 52,469,139	\$ 53,425,983
Earnings Available for Debt Service ⁽¹⁾			
Add Back Depreciation and Amortization	17,917,185	18,701,848	19,429,000
Add Back Int. Expense in Nonoperating Inc. (Loss)	7,045,270	8,825,231	8,028,789
Add Back Other Noncash Amounts in O&M ⁽⁴⁾	<u>(4,629,652)</u>	<u>(10,061,144)</u>	<u>(7,693,660)</u>
Total Available For Debt Service	\$ <u>62,599,218</u>	\$ <u>69,935,074</u>	\$ <u>73,190,112</u>
Average Principal and Interest Requirements	\$ 16,563,154	\$ 16,370,158	\$ 15,896,385
Debt Service Coverage Ratio	3.78x	4.27x	4.60x
Net Assets or Equity ⁽²⁾			
Beginning of Year	\$ 427,829,860	\$ 470,096,275	\$ 522,565,414
End of Year	\$ 470,096,275	\$ 522,565,414	\$ 575,991,397

⁽¹⁾ Source: Unaudited books and records of the District

⁽²⁾ Source: Audited Financial Statements of the District for years ended December 31, 2022 through December 31, 2024

⁽³⁾ Depreciation and amortization expense varies from the face of the "Statements of Revenues, Expenses and Changes in Net Position" included in the Audited Financial Statements because the District charges to "Operating and maintenance" depreciation related to Special Machines, Office/Furniture Equipment and Tools & Work Equipment.

⁽⁴⁾ Includes unfunded other post-employment benefits and unfunded pension obligation (as determined by actuary).

See “**APPENDIX B**” for the District’s audited financial statements of each of its major funds as of December 31, 2024 and 2023. The information therein relating to the District’s gas system is for information only. Under the Enabling Act, the District is required to account separately for its water and gas systems. Accordingly, gas system revenues may not be pledged to the payment of the 2026 Bonds, nor may the Water System’s Revenues be pledged or otherwise used for gas system purposes, subject to the District’s power to engage in limited, short-term interfund borrowing. The District currently has \$24,520,000 outstanding principal amount of Gas System Revenue Bonds, Series 2018, issued on June 28, 2018; \$105,425,000 outstanding principal amount of Gas System Revenue Bonds, Series 2022, issued on March 16, 2022; and \$81,695,000 outstanding principal amount of Gas System Revenue Bonds, Series 2023, issued on November 8, 2023.

Future Financing Plans

The CER of the Florence Plant allowed the District to create a plan to upgrade and address condition assessment concerns for the 136 year-old Florence Plant. The plan identified many needed upgrades to the Florence Plant, which have been addressed via a multi-phase capital improvement plan. A portion of this plan was funded by the 2012 Bonds and 2015 Bonds. The proceeds of the 2018 Bonds funded Florence related expenditures through early 2022. The proceeds of the 2022 bonds funded Florence related upgrades through 2025. The 2026 bonds will fund capital improvement plan spending of approximately \$44 million.

The CER of the Platte South Plant allowed the District to create a plan to upgrade and address condition assessment concerns for this 57-year-old-plant. The 2022 bonds funded capital improvement plan spending through 2025. The 2026 bonds will fund capital improvement plan spending of approximately \$29 million.

The CER of the Platte West Plant allowed the District to create a plan to upgrade and address condition assessment concerns for the plant. The 2026 bonds will fund capital improvement plan spending of approximately \$13 million.

A District Water System Master Plan (WSMP) was completed in early-2022 via a professional services engagement with HDR Engineering. The plan identified the need for two additional reservoirs, additional pumping stations and the rehabilitation of existing pumping stations. The 2026 bonds will fund capital improvement plan spending of approximately \$67 million, which is expected to fund the majority of the completion of the first reservoir and other pumping station infrastructure.

The District believes it will likely issue additional Parity Revenue Bonds for future improvements to the three water treatment plants and related infrastructure. In accordance with the Resolution, the District is permitted to issue additional Parity Revenue Bonds for its Water System upon the satisfaction of certain conditions as set forth in this Official Statement in “**APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Additional Bonds.**”

Finally, the District has a long-range Water Infrastructure Replacement asset management plan in place to initially focus on the replacement of high risk/high consequence mains in their distribution system, many of which are cast iron. Should there be a need to accelerate this plan beyond the currently planned rate of replacement, the District may issue additional Parity Revenue Bonds.

Debt Service on the District's Water System Bonds

The following table shows the District's estimated debt service requirements for the 2022 Bonds and the 2026 Bonds.

<u>Year</u>	Principal and Interest, Outstanding Bonds⁽¹⁾	Principal and Interest, <u>2026 Bonds</u>	Total Parity Revenue <u>Indebtedness⁽²⁾</u>
2026	\$ 4,952,093.76		
2027	4,950,343.76		
2028	4,948,093.76		
2029	4,950,093.76		
2030	4,950,843.76		
2031	4,950,093.76		
2032	4,952,593.76		
2033	4,947,843.76		
2034	4,950,843.76		
2035	4,950,843.76		
2036	4,952,593.76		
2037	4,950,593.76		
2038	4,949,593.76		
2039	4,949,168.76		
2040	4,951,518.76		
2041	4,951,218.76		
2042	<u>4,947,375.00</u>		
Total	<u>\$84,155,750.16</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Excludes the 2012 Bonds, the 2015 Bonds and the 2018 Bonds, which are being refunded by the 2026 Bonds.

⁽²⁾ Includes only indebtedness issued on a senior parity basis as to certain water system revenues of the District. The District's Water Department has a 2009 Note to the NDEE outstanding in the amount of approximately \$2.1 million as of December 31, 2024, which is subordinate to the indebtedness listed in the table above. In addition, the District's Water Department has a 2023 Note to the NDEE outstanding in the maximum amount of not to exceed \$40,000,000, of which \$330,239 has been drawn.

THE OMAHA METROPOLITAN AREA

The following information about the metropolitan area of Omaha, Nebraska is included because the District's service area generally comprises Omaha and its metropolitan environs. **The 2026 Bonds are not a debt of, nor are they payable by, the City of Omaha.**

Property Valuations - City of Omaha

2021	\$42,222,474,745
2022	45,176,000,625
2023	49,844,333,410
2024	52,956,852,015
2025	56,196,781,740

Source: Nebraska Auditor of Public Accounts (Omaha only – does not include Bellevue, Ralston, LaVista, Bennington, Fort Calhoun, Waterloo, Carter Lake or Offutt)

Total Tax Levy - City of Omaha¹

2020-21	\$0.4792
2021-22	0.4692
2022-23	0.4692
2023-24	0.4573
2024-25	0.4399

Source: Nebraska Department of Revenue, Property Assessment Division

¹ Per \$100.00 of assessed value

Building Permits – City of Omaha

2020	\$1,347,834,667
2021	3,216,189,800
2022	1,812,085,671
2023	1,575,466,668
2024	2,034,639,979

Source: Greater Omaha Economic Development Partnership; Greater Omaha Combined Statistical Area (includes Cass, Dodge, Douglas, Sarpy, Saunders and Washington Counties of Nebraska and Harrison, Pottawattamie and Mills Counties of Iowa)

Net Taxable Sales – Greater Omaha Counties

	(millions)
2020	\$12,563
2021	14,328
2022	15,690
2023	16,183
2024	16,226

Source: Nebraska Department of Revenue, Reports, Statistics, Sales Tax Data, Annual Non-motor Vehicle Sales Tax Collections (Includes the counties of Cass, Douglas, Sarpy, Saunders, and Washington)

Employment and Unemployment Rates

Within City of Omaha

	Employment	Unemployment Rate (%)
2020	247,651	5.2
2021	249,164	3.2
2022	250,158	2.5
2023	249,510	2.7
2024	251,431	3.2

Source: Nebraska Dept. of Labor, Labor Market Information, Local Area Unemployment Statistics (LAUS)

Omaha MSA Nonagricultural Wage and Salary Employment

The following table shows the employment distribution by industry group for the greater Omaha area for 2023 and 2024:

Industry	Average for 2023		Average for 2024	
	Number of Employees (in thousands)	% of Total	Number of Employees (in thousands)	% of Total
Mining and Logging	0.00	0.00%	0.00	0.00%
Construction	33.0	6.48%	32.8	6.38%
Manufacturing	35.8	7.03%	36.0	7.00%
Trade, Transportation and Utilities	95.1	18.67%	94.7	18.41%
Information	9.0	1.77%	8.6	1.67%
Financial Activities	40.8	8.01%	39.9	7.76%
Professional and Business Services	73.1	14.35%	71.2	13.84%
Educational and Health Services	84.4	16.57%	88.8	17.27%
Leisure and Hospitality	53.7	10.54%	55.8	10.85%
Other Services	17.2	3.38%	17.7	3.44%
Government	67.4	13.23%	68.8	13.38%
Total	<u>509.5</u>	<u>100.00%</u>	<u>514.3</u>	<u>100.00%</u>

Sources: Bureau of Labor Statistics: State and Area Employment, Hours, & Earnings: Annual Average Tables, Employees on nonfarm payrolls in States and selected areas by major industry.

Omaha MSA Population and Employment

	<u>Population</u> ¹	<u>Employment</u> ²
2000	767,041	411,071
2010 ³	865,350	442,346
2015	913,073	464,060
2020	969,176	486,905
2024	1,001,010	512,130

¹ Source: United States Bureau of Census, including estimates and results of the 2000 Census and the 2010 Census.

² U.S. Bureau of Labor Statistics.

³ In 2003, the Omaha MSA was modified to include one additional Nebraska county and two additional Iowa counties.

Greater Omaha Major Employers by Number of Employees (2025)

1. Offutt Air Force Base	5,000+
2. Nebraska Medicine	5,000+
3. CHI	5,000+
4. Omaha Public Schools (OPS)	5,000+
5. University of Nebraska Medical Center	5,000+
6. Methodist Health System	5,000+
7. Union Pacific Railroad	2,500-4,999
8. City of Omaha	2,500-4,999
9. First National Bank of Omaha (FNBO)	2,500-4,999
10. Mutual of Omaha	2,500-4,999

Source: Greater Omaha Chamber

Omaha MSA Personal Income (per capita)

<u>Year</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>U.S. Per Capita Personal Income</u>
2000	\$25,199,387	\$32,757	\$30,551
2010	39,222,736	45,184	40,557
2015	48,753,150	52,928	48,062
2020	58,079,182	59,928	59,151
2023	73,830,048	75,033	70,002

Source: Bureau of Economic Analysis, CAINCI and SAINCI, Personal Income Summary

Net Taxable Sales - Douglas County

<u>Year</u>	<u>Net Taxable Sales (includes Retail Sales)</u>
2020	\$ 9,795,423,603
2021	11,086,316,277
2022	12,126,302,427
2023	12,451,780,200
2024	12,513,281,502

Source: Nebraska Department of Revenue, Sales Tax Data, Nebraska Non-motor Vehicle Sales Tax Collections by County and Selected Cities.

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT AS OF DECEMBER 31, 2024 AND 2023 AND INDEPENDENT AUDITORS' REPORT

The District's financial statements include both the Water System and the District's gas system. In accordance with the Enabling Act, the revenues of the District's gas system are not pledged to, and do not secure the payment of, the 2026 Bonds.

METROPOLITAN UTILITIES DISTRICT

Financial Statements and Supplemental Schedules

December 31, 2024 and 2023

(With Independent Auditor's Report Thereon)

METROPOLITAN UTILITIES DISTRICT

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Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

RSM US LLP

Omaha, Nebraska
March 27, 2025

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

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

Overview of Financial Statements

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

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

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

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

Financial Highlights

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

Gas Department

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

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

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

Gas Department Summary of Results of Operations

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

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

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

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

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

Gas Department Summary Financial Position

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

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

Gas Department Long-Term Debt Activity

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

Gas Department Long-Term Debt Covenant Compliance

Series 2018, Series 2022 and Series 2023 Gas Revenue Bonds

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

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

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

Credit Ratings and Liquidity

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

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

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

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

Gas Department Capital Asset Activity

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

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December 31, 2024 and 2023

Water Department

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Water sales (million gallons)	32,015.8	32,381.8	31,667.0

In 2024, the volume of water sales decreased 365.9 million gallons vs. prior year, or 1.1%, due in part to full year precipitation levels that were approximately 1.1 inches, or 3.4%, above normal annual precipitation levels of 31.9 inches (2024 precipitation was 33.0 inches for the year), partially offset by the fact that full year precipitation totals for 2023 were 7.0 inches below normal (25.0 inches for the year). In 2023, the volume of water sales increased 714.8 million gallons vs. prior year, or 2.3%, due in part to full year precipitation levels that were approximately 7 inches, or 21.6%, below normal annual precipitation levels of 31.9 inches (2023 precipitation was 25.0 inches for the year), partially offset by the fact that full year precipitation totals for 2022 were 9 inches below normal (22.5 inches for the year).

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Customers (December 31)	229,270	227,433	225,028

The number of customers at the end of 2024 increased 1,837, or 0.8%, over 2023. The number of customers at the end of 2023 increased 2,405, or 1.1%, over 2022.

Water Department Summary of Results of Operations

	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Operating revenues:						
Water sales	\$ 148,060,282	87%	\$ 141,509,672	87%	\$ 133,276,451	86%
Infrastructure charge	18,577,324	11	17,215,116	11	15,324,431	11
Other	4,459,141	2	4,081,462	2	4,338,282	3
Less bad debt expense	(188,214)	—	(246,758)	—	(291,355)	—
Total operating revenues, net	<u>170,908,533</u>	<u>100%</u>	<u>162,559,492</u>	<u>100%</u>	<u>152,647,809</u>	<u>100%</u>
Operating expenses	116,681,892		106,663,577		104,034,166	
Nonoperating expenses net	<u>2,877,104</u>		<u>3,426,776</u>		<u>6,347,228</u>	
Income before capital grants	51,349,537		52,469,139		42,266,415	
Capital grants	<u>2,076,446</u>		—		—	
Change in net position	53,425,983		52,469,139		42,266,415	
Net position, beginning of year	<u>522,565,414</u>		<u>470,096,275</u>		<u>427,829,860</u>	
Net position, end of year	<u>\$ 575,991,397</u>		<u>\$ 522,565,414</u>		<u>\$ 470,096,275</u>	

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

Operating revenues, net, increased 5.1% in 2024 as compared with 2023 due to an increase to the Commodity Component of rates of 8.5% for residential, commercial, large volume industrial and sprinkling customers and 9.5% for wholesale customers effective January 2, 2024, a 5.6% increase to the Infrastructure Charge effective January 2, 2024, partially offset by decreased usage associated with precipitation levels that were 1.1 inches above normal in 2024. Operating revenues, net, increased 6.5% in 2023 as compared with 2022 due to an increase to the Commodity Component of rates of 7.1% for residential, commercial, large volume industrial and sprinkling customers and 8.1% for wholesale customers effective January 2, 2023, a 12.5% increase to the Infrastructure Charge effective January 2, 2023, coupled with increased usage associated with precipitation levels that were 7 inches below normal in 2023.

Total operating expenses in 2024 were up by \$10.0 million as compared with 2023, or 9.4%, due primarily to increased pension and Other Post Employment Benefit (OPEB) expense due to changes in investment returns, increased water purification costs driven by higher cost of chemicals, increased distribution expense driven by higher locating related costs and increased depreciation and amortization expense. These increases were partially offset by decreased costs related to water service reconnections and service replacements. Total operating expenses in 2023 were up by \$2.6 million as compared with 2022, or 2.5%, due primarily to by increased distribution expense driven by higher locating related costs, increased pumping expense, largely due to the higher volume of water sales and increased depreciation and amortization expense. These increases were partially offset by decreased pension and Other Post Employment Benefit (OPEB) expense due to investment returns that were well above expectations.

Net non-operating expenses in 2024 decreased by \$0.5 million as compared with 2023, or 16.0%, due primarily to lower interest expense, partially offset by insurance proceeds related to a construction center ground settling claim and a flood claim in 2023. Net non-operating expenses in 2023 decreased by \$2.9 million as compared with 2022, or 46.0%, due primarily to increased investment earnings on Water Department cash balances due to increased investable balances and higher yields and insurance proceeds related to a construction center ground settling claim and a flood claim. These items were partially offset by higher interest expense associated with the 2022 Water Revenue Bonds.

Capital grant revenue increased \$2.1 million in 2024 compared to zero in 2023. The District earned \$1.8 million related to lead service line replacement and \$0.3 million from the state Department of Natural Resources.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

Water Summary Financial Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Plant in service, net	\$ 1,179,664,080	\$ 1,093,211,593	\$ 1,033,228,040
Current assets	162,745,631	188,819,088	155,133,407
Noncurrent assets	<u>24,924,959</u>	<u>24,867,312</u>	<u>57,040,512</u>
Total assets	<u>1,367,334,670</u>	<u>1,306,897,993</u>	<u>1,245,401,959</u>
Deferred outflows of resources			
Pension amounts	4,551,926	13,939,522	32,575,320
OPEB amounts	2,921,558	1,232,270	4,676,780
Debt refunding	<u>1,276,931</u>	<u>1,598,872</u>	<u>1,959,771</u>
Total deferred outflows of resources	<u>8,750,415</u>	<u>16,770,664</u>	<u>39,211,871</u>
Total assets and deferred outflows of resources	<u>\$ 1,376,085,085</u>	<u>\$ 1,323,668,657</u>	<u>\$ 1,284,613,830</u>
Deferred inflows of resources			
Pension amounts	\$ —	\$ 1,308,849	\$ 3,390,786
OPEB amounts	6,519,030	8,148,438	14,432,264
Lease amounts	1,153,438	818,218	869,802
Contributions in aid of construction	<u>416,598,612</u>	<u>391,700,124</u>	<u>370,233,553</u>
Total deferred inflows of resources	<u>424,271,080</u>	<u>401,975,629</u>	<u>388,926,405</u>
Current liabilities	118,905,319	111,633,485	95,875,142
Noncurrent liabilities	<u>256,917,289</u>	<u>287,494,129</u>	<u>329,716,008</u>
Total liabilities	<u>375,822,608</u>	<u>399,127,614</u>	<u>425,591,150</u>
Net position:			
Net investment in capital assets	570,987,403	495,656,856	459,060,877
Restricted	2,956,574	2,712,450	2,891,581
Unrestricted	<u>2,047,420</u>	<u>24,196,108</u>	<u>8,143,817</u>
Total net position	<u>575,991,397</u>	<u>522,565,414</u>	<u>470,096,275</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,376,085,085</u>	<u>\$ 1,323,668,657</u>	<u>\$ 1,284,613,830</u>

METROPOLITAN UTILITIES DISTRICT

Management’s Discussion and Analysis

December 31, 2024 and 2023

Water Department Long-Term Debt Activity

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

	<u>Balance at December 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2024</u>
Water Revenue Bonds				
Series 2022	\$ 61,535,000	\$ -	\$ 2,025,000	\$ 59,510,000
Plus unamortized premium	3,159,401	-	285,461	2,873,940
Water Revenue Bonds				
Series 2022	30,545,000	-	1,570,000	28,975,000
Plus unamortized premium	715,623	-	85,696	629,927
Water Revenue Bonds				
Series 2015	120,030,000	-	10,680,000	109,350,000
Plus unamortized premium	4,258,915	-	807,911	3,451,004
Water Revenue Bonds				
Series 2012	22,120,000	-	2,095,000	20,025,000
Plus unamortized premium	1,161,005	-	129,513	1,031,492
NDEQ Note Payable #2	2,447,082	-	305,641	2,141,441
	<u>\$ 245,972,026</u>	<u>\$ -</u>	<u>\$ 17,984,222</u>	<u>\$ 227,987,804</u>

On October 13, 2022, the District issued \$63,085,000 of Water System Revenue Bonds Series 2022. The proceeds of the sale of the 2022 bonds are being used, together with other available funds, to finance the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisitions for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2024 and 2023, the District’s long-term debt included \$59,510,000 and \$61,535,000, respectively of Series 2022 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$2,025,000 and \$1,550,000 towards its outstanding Series 2022 water revenue bonds. At December 31, 2024, \$27.2 million of the bond proceeds remained.

At December 31, 2024 and 2023, the District’s long-term debt included \$28,975,000 and \$30,545,000, respectively, of Series 2018 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$1,570,000 and \$1,495,000 towards its outstanding Series 2018 water revenue bonds.

At December 31, 2024 and 2023, the District’s long-term debt included \$109,350,000 and \$120,030,000 respectively, of Series 2015 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$10,680,000 and \$10,155,000 towards its outstanding Series 2015 water revenue bonds.

At December 31, 2024 and 2023, the District’s long-term debt included \$20,025,000 and \$22,120,000, respectively, of Series 2012 water revenue bonds outstanding. During 2024 and 2023, respectively, the District made principal payments of \$2,095,000 and \$2,020,000 towards its outstanding Series 2012 water revenue bonds.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

In 2009, the District entered into an American Recovery and Reinvestment Act loan agreement with the NDEQ for the construction of a contact basin located near its Platte South Water Treatment Plant; the loan is at a 2% interest rate per annum (NDEQ Note Payable #2). This loan provided for \$1,089,775 in loan forgiveness in the form of a grant, at project completion. At December 31, 2024 and 2023, long term obligations for this note were \$2,141,441 and \$2,447,082 respectively. During 2024 and 2023, the District made principal payments of \$305,641 and \$299,618 respectively pursuant to this note payable.

Water Department Long-Term Debt Covenant Compliance

Series 2012, Series 2015, Series 2018 and Series 2022 Water Revenue Bonds

The District was in compliance with the provisions of the Series 2012, 2015, 2018 and 2022 water revenue bond covenants at December 31, 2024, 2023 and 2022. Relative to these bond offerings, the District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then outstanding; and (b) 100% of the amount required to pay any other unpaid long term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Funds available for debt service exceeded amounts required by covenants by approximately \$49.7 million, \$50.3 million and \$42.7 million for 2024, 2023 and 2022, respectively. Please see the chart below for debt service coverage ratio information:

	2024	2023	2022
Debt service coverage ratios	4.32x	4.27x	3.78x
Debt service coverage requirements	1.20x	1.20x	1.20x

Credit Ratings and Liquidity

In December 2024, S&P Global Ratings raised its ratings on the District's water revenue bonds to AA+ from AA, citing the District's "strong revenue generation." In October 2023, Moody's Investors Service affirmed the Aa2 rating of the District's water enterprise system, citing a "growing customer base and solid financial performance."

The District continues to focus on maintaining strong liquidity for the Water Department through adherence to disciplined financial and operational management practices. These efforts have resulted in consistently strong liquidity as demonstrated by the number of "days cash on hand", with 353 days at year-end 2024 as compared with 453 days at year-end 2023 and 415 days at year-end 2022. The decrease to "days cash on hand" between 2023 and 2024 is driven by a \$20.1 million decrease in unrestricted cash balances, primarily due to increased capital expenditures. The unrestricted cash balances were \$101.5 million at year-end 2024.

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

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

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

Water Department Capital Asset Activity

Significant projects in 2024 and 2023 are as follows:

- In 2024, capital and construction-related costs totaled \$114.2 million; significant expenditures for projects completed or in process included:
 - 1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$31.0 million;
 - 2) Other water mains and distribution: \$58.6 million;
 - 3) Florence water treatment plant – Basin 6 refurbishment: \$5.8 million;
 - 4) Platte South Administration building and security upgrades: \$4.7 million;
 - 5) Platte South Electrical building construction: \$2.7 million;
 - 6) Land acquisition for future reservoir and pump station: \$2.1 million;
 - 7) Other buildings, land and equipment: \$2.5 million;
 - 8) Construction machines: \$4.2 million;
 - 9) Furniture, equipment and all other general plant: \$2.6 million.

- In 2023, capital and construction-related costs totaled \$86.2 million; significant expenditures for projects completed or in process included:
 - 1) Infrastructure replacement (i.e. Cast Iron main abandonment/replacement): \$23.7 million;
 - 2) Other water mains and distribution: \$38.4 million;
 - 3) Florence water treatment plant – Basin 6 refurbishment: \$12.9 million;
 - 4) West Dodge pump station– Design and construction: \$1.7 million;
 - 5) Other buildings, land and equipment: \$4.4 million;
 - 6) Construction machines: \$3.5 million.
 - 7) Furniture, equipment and all other general plant: \$1.6 million.

Economic Factors and Going Forward

In December 2024, the Board of Directors approved the District's 2025 budget. Also approved was an increase to gas rate commodity charges and an increase in the monthly Gas Infrastructure Rate fee. Despite these increases to rates, the 2025 budget projects 6.1% overall annual decrease in the average residential gas bill as compared with 2024 budget assumptions driven by the lower cost of natural gas passed through to customers. In addition, an approved increase to water rate commodity charges and an increase to the monthly Water Infrastructure Rate fee will result in a 5.0% overall annual increase to the average residential water bill as compared with 2024 budget assumptions. These gas and water rate increases became effective on January 2, 2025.

The District estimates 2025 revenues of \$254.7 million for the Gas Department and \$183.9 million for the Water Department. The revenues, combined with modest spend-down of cash reserves by the Gas and Water Departments, will be used to fund the District's operating expenditures, natural gas purchases and debt service costs.

METROPOLITAN UTILITIES DISTRICT

Management's Discussion and Analysis

December 31, 2024 and 2023

The budget funds will allow the District to continue updating aging natural gas and water infrastructure using a rigorous asset management plan. The plan is critical to ensuring the District's customer-owners continue to receive safe, reliable natural gas and water services and meet the needs of the future.

Work is nearly complete to expand the District's liquefied natural gas plant, an on-site storage facility. The vaporization and liquefaction equipment are currently operational and final commissioning activities are underway. Financed with revenue bonds, the project will positively impact customer-owners for many years to come by doubling output capacity and providing a hedge against spikes in the market price of natural gas.

Proceeds from gas revenue bonds issued in 2023 are being used to finance a portion of a new construction center and the remodel of an existing construction center. Renovations are underway at the existing construction center and significant progress has been made on the new construction center during 2024. This facility will improve reliability and business continuity and provide additional space for District employees for generations to come.

System improvements also continue at the District's three water production facilities. These large long-term capital improvement plans are largely financed with bond issuances to spread the costs over time, as the associated benefits will be realized over many years and many generations of our customer-owners.

Work to remove lead water service lines became a significant focus for the District and other water utilities across the nation. Fewer than 16,000 lead service lines have been identified in the Omaha metropolitan area. In 2024, the District initiated a program to replace these customer-owned service lines over the next ten years. For the initial phase, the District is leveraging state and federal grants and loans rather than rates to fund the program.

The District is committed to financial and operational stability and will continue to responsibly invest in infrastructure, systems and people to serve our customers into the future.

Contact Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President of the District at 7350 World Communications Drive, Omaha, Nebraska 68122-4041.

METROPOLITAN UTILITIES DISTRICT

Statements of Net Position

December 31, 2024 and 2023

	2024				2023			
	Gas Department	Water Department	Eliminations	Business-type Activities Total	Gas Department	Water Department	Eliminations	Business-type Activities Total
Assets and Deferred Outflows of Resources								
Captial assets:								
Utility plant in service	\$ 798,515,026	1,473,574,728	—	2,272,089,754	\$ 755,488,019	1,404,660,992	—	2,160,149,011
Less accumulated depreciation	266,153,262	421,085,918	—	687,239,180	252,872,621	395,684,111	—	648,556,732
Right-to-use lease assets	1,047,211	—	—	1,047,211	1,047,211	—	—	1,047,211
Less accumulated amortization	733,048	—	—	733,048	523,606	—	—	523,606
Right-to-use SBITA assets	18,461,708	—	—	18,461,708	8,365,575	—	—	8,365,575
Less accumulated amortization	8,072,336	—	—	8,072,336	4,058,230	—	—	4,058,230
	<u>543,065,299</u>	<u>1,052,488,810</u>	<u>—</u>	<u>1,595,554,109</u>	<u>507,446,348</u>	<u>1,008,976,881</u>	<u>—</u>	<u>1,516,423,229</u>
Construction in progress	146,480,514	127,175,270	—	273,655,784	108,974,371	84,234,712	—	193,209,083
Net capital assets	<u>689,545,813</u>	<u>1,179,664,080</u>	<u>—</u>	<u>1,869,209,893</u>	<u>616,420,719</u>	<u>1,093,211,593</u>	<u>—</u>	<u>1,709,632,312</u>
Noncurrent assets:								
Cash and cash equivalents – restricted	32,348,675	22,060,327	—	54,409,002	90,615,719	22,406,789	—	113,022,508
Investments - restricted	13,834,946	—	—	13,834,946	14,460,550	—	—	14,460,550
Lease receivable	2,636,342	1,154,663	—	3,791,005	2,655,405	839,777	—	3,495,182
Other noncurrent assets	2,860,957	1,688,959	—	4,549,916	2,629,768	1,620,745	—	4,250,513
Total noncurrent assets	<u>51,680,920</u>	<u>24,903,949</u>	<u>—</u>	<u>76,584,869</u>	<u>110,361,442</u>	<u>24,867,311</u>	<u>—</u>	<u>135,228,753</u>
Current assets:								
Cash and cash equivalents	187,877,604	101,494,139	—	289,371,743	181,611,958	121,568,713	—	303,180,671
Cash and cash equivalents – restricted	5,759,375	2,800,610	—	8,559,985	1,926,625	2,537,246	—	4,463,871
Investments - restricted	28,881,226	8,490,422	—	37,371,648	10,546,671	21,611,257	—	32,157,928
Accounts receivable – customers and others, less allowance for doubtful accounts	62,859,192	36,004,093	—	98,863,285	51,838,841	31,913,416	—	83,752,257
Interdepartmental receivable	—	2,341,114	(2,341,114)	—	—	592,365	(592,365)	—
Natural gas in storage	5,895,625	—	—	5,895,625	8,808,480	—	—	8,808,480
Propane in storage	7,511,683	—	—	7,511,683	7,150,940	—	—	7,150,940
Lease receivable	19,063	71,919	—	90,982	18,499	31,592	—	50,091
Interest receivable	13,489	13,490	—	26,979	13,583	14,341	—	27,924
Materials and supplies	5,550,378	8,391,042	—	13,941,420	5,540,133	6,942,862	—	12,482,995
Construction materials	8,389,924	2,728,267	—	11,118,191	8,385,769	3,218,930	—	11,604,699
Prepayments	1,856,562	431,545	—	2,288,107	1,424,836	388,366	—	1,813,202
Total current assets	<u>314,614,121</u>	<u>162,766,641</u>	<u>(2,341,114)</u>	<u>475,039,648</u>	<u>277,266,335</u>	<u>188,819,088</u>	<u>(592,365)</u>	<u>465,493,058</u>
Total assets	<u>1,055,840,854</u>	<u>1,367,334,670</u>	<u>(2,341,114)</u>	<u>2,420,834,410</u>	<u>1,004,048,496</u>	<u>1,306,897,992</u>	<u>(592,365)</u>	<u>2,310,354,123</u>
Deferred Outflows of Resources								
Pension amounts	5,069,832	4,551,926	—	9,621,758	15,938,198	13,939,522	—	29,877,720
OPEB amounts	3,337,927	2,921,558	—	6,259,485	1,392,310	1,232,270	—	2,624,580
Deferred charge on refunding	—	1,276,931	—	1,276,931	—	1,598,872	—	1,598,872
Total deferred outflows of resources	<u>8,407,759</u>	<u>8,750,415</u>	<u>—</u>	<u>17,158,174</u>	<u>17,330,508</u>	<u>16,770,664</u>	<u>—</u>	<u>34,101,172</u>
Total assets and deferred outflows of resources	<u>\$ 1,064,248,613</u>	<u>1,376,085,085</u>	<u>(2,341,114)</u>	<u>2,437,992,584</u>	<u>\$ 1,021,379,004</u>	<u>1,323,668,656</u>	<u>(592,365)</u>	<u>2,344,455,295</u>

See accompanying notes to basic financial statements.

	2024				2023			
	Gas Department	Water Department	Eliminations	Business-type Activities Total	Gas Department	Water Department	Eliminations	Business-type Activities Total
Liabilities, Deferred Inflows and Net Position								
Net position:								
Net investment in capital assets	\$ 470,344,142	570,987,403	—	1,041,331,545	\$ 442,054,853	495,656,856	—	937,711,709
Restricted:								
Environmental	—	176,974	—	176,974	—	175,204	—	175,204
Debt service requirements-sinking fund	1,642,710	2,779,600	—	4,422,310	1,529,636	2,537,246	—	4,066,882
Unrestricted	144,617,911	2,047,420	—	146,665,331	131,691,763	24,196,108	—	155,887,871
Total net position	616,604,763	575,991,397	—	1,192,596,160	575,276,252	522,565,414	—	1,097,841,666
Deferred inflows of resources								
Pension amounts	—	—	—	—	1,628,796	1,308,849	—	2,937,645
OPEB amounts	7,732,257	6,519,030	—	14,251,287	10,165,709	8,148,438	—	18,314,147
Lease amounts	2,631,357	1,153,438	—	3,784,795	2,687,542	818,218	—	3,505,760
Contributions in aid of construction	42,631,048	416,598,612	—	459,229,660	41,830,029	391,700,124	—	433,530,153
Total deferred inflows of resources	52,994,662	424,271,080	—	477,265,742	56,312,076	401,975,629	—	458,287,705
Noncurrent liabilities:								
Long-term debt, excluding current installments	221,493,869	210,516,020	—	432,009,889	231,347,291	229,296,386	—	460,643,677
Lease liability	116,364	—	—	116,364	341,563	—	—	341,563
SBITA liability	6,522,495	—	—	6,522,495	1,675,559	—	—	1,675,559
Self-insured risks	1,000,527	1,098,272	—	2,098,799	606,445	682,187	—	1,288,632
Net pension liability	15,324,426	13,206,800	—	28,531,226	25,206,838	21,557,619	—	46,764,457
Net OPEB liability	33,980,087	29,948,300	—	63,928,387	38,463,036	34,051,193	—	72,514,229
Other accrued expenses	2,061,768	2,147,897	—	4,209,665	1,828,740	1,906,745	—	3,735,485
Total noncurrent liabilities	280,499,536	256,917,289	—	537,416,825	299,469,472	287,494,130	—	586,963,602
Current liabilities:								
Accounts payable	50,906,725	10,493,369	—	61,400,094	37,382,504	10,634,244	—	48,016,748
Customer deposits	36,209,701	5,262,675	—	41,472,376	29,814,690	8,624,186	—	38,438,876
Customer advances for construction	355,953	49,138,706	—	49,494,659	152,912	41,896,621	—	42,049,533
Interdepartmental payable	2,341,114	—	(2,341,114)	—	592,365	—	(592,365)	—
Sewer fee collection due to municipalities	—	27,680,726	—	27,680,726	—	25,900,478	—	25,900,478
Statutory payment due to municipalities	1,117,979	830,562	—	1,948,541	1,268,933	728,194	—	1,997,127
Other accrued expenses	3,556,129	3,704,524	—	7,260,653	3,549,906	3,701,153	—	7,251,059
Current installments of long-term debt	7,945,000	17,471,784	—	25,416,784	7,315,000	16,675,640	—	23,990,640
Current installments of lease liability	225,199	—	—	225,199	213,963	—	—	213,963
Current installments of SBITA liability	3,285,775	—	—	3,285,775	1,739,644	—	—	1,739,644
Unearned revenue - firm service agreement	2,198,019	—	—	2,198,019	2,191,907	—	—	2,191,907
Accrued interest on revenue bonds	761,436	684,434	—	1,445,870	814,272	750,897	—	1,565,169
Accrued interest on leases	—	—	—	—	—	—	—	—
Accrued interest on SBITA's	102,652	—	—	102,652	28,284	—	—	28,284
Self-insured risks	1,251,558	3,638,539	—	4,890,097	1,431,583	2,722,070	—	4,153,653
Other liabilities	3,892,412	—	—	3,892,412	3,825,241	—	—	3,825,241
Total current liabilities	114,149,652	118,905,319	(2,341,114)	230,713,857	90,321,204	111,633,483	(592,365)	201,362,322
Total liabilities	394,649,188	375,822,608	(2,341,114)	768,130,682	389,790,676	399,127,613	(592,365)	788,325,924
Total liabilities, deferred inflows of resources, and net position	\$ 1,064,248,613	1,376,085,085	(2,341,114)	2,437,992,584	\$ 1,021,379,004	1,323,668,656	(592,365)	2,344,455,295

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2024 and 2023

	2024			2023		
	Gas Department	Water Department	Business-type Activities Total	Gas Department	Water Department	Business-type Activities Total
Operating revenues:						
Charges for services	\$ 218,186,059	171,096,747	389,282,806	\$ 256,878,069	162,806,250	419,684,319
Less bad debt expense	530,081	188,214	718,295	944,894	246,758	1,191,652
Charges for services, net	<u>217,655,978</u>	<u>170,908,533</u>	<u>388,564,511</u>	<u>255,933,175</u>	<u>162,559,492</u>	<u>418,492,667</u>
Operating expenses:						
Cost of natural gas	104,022,598	—	104,022,598	143,384,526	—	143,384,526
Operating and maintenance	55,760,800	97,025,005	152,785,805	49,333,188	87,703,107	137,036,295
Depreciation and amortization	20,279,378	17,350,402	37,629,780	19,677,699	16,740,538	36,418,237
Payment in lieu of taxes	3,258,538	2,306,485	5,565,023	4,532,955	2,219,932	6,752,887
Total operating expenses	<u>183,321,314</u>	<u>116,681,892</u>	<u>300,003,206</u>	<u>216,928,368</u>	<u>106,663,577</u>	<u>323,591,945</u>
Operating income	<u>34,334,664</u>	<u>54,226,641</u>	<u>88,561,305</u>	<u>39,004,807</u>	<u>55,895,915</u>	<u>94,900,722</u>
Nonoperating revenues (expenses):						
Investment income, net	14,436,868	5,370,722	19,807,590	10,820,569	5,409,640	16,230,209
Other income (expense)	110,539	(219,038)	(108,499)	767,778	(11,186)	756,592
Interest expense, net	(8,019,917)	(8,028,788)	(16,048,705)	(4,504,082)	(8,825,230)	(13,329,312)
Total nonoperating revenues (expenses), net	<u>6,527,490</u>	<u>(2,877,104)</u>	<u>3,650,386</u>	<u>7,084,265</u>	<u>(3,426,776)</u>	<u>3,657,489</u>
Income before capital grants	40,862,154	51,349,537	92,211,691	46,089,072	52,469,139	98,558,211
Capital grants	466,357	2,076,446	2,542,803	—	—	—
Change in net position	41,328,511	53,425,983	94,754,494	46,089,072	52,469,139	98,558,211
Net position, beginning of year	<u>575,276,252</u>	<u>522,565,414</u>	<u>1,097,841,666</u>	<u>529,187,180</u>	<u>470,096,275</u>	<u>999,283,455</u>
Net position, end of year	<u>\$ 616,604,763</u>	<u>575,991,397</u>	<u>1,192,596,160</u>	<u>\$ 575,276,252</u>	<u>522,565,414</u>	<u>1,097,841,666</u>

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Cash Flows

December 31, 2024 and 2023

	2024			2023		
	Gas	Water	Business-type	Gas	Water	Business-type
	Department	Department	Activities Total	Department	Department	Activities Total
Cash flows from operating activities:						
Receipts from customers	\$ 207,233,312	167,006,069	374,239,381	\$ 301,186,311	159,351,403	460,537,714
Payments to suppliers	(94,083,147)	(70,491,588)	(164,574,735)	(165,927,294)	(64,180,232)	(230,107,526)
Cash collections on behalf of other government	—	229,149,654	229,149,654	—	217,159,800	217,159,800
Cash disbursements to other governments	—	(219,939,982)	(219,939,982)	—	(209,755,032)	(209,755,032)
Payments to employees	(49,864,953)	(42,059,775)	(91,924,728)	(46,091,386)	(39,803,366)	(85,894,752)
Payments in lieu of taxes	(3,258,538)	(2,306,485)	(5,565,023)	(4,532,955)	(2,219,932)	(6,752,887)
Net cash provided by operating activities	60,026,674	61,357,893	121,384,567	84,634,676	60,552,641	145,187,317
Cash flows from noncapital financing activities:						
Interdepartmental loans and advances	1,963,018	(1,963,018)	—	(3,385,637)	3,385,637	—
Net cash provided by (used in) noncapital financing activities	1,963,018	(1,963,018)	—	(3,385,637)	3,385,637	—
Cash flows from capital and related financing activities:						
Plant additions	(96,951,500)	(116,965,400)	(213,916,900)	(87,010,157)	(85,425,598)	(172,435,755)
Plant removal/retirement costs	(1,842,085)	1,663,666	(178,419)	(1,340,500)	425,559	(914,941)
Debt issuance costs	(78,000)	—	(78,000)	(512,354)	—	(512,354)
Payments on long-term debt	(7,315,000)	(16,675,639)	(23,990,639)	(4,780,000)	(15,519,619)	(20,299,619)
Change in SBITA liabilities	6,665,232	—	6,665,232	(544,447)	—	(544,447)
Payments on lease liabilities	(213,963)	—	(213,963)	(563,398)	—	(563,398)
Proceeds from issuance of debt	—	—	—	89,183,062	—	89,183,062
Proceeds from capital grants	466,357	2,076,446	2,542,803	—	—	—
Customer advances/CIAC	2,100,877	40,937,865	43,038,742	806,383	42,083,518	42,889,901
Interest paid	(9,906,807)	(9,081,894)	(18,988,701)	(5,704,340)	(10,232,005)	(15,936,345)
Net cash used in capital and related financing activities	(107,074,889)	(98,044,956)	(205,119,845)	(10,465,751)	(68,668,145)	(79,133,896)
Cash flows from investing activities:						
Interest received	14,625,501	5,371,573	19,997,074	12,100,793	5,407,709	17,508,502
Sales of investment securities	144,977,049	96,568,835	241,545,884	52,263,564	64,658,142	116,921,706
Purchase of investments	(162,686,000)	(83,448,000)	(246,134,000)	(3,400,000)	(34,475,000)	(37,875,000)
Net cash flows provided by (used in) investing activities	(3,083,450)	18,492,408	15,408,958	60,964,357	35,590,851	96,555,208
Net increase (decrease) in cash and cash equivalents	(48,168,647)	(20,157,673)	(68,326,320)	131,747,645	30,860,984	162,608,629
Cash and cash equivalents, beginning of year	274,154,301	146,512,749	420,667,050	142,406,656	115,651,765	258,058,421
Cash and cash equivalents, end of year	\$ 225,985,654	126,355,076	352,340,730	\$ 274,154,301	146,512,749	420,667,050
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 34,334,664	54,226,641	88,561,305	\$ 39,004,807	55,895,915	94,900,722
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation charged to depreciation and amortization	20,099,092	17,350,402	37,449,494	19,495,269	16,740,538	36,235,807
Depreciation charged to operating and maintenance	5,201,725	1,607,996	6,809,721	4,647,620	1,430,266	6,077,886
Amortization charged to depreciation and amortization	180,286	—	180,286	182,430	—	182,430
Amortization charged to operating and maintenance	4,474,119	493,174	4,967,293	3,147,989	531,044	3,679,033
Cash flows impacted by changes in						
Amounts due from customers and other:	(11,001,852)	(4,445,890)	(15,447,742)	41,485,188	(3,424,190)	38,060,998
Natural gas, propane, materials, supplies, and prepayment	2,110,141	(1,491,359)	618,782	9,423,586	(1,768,166)	7,655,420
Other noncurrent assets	(231,190)	(68,214)	(299,404)	817,654	(72,534)	745,120
Accounts payable and other	7,734,682	3,072,540	10,807,222	(30,985,242)	1,537,723	(29,447,519)
Customer deposits	6,404,824	(3,361,511)	3,043,313	8,339,954	890,532	9,230,486
Self-insurance and other liabilities:	281,228	1,332,554	1,613,782	615,110	(1,095,757)	(480,647)
Net pension liability (asset)	(9,882,412)	(8,350,818)	(18,233,230)	(21,401,726)	(18,231,099)	(39,632,825)
Deferred inflows pension	(1,628,796)	(1,308,849)	(2,937,645)	(2,444,011)	(2,081,937)	(4,525,948)
Deferred outflows pension	10,868,366	9,387,596	20,255,962	21,876,810	18,635,798	40,512,608
Net OPEB liability	(4,482,949)	(4,102,893)	(8,585,842)	(6,181,470)	(5,544,592)	(11,726,062)
Deferred inflows OPEB	(2,433,452)	(1,629,408)	(4,062,860)	(7,376,664)	(6,283,826)	(13,660,490)
Deferred outflows OPEB	(1,945,617)	(1,689,288)	(3,634,905)	4,043,558	3,444,510	7,488,068
Deferred inflows leases	(56,185)	335,220	279,035	(56,186)	(51,584)	(107,770)
Net cash provided by operating activities	\$ 60,026,674	61,357,893	121,384,567	\$ 84,634,676	60,552,641	145,187,317
Supplemental schedules of noncash capital and related financing items:						
Subscription based information technology arrangements	\$ 6,665,232	—	6,665,232	\$ (544,447)	—	(544,447)
Construction in accounts payable	\$ 13,689,893	4,238,023	17,927,916	\$ 7,815,757	5,324,301	13,140,058

See accompanying notes to basic financial statements.

METROPOLITAN UTILITIES DISTRICT

Statements of Fiduciary Net Position
Pension and Other Post Employment Benefits
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 6,233,045	\$ 1,655,108
Investments at fair value:		
Mutual funds:		
Fixed income funds	212,053,202	190,641,628
Domestic equity funds	307,604,201	284,792,128
International equity funds	172,798,896	152,479,870
Total investments	<u>692,456,299</u>	<u>627,913,626</u>
Total assets	<u>\$ 698,689,344</u>	<u>\$ 629,568,734</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>\$ 698,689,344</u>	<u>\$ 629,568,734</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, 2024 and 2023

	2024	2023
Additions:		
Investment income, net appreciation in the fair value of pooled separate accounts, interest and dividends, net of investment expense	\$ 69,192,987	\$ 88,339,198
Employer contributions	24,887,501	22,911,205
Employee contributions	7,498,276	6,991,643
Total additions	101,578,764	118,242,046
Deductions:		
Benefit payments	32,353,009	30,878,983
Administrative expenses	105,145	103,477
Total deductions	32,458,154	30,982,460
Net increase	69,120,610	87,259,586
Net position held in trust for pension and OPEB benefits		
Beginning of year	629,568,734	542,309,148
End of year	\$ 698,689,344	\$ 629,568,734

See accompanying notes to basic financial statements

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

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

(b) Basis of Presentation

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

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

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

(c) Fiduciary Fund Type

The District also includes a pension trust fund and other postemployment benefits (OPEB) trust fund as a fiduciary fund type. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs or operations. Pension and OPEB trust funds are accounted for in essentially the same manner as the enterprise funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plans are recognized when due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. The Pension Trust Fund accounts for the assets of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha. The OPEB Trust Fund accounts for the assets of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha. These plans are included in the reporting

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

entity because the District controls the assets of each of these trust funds, as defined by GASB Statement No. 84, *Fiduciary Activities*.

(d) Leases

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

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

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

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

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

(e) Subscription-Based Information Technology Arrangements

The District follows GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, which recognizes a right to use subscription asset (intangible asset) and corresponding liability.

The SBITA's, a contract that defines the right to use another party's information technology software, are measured at the net present value of subscription payments over the subscription term at inception using the incremental borrowing rate. The subscription term will include periods in which the District has a noncancellable right to use the asset and may include periods covered by an option to extend or terminate the contract.

(f) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that meet the criterion for reporting as deferred outflows on the statement of net position: the deferred charge on refunding,

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

pension-related items and OPEB-related items. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amount for changes of actuarial assumptions used in the measurement of total pension liability is recognized in pension expense over the average expected remaining service life of the active and inactive pension plan members at the beginning of the measurement period. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The District has four items that meet the criterion for reporting as deferred inflows on the statement of net position: contributions in aid of construction (CIAC), pension-related items, OPEB-related items and lease revenue. As described below, CIAC is included in depreciation expense and amortized over the estimated useful lives of the related utility plant. The difference between expected and actual experience and the changes in actuarial assumptions in the measurement of the pension and OPEB liabilities is recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Lease revenue is recognized on a straight-line basis over the term of the lease. The difference between projected and actual earnings on pension and OPEB plan investments is recognized in expense over a five-year period, as of the beginning of each measurement period.

(g) Utility Plant

Utility plant is stated at cost. Cost includes direct charges such as labor, material, and related overhead. Expenditures for ordinary maintenance and repairs are charged to operations.

Depreciation of utility plant is computed primarily on the straight-line method over its estimated useful life. The weighted average composite depreciation rates, expressed as a percentage of the beginning of the year cost of depreciable plant in service, were:

	<u>2024</u>	<u>2023</u>
Water Department	2.1 %	2.2 %
Gas Department	3.4	3.4

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(h) Net Position

The net position of the District is broken down into three categories: (1) net investment in capital assets, (2) restricted for environmental funds and debt service requirements, and (3) unrestricted.

- Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation, plus unspent bond proceeds and reduced by the outstanding balance of debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted for environmental funds represent net position whose use is restricted through external constraints imposed by the Nebraska Department of Environmental Quality and the Nebraska Game and Parks Commission. Restricted for debt service requirements represent net position whose use is restricted per the provisions of the Series 2012, Series 2015, Series 2018 and Series 2022 water revenue bonds, and the Series 2018, Series 2022 and Series 2023 gas revenue bonds.
- Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted for environmental, debt reserve funds, debt service requirements, or capital.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted first, and then unrestricted resources when they are needed.

(i) Bond Premium and Discounts

Bond premium and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method.

(j) Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand accounts, overnight repurchase agreements, and short term liquid investments purchased with an original maturity of 90 days or less. At December 31, 2024, the Gas Department held \$46.2 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2023, the Gas Department held \$105.1 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is comprised of \$15.8 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements; and \$89.3 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

At December 31, 2024, the Gas Department held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$34.6 million which is comprised of \$1.6 million pursuant to various bond resolutions, \$4.0 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements and \$29.0 million of proceeds from the Gas System Revenue Bonds Series 2023, which will be expended to finance the continued expansion of and improvements to the District's liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements. At December 31, 2023, the Gas Department held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$12.5 million which is comprised of \$1.9 million pursuant to various bond resolutions and \$10.6 million of proceeds remaining from the Gas System Revenue Bonds Series 2022, which will be expended to finance a portion of the continued replacement of cast iron mains throughout the District's gas system, expansion of and improvements to the District's liquified natural gas plant and related infrastructure improvements.

At December 31, 2024, the Water Department held \$22.1 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.2 million pursuant to various bond resolutions, and \$18.7 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2023, the Water Department held \$22.4 million in noncurrent "Cash and cash equivalents – restricted" and "Investments – restricted" which is made up of \$0.2 million in funds required by the Nebraska Game and Parks Commission for environmental mitigation of wetlands, \$3.1 million pursuant to various bond resolutions, and \$19.1 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

At December 31, 2024, the Water Department also held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$11.3 million which is made up of \$2.8 million pursuant to various bond resolutions and \$8.5 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements. At December 31, 2023, the Water Department also held current "Cash and cash equivalents – restricted" and "Investments – restricted" of \$24.1 million which is made up of \$2.5 million pursuant to various bond resolutions and \$21.6 million of proceeds remaining from the Water System Revenue Bond Series 2022, which will be expended to finance a portion of the costs for capital improvement plan activity, primarily for the District's Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition costs for possible future reservoirs, and other water system infrastructure improvements.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

(k) Accounts Receivable and Unbilled Revenue

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The accounts receivable balance also includes an accrual related to unbilled revenues, determined by prorating actual subsequent billings. The allowance for doubtful accounts is the District's best estimate of the amount of probable credit losses in the District's existing accounts receivable. The District's allowance methodology was developed based on an analysis of open accounts and historical write-off experience.

(l) Inventories

Inventories include natural gas, liquefied natural gas, propane, construction materials, and materials and supplies. All inventories are carried at weighted average cost.

(m) Compensated Absences

The District employees earn vacation days at specific rates during their employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation of no more than what they are eligible to earn in two years. Current and noncurrent amounts pertaining to accrued compensated absences are recorded within "Other accrued expenses" in the statement of net position.

(n) Revenues

The District recognizes operating revenues as they are earned. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period. Accounts receivable include unbilled revenues as follows:

	<u>2024</u>	<u>2023</u>
Gas	\$ 44,179,961	\$ 35,197,063
Water	<u>4,846,814</u>	<u>4,146,326</u>
	<u>\$ 49,026,775</u>	<u>\$ 39,343,389</u>

(o) Interdepartmental Transactions

Most routine disbursement transactions of the District are paid by the Gas Department, due in part to the fact that the Gas Department collects virtually all billings for the District in combined Gas/Water invoices; balancing between the departments occurs via maintenance of interdepartmental receivable and payable accounts. At December 31, 2024, the Gas Department reflected a payable to the Water

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Department and the Water Department reflected a receivable from the Gas Department of \$2,341,114. At December 31, 2023, the Gas Department reflected a payable to the Water Department and the Water Department reflected a receivable from the Gas Department of \$592,365. The receivable and payable have been eliminated in the business-type activities total column.

(p) Billing and Collection Agent Services

The District serves as the billing and collection agent for fees related to sewer services provided by certain political subdivisions, including the City of Omaha. Separate accounting records are maintained by the District for these collection services. Fees billed but not yet remitted by the District to the applicable entities totaled \$27,680,726 and \$25,900,478 as of December 31, 2024 and 2023, respectively. These fees have been reflected in the District's statement of net position and amounts collected were remitted to the cities subsequent to year-end. Processing fees billed to the cities for billing and collection services provided by the District totaled approximately \$5.3 million in both 2024 and 2023. These processing fees have been reflected as a reduction to operating and maintenance expenses in the District's statement of revenue, expenses, and changes in net position. The cities' fees reflect only the expenses incurred by the District to bill and collect the cities' charges.

(q) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan for Employees of the Metropolitan Utilities District of Omaha (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(r) Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Postretirement Benefits for Employees of the Metropolitan Utilities District of Omaha (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from these estimates.

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December 31, 2024 and 2023

(t) Recent Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, issued in December 2023, for fiscal years beginning after June 15, 2024. This Statement will improve financial reporting by providing information related to risks not required to be disclosed. This Statement requires an assessment of a concentration or constraint vulnerable to a substantial impact. The disclosure will be required to include (1) the concentration or constraint; (2) event associated with the concentration or constraint that could cause a substantial impact; and (3) actions taken to mitigate the risk. The District is currently assessing the impact of this Statement.

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued in April 2024, will be effective beginning with fiscal year December 31, 2026. This Statement's objective is to improve components of the financial reporting model to enhance effectiveness in providing essential information for decision making and to assess a government's accountability. The District is currently assessing the impact of this Statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued in September 2024, will be effective beginning with fiscal year December 31, 2026. This Statement requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The District is currently assessing the impact of this Statement.

(2) Impact of Adoption of New Accounting Standard

The District has implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, for the fiscal year December 31, 2024. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. There was no impact to the District's financial statements related to this Statement.

The District has implemented GASB Statement No. 101, *Compensated Absences*, for the fiscal year December 31, 2024. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. There was no impact to the District's financial statements related to this statement.

(3) Deposits and Investments

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

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Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be returned. At December 31, 2024 and 2023, all bank balances were covered by federal depository insurance or collateralized with securities.

Fair Value Measurements: The District categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the District's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the District, the following fair value techniques were utilized in measuring the fair value of its investments:

Bond and Equity Mutual Funds: These investments are reported at fair value based on published fair value per share (unit) for each fund.

As of December 31, 2024 and 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Investment in Maturities in Years		Hierarchy Level	Rating Standard & Poors
		Less Than One	1-5		
2024					
U.S. Treasury and agency obligations	\$ 51,206,594	37,371,648	13,834,946	1	AA+
	\$ 51,206,594	37,371,648	13,834,946		
2023					
U.S. Treasury and agency obligations	\$ 38,860,636	24,400,086	14,460,550	1	AA+ to AAA
State & Municipal	7,161,617	7,161,617	-	1	AA- to AA
Corporate Bonds and notes	596,226	596,226	-	1	AA-
	\$ 46,618,478	32,157,928	14,460,550		

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As of December 31, 2024 and 2023, the District's fiduciary funds had the following investments.

<u>Investment Type</u>	<u>Fair Value</u>			<u>Hierarchy Level</u>
	<u>Pension Plan</u>	<u>OPEB</u>	<u>Total</u>	
2024				
Mutual Funds:				
Fixed Income Funds	\$ 184,550,360	27,502,842	212,053,202	1
Domestic Equity Funds	254,716,026	52,888,175	307,604,201	1
International Equity Funds	142,521,564	30,277,332	172,798,896	1
	<u>\$ 581,787,950</u>	<u>110,668,349</u>	<u>692,456,299</u>	
2023				
Mutual Funds:				
Fixed Income Funds	\$ 168,236,192	22,405,436	190,641,628	1
Domestic Equity Funds	240,038,198	44,753,930	284,792,128	1
International Equity Funds	127,454,873	25,024,997	152,479,870	1
	<u>\$ 535,729,263</u>	<u>92,184,363</u>	<u>627,913,626</u>	

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

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

Concentration of credit risk: The District does not have a formal policy over concentration of credit risk for investments, other than pension and OPEB investments. Although the District does not have a formal policy, this risk is mitigated by adherence to the requirements of State Statute 30-3209, which prescribes investments that are authorized. The investment policy statements of the pension and OPEB plans apply the prudent investor guidelines. Consistent with prudent standards for the preservation of capital and maintenance of liquidity, the goal of the plans is to earn the highest possible rate of return consistent with the plans' tolerance for risk. It is the policy of the pension and OPEB plans that the portfolios should be well diversified in an attempt to reduce the overall risk of the portfolios. The investment policy statements of the pension and

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Notes to Basic Financial Statements

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OPEB plans limit the amount invested in a single investment security to 5 percent of the total portfolio, with the exception of investments guaranteed by the U.S. government. The investment policy statements also limit the amount invested in a single investment pool or company (mutual fund) to 20 percent of the total portfolio, with the exception of passively-managed investment vehicles seeking to match the returns on a broadly-diversified market index.

Rate of return: For the years ended December 31, 2024 and 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 10.8% and 16.2%, respectively. For the years ended December 31, 2024 and 2023, the annual money weighted rate of return on OPEB plan investments, net of OPEB plan expense was 11.7% and 17.0%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset allocation: The investment policy statements of the pension and OPEB plans have the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

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

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

Custodial credit risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District and the pension and OPEB plans do not have a policy for custodial credit risk. As of December 31, 2024 and 2023, the District's investments were not exposed to custodial credit risk because they were registered in the District's name and held by the counterparty or the counterparty's trust department. The mutual funds (equity and debt funds) of the pension and OPEB plans are not exposed to custodial credit risk.

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Notes to Basic Financial Statements

December 31, 2024 and 2023

(4) Capital Assets

Capital assets at December 31, 2024 and 2023 is summarized as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Total</u>
2024			
Capital assets:			
Utility Plant - Depreciable	\$ 791,906,481	\$ 1,458,089,738	\$ 2,249,996,219
Utility Plant - Nondepreciable (land)	6,608,545	15,484,990	22,093,535
Right-to-use (RTU) lease assets (buildings)	1,047,211	-	1,047,211
Right-to-use (RTU) subscription assets (SBITA)	18,461,708	-	18,461,708
Total	<u>818,023,945</u>	<u>1,473,574,728</u>	<u>2,291,598,673</u>
Construction in progress (nondepreciable)	<u>146,480,514</u>	<u>127,175,270</u>	<u>273,655,784</u>
	964,504,459	1,600,749,998	2,565,254,457
Less:			
Utility Plant - Accumulated depreciation	(266,153,261)	(421,085,918)	(687,239,179)
RTU - Lease accumulated amortization	(733,048)	-	(733,048)
RTU - SBITA accumulated amortization	(8,072,337)	-	(8,072,337)
Total capital assets, net	<u>\$ 689,545,813</u>	<u>\$ 1,179,664,080</u>	<u>\$ 1,869,209,893</u>
2023			
Capital assets:			
Utility Plant - Depreciable	\$ 750,844,386	\$ 1,389,176,002	\$ 2,140,020,388
Utility Plant - Nondepreciable (land)	4,643,633	15,484,990	20,128,623
Right-to-use (RTU) lease assets (buildings)	1,047,211	-	1,047,211
Right-to-use (RTU) subscription assets (SBITA)	8,365,575	-	8,365,575
Total	<u>764,900,805</u>	<u>1,404,660,992</u>	<u>2,169,561,797</u>
Construction in progress (nondepreciable)	<u>108,974,371</u>	<u>84,234,712</u>	<u>193,209,083</u>
	873,875,176	1,488,895,704	2,362,770,880
Less:			
Utility Plant - Accumulated depreciation	(252,872,621)	(395,684,111)	(648,556,732)
RTU - Lease accumulated amortization	(523,606)	-	(523,606)
RTU - SBITA accumulated amortization	(4,058,230)	-	(4,058,230)
Total capital assets, net	<u>\$ 616,420,719</u>	<u>\$ 1,093,211,593</u>	<u>\$ 1,709,632,312</u>

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Notes to Basic Financial Statements

December 31, 2024 and 2023

The provision for depreciation expense is as follows:

The provision for depreciation and amortization expense is as follows:

	2024			2023		
	Gas	Water	Total	Gas	Water	Total
	Department	Department		Department	Department	
Charged to depreciation and amortization	\$ 20,279,378	\$ 17,350,402	\$ 37,629,780	\$ 19,677,699	\$ 16,740,538	\$ 36,418,237
Charged to operating and maintenance	9,675,844	2,101,170	11,777,014	7,795,609	1,961,310	9,756,919
	<u>\$ 29,955,222</u>	<u>\$ 19,451,572</u>	<u>\$ 49,406,794</u>	<u>\$ 27,473,308</u>	<u>\$ 18,701,848</u>	<u>\$ 46,175,156</u>

The depreciation expense presented above includes a reduction of expense of \$9,894,109 and \$7,460,732 for the year ended December 31, 2024 and 2023, respectively, due to the amortization of CIAC.

Capital asset activity for the year ended December 31, 2024 and 2023 is as follows:

	Balance, beginning of year	Increases	Decreases	Balance, end of year
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>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

	<u>Balance, beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>
2023				
Gas Department:				
Utility plant in service	721,035,585	45,569,042	(11,116,608)	755,488,019
Construction in progress	68,480,230	86,096,183	(45,602,043)	108,974,371
Utility Plant - Accumulated depreciation	(239,178,461)	(24,810,769)	11,116,609	(252,872,621)
Right-of-use lease assets	1,347,737	-	(300,526)	1,047,211
RTU - Lease accumulated amortization	(544,551)	-	20,945	(523,606)
Right-of-use subscription assets (SBITA)	6,364,024	2,001,551	-	8,365,575
RTU - SBITA accumulated amortization	(1,756,534)	(2,301,696)	-	(4,058,230)
	<u>\$ 555,748,031</u>	<u>106,554,311</u>	<u>(45,881,623)</u>	<u>616,420,719</u>
Water Department:				
Utility plant in service	1,336,765,056	73,230,450	(5,334,514)	1,404,660,992
Construction in progress	70,287,897	87,177,333	(73,230,518)	84,234,712
Accumulated depreciation	(373,824,913)	(26,523,657)	4,664,459	(395,684,111)
	<u>\$ 1,033,228,040</u>	<u>133,884,126</u>	<u>(73,900,573)</u>	<u>1,093,211,593</u>
	<u>\$ 1,588,976,071</u>	<u>240,438,437</u>	<u>(119,782,196)</u>	<u>1,709,632,312</u>

(5) Lease Receivable

The District leases cell phone tower space and land to others. These leases have terms between forty years and fifty years with payments required monthly or annually.

The total amount of inflows of resources recognized for the periods ending December 31, are as follows:

	<u>2024</u>			<u>2023</u>		
	<u>Gas Department</u>	<u>Water Department</u>	<u>Total</u>	<u>Gas Department</u>	<u>Water Department</u>	<u>Total</u>
Lease Revenue	\$ 56,187	51,584	107,771	56,186	51,584	107,770
Interest Income	81,407	25,689	107,096	81,957	29,407	111,364

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Notes to Basic Financial Statements

December 31, 2024 and 2023

(6) Long-Term Obligations

Activity in long-term obligations for the year ended December 31, 2024 and 2023 is as follows:

	<u>Balance, beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
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>

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Notes to Basic Financial Statements

December 31, 2024 and 2023

	Balance, beginning of year, as restated	Increases	Decreases	Balance, end of year	Due within one year
2023:					
Water Revenue Bonds					
Series 2022	\$ 63,085,000	—	1,550,000	61,535,000	2,025,000
Plus unamortized premium	3,465,080	—	305,679	3,159,401	—
Water Revenue Bonds					
Series 2018	32,040,000	—	1,495,000	30,545,000	1,570,000
Plus unamortized premium	807,430	—	91,807	715,623	—
Water Revenue Bonds					
Series 2015	130,185,000	—	10,155,000	120,030,000	10,680,000
Plus unamortized premium	5,164,591	—	905,676	4,258,915	—
Water Revenue Bonds					
Series 2012	24,140,000	—	2,020,000	22,120,000	2,095,000
Plus unamortized premium	1,290,517	—	129,512	1,161,005	—
Gas Revenue Bonds					
Series 2023	—	83,985,000	—	83,985,000	2,290,000
Plus unamortized premium	—	5,198,061	37,790	5,160,271	—
Gas Revenue Bonds					
Series 2022	112,635,000	—	3,515,000	109,120,000	3,695,000
Plus unamortized premium	15,191,515	—	1,422,303	13,769,212	—
Gas Revenue Bonds					
Series 2018	27,115,000	—	1,265,000	25,850,000	1,330,000
Plus unamortized premium	875,239	—	97,431	777,808	—
Notes from Direct Borrowings and Direct Placements:					
NDEQ note payable	2,746,700	—	299,618	2,447,082	305,640
Lease liability	840,402	—	284,876	555,526	213,963
SBITA liability	3,959,650	1,344,363	1,888,810	3,415,203	1,739,644
Net OPEB liability	84,240,291	—	11,726,062	72,514,229	—
Net pension liability	86,397,281	—	39,632,824	46,764,457	—
Self-insured risks	8,748,236	2,726,046	6,031,997	5,442,285	4,153,653
Other accrued expenses	9,851,313	7,267,762	6,132,531	10,986,544	7,251,059
	<u>\$ 612,778,245</u>	<u>100,521,232</u>	<u>88,986,916</u>	<u>624,312,561</u>	<u>37,348,959</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Water Revenue Bonds

Water Revenue Bonds Series 2012

On December 17, 2012, the District issued Water Revenue Bonds Series 2012 for a par value of \$40,745,000. The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2024</u>	<u>2023</u>
Series 2012 bonds:				
Serial	2.000% - 4.000%	\$ 1,185,000 - 2,335,000	6,750,000	8,845,000
Term	3.0	2,455,000 - 2,865,000	13,275,000	13,275,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,170,000	684,844	2,854,844
2026	2,245,000	598,044	2,843,044
2027	2,335,000	508,244	2,843,244
2028	2,455,000	414,844	2,869,844
2029	2,550,000	338,125	2,888,125
2030 – 2032	8,270,000	523,594	8,793,594
	<u>\$ 20,025,000</u>	<u>3,067,694</u>	<u>23,092,694</u>

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the Water Revenue Bonds Series 2012. Proceeds from the bonds were used to finance a portion of the costs of improvements to the District’s Water System including multiple projects undertaken to upgrade the District’s Platte South Plant and Florence Plant in part to comply with current regulatory requirements. The Water Revenue Bonds Series 2012 are payable solely from water revenues and are payable through 2032. Principal and interest payments of \$2,095,000 and \$768,644, respectively, were paid on these bonds in 2024. Principal and interest payments of \$2,020,000 and \$849,444, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Water Revenue Bonds Series 2015

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

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The District has pledged future water revenues to repay the 2015 Bonds. The 2015 Bonds are payable solely from water revenues and are payable through 2035. Principal and interest payments of \$10,680,000 and \$4,258,505, respectively, were paid on these bonds in 2024. Principal and interest payments of \$10,155,000 and \$4,766,255, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

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

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2024</u>	<u>2023</u>
Series 2015 bonds:				
Serial	2.850% - 5.000%	\$ 7,330,000 - 14,115,000	101,530,000	112,210,000
Term	3.500	2,520,000 - 2,695,000	7,820,000	7,820,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,220,000	3,724,505	14,944,505
2026	11,790,000	3,163,505	14,953,505
2027	12,125,000	2,827,490	14,952,490
2028	12,480,000	2,451,615	14,931,615
2029	12,855,000	2,052,255	14,907,255
2030 – 2034	46,185,000	3,996,878	50,181,878
2035	2,695,000	94,325	2,789,325
	<u>\$ 109,350,000</u>	<u>18,310,573</u>	<u>127,660,573</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Water Revenue Bonds Series 2018

On September 27, 2018, the District issued Water System Revenue Bonds, Series 2018 (the 2018 Water Bonds) for a par value of \$37,390,000. The 2018 Water Bonds were issued for the purpose of financing a portion of the costs of improvements to the District’s Water System including multiple projects undertaken to upgrade the District’s Florence Water Treatment Plant and other improvements to the District’s Water System.

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

The District has pledged future water revenues to repay the 2018 Water Bonds. The 2018 Water Bonds are payable solely from water revenues and are payable through 2038. Principal and interest payments of \$1,570,000 and \$1,059,019, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,495,000 and \$1,133,769, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2024</u>	<u>2023</u>
Series 2018 bonds:				
Serial	2.500% - 5.000%	\$ 1,255,000 - 2,540,000	28,975,000	30,545,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,645,000	980,519	2,625,519
2026	1,690,000	939,394	2,629,394
2027	1,775,000	854,894	2,629,894
2028	1,845,000	783,894	2,628,894
2029	1,900,000	728,544	2,628,544
2030 - 2034	10,435,000	2,703,413	13,138,413
2035 - 2038	9,685,000	827,538	10,512,538
	<u>\$ 28,975,000</u>	<u>7,818,195</u>	<u>36,793,195</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Water Revenue Bonds Series 2022

On October 13, 2022, the District issued Water System Revenue Bonds, Series 2022 (the 2022 Water Bonds) for a par value of \$63,085,000. The 2022 Water Bonds were issued for the purpose of financing a portion of the costs for capital improvement plan activity, primarily for the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2022 Water Bonds will be used to finance a portion of the costs to improve the District’s Florence Water Treatment Plant and Platte South Water Treatment Plant, water pumping station additions and improvements, land acquisition for possible future reservoirs, and other water system infrastructure improvements.

The District has pledged future water revenues to repay the 2022 Water Bonds. The 2022 Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$2,025,000 and \$2,924,594, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,550,000 and \$3,402,373, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding 2024</u>	<u>2023</u>
Series 2022 bonds:				
Serial	4.250% - 5.000%	\$ 1,550,000 - 4,740,000	59,510,000	61,535,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,125,000	2,823,344	4,948,344
2026	2,235,000	2,717,094	4,952,094
2027	2,345,000	2,605,344	4,950,344
2028	2,460,000	2,488,094	4,948,094
2029	2,585,000	2,365,094	4,950,094
2030 - 2034	15,000,000	9,752,219	24,752,219
2035 - 2039	19,115,000	5,637,794	24,752,794
2040 - 2042	13,645,000	1,205,112	14,850,112
	<u>\$ 59,510,000</u>	<u>29,594,094</u>	<u>89,104,094</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,160,000	8,213,211	25,373,211
2026	17,960,000	7,418,036	25,378,036
2027	18,580,000	6,795,971	25,375,971
2028	19,240,000	6,138,446	25,378,446
2029	19,890,000	5,484,018	25,374,018
2030 – 2034	79,890,000	16,976,104	96,866,104
2035 – 2039	31,495,000	6,559,657	38,054,657
2040 – 2042	13,645,000	1,205,112	14,850,112
	<u>\$ 217,860,000</u>	<u>58,790,556</u>	<u>276,650,556</u>

The District has pledged future water revenues to repay the Water Bonds. The aggregate Water Bonds are payable solely from water revenues and are payable through 2042. Principal and interest payments of \$16,370,000 and \$9,010,761, respectively, were paid on these bonds in 2024. Principal and interest payments of \$15,220,000 and \$10,151,841, respectively, were paid on these bonds in 2023. Total water revenues for the year ended December 31, 2024 and 2023 were \$173,173,193 and \$162,806,250, respectively.

Series 2012, Series 2015, Series 2018 and Series 2022 Debt Covenant Compliance

The District covenants that it will fix, establish, and maintain rates or charges for water, services, or facilities supplied or furnished by the District that will provide an amount sufficient to pay current expenses and to generate net revenue at least equal to the sum of: (a) 120% of the amount equal to the average principal and interest requirements on the bonds, including any parity revenue bonds, then Outstanding; and (b) 100% of the amount required to pay any other unpaid long-term obligations (excluding current expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefore) that are payable from system revenues, as the same shall become due.

Charges and assessments exceeded amounts required by covenants by approximately \$49.7 million for 2024; funds available for debt service were equal to 4.3 times average debt service costs in 2024.

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(a) Gas Revenue Bonds

Gas Revenue Bonds Series 2018

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

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

The District has pledged future gas revenues to repay the 2018 Gas Bonds. The 2018 Gas Bonds are payable solely from gas revenues and are payable through 2038. Principal and interest payments of \$1,330,000 and \$917,679, respectively, were paid on these bonds in 2024. Principal and interest payments of \$1,265,000 and \$980,929, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding 2024</u>	<u>2023</u>
Series 2018 bonds:				
Serial	2.750% - 5.000%	\$ 1,040,000 - 2,175,000	15,115,000	16,445,000
Term	3.500% - 4.000%	\$ 1,650,000 - 2,095,000	9,405,000	9,405,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,395,000	851,179	2,246,179
2026	1,435,000	812,816	2,247,816
2027	1,490,000	755,416	2,245,416
2028	1,550,000	695,816	2,245,816
2029	1,605,000	645,441	2,250,441
2030 - 2034	8,825,000	2,414,196	11,239,196
2035 - 2038	8,220,000	772,750	8,992,750
	<u>\$ 24,520,000</u>	<u>6,947,615</u>	<u>31,467,615</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Gas Revenue Bonds Series 2022

On March 16, 2022, the District issued Gas System Revenue Bonds, Series 2022 (the 2022 Gas Bonds) for a par value of \$115,040,000. The 2022 Gas Bonds were issued for the purpose of financing the continued replacement of cast iron gas mains throughout the District’s gas system, expansion of and improvements to the District’s liquified natural gas plant and other infrastructure improvements.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2022 Gas Bonds will be used to finance the continued replacement of cast iron mains throughout the District’s gas system, expansion of and improvements to the District’s liquified natural gas plant and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2022 Gas Bonds. The 2022 Gas Bonds are payable solely from gas revenues and are payable through 2042. Principal and interest payments of \$3,695,000 and \$4,386,050, respectively, were paid on these bonds in 2024. Principal and interest payments of \$3,515,000 and \$4,561,800, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding 2024</u>	<u>2023</u>
Series 2022 bonds:				
Serial	3.000% - 5.000%	\$ 2,405,000 - 7,845,000	105,425,000	109,120,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,875,000	4,201,300	8,076,300
2026	4,070,000	4,007,550	8,077,550
2027	4,275,000	3,804,050	8,079,050
2028	4,490,000	3,590,300	8,080,300
2029	4,715,000	3,365,800	8,080,800
2030 - 2034	27,345,000	13,049,000	40,394,000
2035 - 2039	33,800,000	6,597,300	40,397,300
2040 - 2042	22,855,000	1,384,800	24,239,800
	<u>\$ 105,425,000</u>	<u>40,000,100</u>	<u>145,425,100</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Gas Revenue Bonds Series 2023

On November 8, 2023, the District issued Gas System Revenue Bonds, Series 2023 (the 2023 Gas Bonds) for a par value of \$83,985,000. The 2023 Gas Bonds were issued for the purpose of financing a portion of the continued expansion of and improvements to the District’s liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

The indenture, under which the revenue bonds were issued, provides for the creation and maintenance of certain funds. These cash and cash equivalents are classified as restricted on the statement of net position. The remaining net proceeds from the 2023 Gas Bonds will be used to finance a portion of the continued expansion of and improvements to the District’s liquified natural gas plant, a portion of a new Construction Center, the remodel of the existing Construction Center, and other infrastructure improvements.

The District has pledged future gas revenues to repay the 2023 Gas Bonds. The 2023 Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$2,290,000 and \$4,467,535, respectively, were paid on these bonds in 2024. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

The balance, annual installments, and interest rates at December 31, 2024 and 2023 consist of:

	<u>Interest rate</u>	<u>Annual installment</u>	<u>Principal outstanding</u>	
			<u>2024</u>	<u>2023</u>
Series 2023 bonds:				
Serial	5.000%	\$ 2,290,000 - 6,440,000	81,695,000	83,985,000

At the option of the District, the Gas Revenue Bonds Series 2023 are subject to optional redemption prior to maturity on and after December 1, 2033. Principal and interest payments are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	2,675,000	4,084,750	6,759,750
2026		2,810,000	3,951,000	6,761,000
2027		2,950,000	3,810,500	6,760,500
2028		3,095,000	3,663,000	6,758,000
2029		3,250,000	3,508,250	6,758,250
2030 - 2034		18,865,000	14,934,000	33,799,000
2035 - 2039		24,080,000	9,721,500	33,801,500
2040 - 2043		23,970,000	3,069,500	27,039,500
	\$	<u>81,695,000</u>	<u>46,742,500</u>	<u>128,437,500</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Series 2018, Series 2022 and Series 2023 Debt Service Requirements

The total principal and interest payments for the Series 2018, 2022 and 2023 gas revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,945,000	9,137,229	17,082,229
2026	8,315,000	8,771,366	17,086,366
2027	8,715,000	8,369,966	17,084,966
2028	9,135,000	7,949,116	17,084,116
2029	9,570,000	7,519,491	17,089,491
2030 - 2034	55,035,000	30,397,196	85,432,196
2035 - 2039	66,100,000	17,091,550	83,191,550
2040 - 2043	46,825,000	4,454,300	51,279,300
	<u>\$ 211,640,000</u>	<u>93,690,215</u>	<u>305,330,215</u>

The District has pledged future gas revenues to repay the Gas Bonds. The aggregate Gas Bonds are payable solely from gas revenues and are payable through 2043. Principal and interest payments of \$7,315,000 and \$9,771,264, respectively, were paid on these bonds in 2024. Principal and interest payments of \$4,780,000 and \$5,542,729, respectively, were paid on these bonds in 2023. Total gas revenues for the year ended December 31, 2024 and 2023 was \$218,652,416 and \$256,878,069, respectively.

Series 2018, Series 2022 and Series 2023 Debt Covenant Compliance

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

Charges and assessments exceeded amounts required by covenants by approximately \$50.5 million for 2024; funds available for debt service were equal to 4.3 times average debt service costs in 2024.

Series 2018, Series 2022 and Series 2023 Remedies for Default

The Series 2018 and 2022 gas revenue bond agreement contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

(b) Direct Borrowings and Direct Placements

NDEQ Note Payable

Included in long-term debt in the Water Department is a note payable, bearing a 2% interest rate, to the Nebraska Department of Environmental Quality (NDEQ). This note payable relates to construction of

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

the Platte South contact basin project. The District’s loan agreement was based on a budgeted project cost of \$7,049,000; if actual project costs equal budget, the agreement results in a loan amount of \$5,959,225 with the NDEQ, and principal forgiveness of \$1,089,775, in the form of a grant. The Platte South contact basin project was completed in late 2012, with total direct project costs of \$6,886,837, resulting in total committed loan funds of \$5,797,062.

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

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

During 2024 and 2023, the District paid back \$305,641 and \$299,618, respectively, as principal. The note payable requirements to maturity, June 15, 2031, for the NDEQ note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Administrative fee</u>	<u>Total</u>
2025	\$ 311,784	41,278	20,639	373,700
2026	318,051	35,011	17,505	370,567
2027	324,444	28,618	14,309	367,371
2028	330,965	22,097	11,048	364,110
2029	337,617	15,444	7,722	360,783
2030-2031	518,581	10,400	5,200	534,181
	<u>\$ 2,141,441</u>	<u>152,847</u>	<u>76,424</u>	<u>2,370,712</u>

(c) Lease Liability

The District leases facilities from others. This lease has a term of three years requiring monthly payments.

Building Lease - 14242 C Circle

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

As of December 31, 2024, the District had outstanding principal and interest of \$349,899 related to this lease.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2024 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 225,199	7,300	232,499
2026	116,364	1,036	117,400
	<u>\$ 341,563</u>	<u>8,336</u>	<u>349,899</u>

(d) SBITA Liability

The District has entered into subscription-based information technology arrangements with various vendors for the right to use the vendor’s software as a service, as a platform, or as infrastructure. These arrangements have subscription terms between three years and five years requiring monthly, quarterly or annual payments. The subscriptions are measured at a discount rate of 2.890%, 3.048%, 3.177% or 3.298% depending on the year the agreement was initiated. Any variable payments made to vendor that were determined to be performance or usage-based were not included in the measurement of the liability.

As of December 31, 2024, the District had outstanding principal and interest of \$10,330,670 related to these subscriptions.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of December 31, 2024 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,285,775	254,960	3,540,735
2026	2,703,648	157,106	2,860,754
2027	1,967,777	86,210	2,053,987
2028	1,851,070	24,124	1,875,194
	<u>\$ 9,808,270</u>	<u>522,400</u>	<u>10,330,670</u>

(7) Line of Credit

The District has an unsecured line of credit for \$10,000,000. The current Loan Agreement matures July 1, 2026. The interest rate on the line of credit is variable and is calculated based on the U.S. Prime Rate less 2.63 percentage points with a minimum rate of 1.95%. As of December 31, 2024, the interest rate was 4.87% and no amount was outstanding. The District did not draw on the line of credit during 2024 or 2023.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(8) Defined-Benefit Pension Plan

General Information about the Pension Plan

(a) Plan Description

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

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

(b) Benefits Provided

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(c) Employees Covered by Benefit Terms

As of January 1, 2024, membership of the Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	728
Disabled members	14
Inactive members entitled to but not yet receiving benefits	60
Inactive non-vested members	5
Active members	888
Total	<u>1,695</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 2024, each member contributed 9.0% of pensionable earnings, as provided by the collective bargaining agreement approved by the Board in March 2023 and effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2026. District contributions to the Plan totaled \$12,912,828 for the fiscal year ending December 31, 2024 and \$11,055,924 for the fiscal year ending December 31, 2023.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Pension Plan Fiduciary Net Position

Financial information about the pension plan's fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2024 and 2023 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 5,833,991	1,655,108
Investments at fair value		
Mutual funds:		
Fixed income funds	184,550,360	168,236,192
Domestic equity funds	254,716,026	240,038,198
International equity funds	<u>142,521,564</u>	<u>127,454,873</u>
Total investments	<u>581,787,950</u>	<u>535,729,263</u>
Total assets	<u>587,621,941</u>	<u>537,384,371</u>
Net position restricted for pensions	<u>\$ 587,621,941</u>	<u>537,384,371</u>

Statements of Changes in the Fiduciary Net Position
for the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Additions:		
Employer contributions	\$ 12,912,828	11,055,924
Employee contributions	<u>7,498,276</u>	<u>6,991,643</u>
Total contributions	20,411,104	18,047,567
Net investment income	<u>58,052,663</u>	<u>75,376,746</u>
Total additions	<u>78,463,767</u>	<u>93,424,313</u>
Deductions:		
Service benefits	28,131,942	26,553,746
Administrative expenses	<u>94,255</u>	<u>92,954</u>
Total deductions	<u>28,226,197</u>	<u>26,646,700</u>
Net increase	50,237,570	66,777,613
Net position restricted for pensions:		
Beginning of year	<u>537,384,371</u>	<u>470,606,758</u>
End of year	<u>\$ 587,621,941</u>	<u>537,384,371</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Net Pension Liability

All of the District's pension assets are available to pay member's benefit. The net pension liability as of December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Total pension liability	\$ 616,153,168	584,148,828
Fiduciary net position	<u>587,621,941</u>	<u>537,384,372</u>
Net pension liability	28,531,227	46,764,456
Fiduciary net position as a % of total pension liability	95.37%	91.99%
Covered payroll	\$ 83,387,029	77,757,044
Net pension liability as a % of covered payroll	34.22%	60.14%

(a) Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined based on an actuarial valuation prepared as of January 1, 2024, rolled forward one year to December 31, 2024.

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

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

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

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

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

Projected future benefit payments for all current plan members were projected through 2123.

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

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

(b) Discount Rate

The discount rate used to measure the total pension liability at December 31, 2024 and 2023 was 6.75%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the measurement date:

- a. Employee contribution rate: 9.00% of pensionable earnings for all employees, as provided by the collective bargaining agreement approved by the Board in March 2023 and effective for April 1, 2023 through March 31, 2026. The contribution rate for employees not covered by the collective bargaining agreement is expected to align with the rates stated in the collective bargaining agreement through 2026.
- b. District contribution: The actuarial contribution rate less the employee contribution rate times expected pensionable payroll for the plan year.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

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

The following presents the net pension liability of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District’s net pension (asset)/liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
2024 \$	107,460,949	28,531,227	(37,379,612)

The following presents the net pension liability of the District as of December 31, 2023, calculated using the discount rate of 6.75%, as well as the District’s net pension (asset)/liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(d) Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 557,004,039	470,606,758	86,397,281
Changes for the year:			
Service cost	14,685,921	-	14,685,921
Interest on total pension liability	36,716,217	-	36,716,217
Differences between expected and actual experience	2,296,397	-	2,296,397
Assumption changes	-	-	-
Employer contributions	-	11,055,924	(11,055,924)
Employee contributions	-	6,991,643	(6,991,643)
Net investment income	-	75,376,746	(75,376,746)
Benefit payments, including member refunds	(26,553,746)	(26,553,746)	-
Administrative expenses	-	(92,954)	92,954
Net changes	<u>27,144,789</u>	<u>66,777,613</u>	<u>(39,632,824)</u>
Balances at December 31, 2023	\$ <u>584,148,828</u>	<u>537,384,371</u>	<u>46,764,457</u>
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	-	(94,254)	94,254
Net changes	<u>32,004,340</u>	<u>50,237,571</u>	<u>(18,233,231)</u>
Balances at December 31, 2024	\$ <u>616,153,168</u>	<u>587,621,942</u>	<u>28,531,226</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

The District recognized pension expense of \$11,997,914 and \$7,409,761 for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,633,981	-
Changes of assumptions	2,383,476	-
Differences between projected and actual earnings on pension plan investments	<u>3,604,301</u>	<u>-</u>
Total	<u>\$ 9,621,758</u>	<u>-</u>

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

<u>Year ended December 31:</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 7,313,558
2026	14,827,391
2027	(11,721,000)
2028	(2,954,444)
2029	1,128,489
Thereafter	1,027,764
	<u>\$ 9,621,758</u>

(9) Postemployment Benefits

General Information about the OPEB Plan

(a) Plan Description

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(b) Plan Membership

As of January 1, 2023, the date of the latest actuarial valuation, membership of the OPEB Plan consisted of the following:

Inactive members or their beneficiaries currently receiving benefits	861
Inactive members entitled to but not yet receiving benefits	20
Active members	865
Total	1,746

(c) Contributions

The contribution requirements of plan members and the District are established and can be amended by the Board. Contributions are made to the plan based on a pay-as-you-go basis, with an additional amount to prefund benefits through an OPEB trust created in 2016, as determined annually by the Board. For the years ended December 31, 2024 and 2023, the following payments were made:

	2024	2023
Water retirees	\$ 3,209,161	\$ 3,140,604
Gas retirees	3,767,275	3,686,797
Total claims/fees paid	\$ 6,976,436	\$ 6,827,401
Prefunded benefits	7,753,606	7,530,044
Retiree contributions	(2,755,369)	(2,502,164)
Total	\$ 11,974,673	\$ 11,855,281

Retiree health premiums are calculated based on a three-year rolling average, with 2024 projected costs serving as the final year of the calculation when determining premiums that went into effect April 1, 2024. Retirees contribute to the cost of retiree health care at varying rates based on their age, as follows: 1) ages 59 and older: 33% of the full premium, 2) age 58: 50% of the full premium and 3) ages 55 through 57: 100% of the full premium. The rates in effect as of April 1, 2024 are as follows: 1) ages 59 and older: \$284.05 per month, 2) age 58: \$426.08 per month and 3) ages 55 through 57: \$852.15 per month. If spousal coverage is purchased, the same age-based monthly rates apply based on the retiree's age, meaning that the cost for spousal coverage is the same as the cost for the retiree's coverage (i.e. in the case of a married couple comprised of a retiree who is 59 and a spouse who is 55; each would pay \$284.05 per month).

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

OPEB Plan Fiduciary Net Position

Financial information about the OPEB plan's fiduciary net position and the changes in fiduciary net position for the years ended December 31, 2024 and 2023 are as follows:

Statements of Plan Fiduciary Net Position at December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 399,054	-
Investments at fair value		
Mutual funds:		
Fixed income funds	27,502,842	22,405,436
Domestic equity funds	52,888,175	44,753,930
International equity funds	<u>30,277,332</u>	<u>25,024,997</u>
Total investments	<u>110,668,349</u>	<u>92,184,363</u>
Total assets	<u>111,067,403</u>	<u>92,184,363</u>
Net position restricted for other postemployment benefits	<u>\$ 111,067,403</u>	<u>92,184,363</u>

Statements of Changes in the Fiduciary Net Position

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Additions:		
Employer contributions	\$ 11,974,673	11,855,281
Net investment income	<u>11,140,324</u>	<u>12,962,452</u>
Total additions	<u>23,114,997</u>	<u>24,817,733</u>
Deductions:		
Benefit payments	4,221,067	4,325,237
Administrative expenses	<u>10,890</u>	<u>10,523</u>
Total deductions	<u>4,231,957</u>	<u>4,335,760</u>
Net increase	18,883,040	20,481,973
Net position restricted for other postemployment benefits:		
Beginning of year	<u>92,184,363</u>	<u>71,702,390</u>
End of year	<u>\$ 111,067,403</u>	<u>92,184,363</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

Net OPEB Liability

The net OPEB liability as of December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Total OPEB liability	\$ 174,995,790	164,698,591
Fiduciary net position	<u>111,067,403</u>	<u>92,184,362</u>
Net OPEB liability	63,928,387	72,514,229
Fiduciary net position as a % of total OPEB liability	63.47%	55.97%

(a) Actuarial Assumptions

The District's net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined based on an actuarial valuation prepared as of January 1, 2023 rolled forward using standard actuarial techniques to December 31, 2024.

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

Inflation	2.50%
Salary increases, including inflation	3.65% to 10.4%
Long-term investment rate of return, net of OPEB plan investment expenses, including inflation	6.75%
Healthcare cost trend rates:	
Medical trend assumptions (under age 65)	7.00% - 4.50%
Medical trend assumptions (Ages 65 and older)	5.50% - 4.50%
Year of ultimate trend rate	Fiscal Year Ended 2033

Pre-retirement mortality rates were based on the Pub-2010 General Members (Median) Employee Mortality Table projected generationally using the MP-2020 Scale.

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

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

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

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the four-year period ending December 31, 2020, unless otherwise noted.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

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

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

(b) Discount Rate

The discount rate used to measure the total OPEB liability at December 31, 2024 and 2023 was 6.75%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of January 1, 2023 with some adjusted assumptions regarding election of coverage. In addition to the actuarial methods and assumptions, the following actuarial methods and assumptions were used in the projection of cash flows:

- a. The District is currently paying benefits on a pay-as-you-go basis and has established a trust to pay future benefits. The trust is still growing and has not yet begun to pay benefit payments. The long-term intent is to eventually pay benefits from the trust.
- b. Based on the funding policy adopted on August 1, 2018, the District intends to contribute, at a minimum, the Actuarially Determined Contribution (ADC) for all years beginning in 2019. The ADC is calculated under funding assumptions, not under GASB 74 or GASB 75 assumptions. There is a separate January 1, 2023 funding report, issued July 20, 2023, that describes the assumptions and methods used to determine the ADC.
- c. Because there is a formal funding policy, the amount contributed in future years follows the funding policy: 100% of the ADC.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

Based on these assumptions, the plan's FNP was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of a single equivalent interest rate (SEIR). The long-term expected rate of return of 6.75% on Plan investments was applied to all periods, resulting in a SEIR of 6.75%.

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

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

2024	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 86,535,182	63,928,387	45,263,429

The following presents the net OPEB liability of the District as of December 31, 2023, calculated using the discount rate of 6.75%, as well as the District's net OPEB liability calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

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

(d) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District as of December 31, 2024, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.50% decreasing to 4.50% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

2024	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	\$ 41,748,819	63,928,387	91,251,639

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

The following presents the net OPEB liability of the District as of December 31, 2023, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50% for pre-Medicare and 5.25% decreasing to 4.50% for Medicare eligible, as well as the District's net OPEB liability calculated using a healthcare trend rate that is 1 percentage point lower (6.00% decreasing to 3.50%) or 1 percentage point higher (8.00% decreasing to 5.50%) than the current rate:

2023	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 52,256,243	72,514,229	97,446,528

(e) Changes in Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB (Asset) Liability (a) - (b)</u>
Balances at December 31,2022	\$ 155,942,681	71,702,390	84,240,291
Changes for the year:			
Service cost	3,263,676	-	3,263,676
Interest on total OPEB liability	10,382,538	-	10,382,538
Differences between expected and actual experience	(6,509,765)	-	(6,509,765)
Assumption changes	5,944,698	-	5,944,698
Employer contributions	-	11,855,281	(11,855,281)
Net investment income	-	12,962,452	(12,962,452)
Benefit payments	(4,325,237)	(4,325,237)	-
Administrative expenses	-	(10,524)	10,524
Net changes	<u>8,755,910</u>	<u>20,481,972</u>	<u>(11,726,062)</u>
Balances at December 31,2023	\$ <u>164,698,591</u>	<u>92,184,362</u>	<u>72,514,229</u>
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	(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>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

The District recognized OPEB (income)/expense of (\$4,308,932) and (\$6,043,204) for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	12,637,185
Changes of assumptions	6,259,485	-
Difference between projected and actual earnings on OPEB plan investments	-	1,614,102
Total	<u>\$ 6,259,485</u>	<u>14,251,287</u>

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	17,659,284
Changes of assumptions	-	654,863
Difference between projected and actual earnings on OPEB plan investments	2,624,580	-
Total	<u>\$ 2,624,580</u>	<u>18,314,147</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

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

<u>Year ended December 31:</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (2,629,858)
2026	(1,555,310)
2027	(2,737,483)
2028	(1,017,781)
2029	(51,370)
	<u>\$ (7,991,802)</u>

(10) Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all District employees and permits them to defer a portion of their salary until future years. Prior to April 1, 2023, for bargaining employees, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for bargaining employees, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Prior to April 1, 2023, for employees not covered by the collective bargaining agreement, following one year of service, the District matched 50% of the first \$2,000 deferred by employees hired prior to January 1, 2014; for employees hired after January 1, 2014, the District matched 100% of the first \$2,000 deferred by employees. Effective April 1, 2023, for employees not covered by the collective bargaining agreement, the District matched 100% of the first \$2,000 deferred by employees effective upon hire date. Beginning January 1, 2024, for bargaining employees, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date. For employees not covered by the collective bargaining agreement, the District matches 50% of the first \$3,000 deferred by employees hired before September 28, 2013; for employees hired after September 28, 2013, the District matches 100% of the first \$2,500 deferred by employees effective upon hire date.

“Matching” contributions are remitted following each pay period during which amounts are deferred by eligible employees, until the aforementioned matching limitations are reached; matching contributions immediately vest. The deferred compensation, and associated matching contribution, are available to employees when one of three events occurs: separation of employment, hardship for unforeseeable emergency, or a small balance distribution. District matching contributions totaled \$1,213,783 and \$893,369 for 2024 and 2023, respectively. Management has determined the criteria established in GASB Statements No. 84 and 97 for control of assets has not been met for this plan, and therefore it is not reported as a fiduciary fund.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(11) Self-Insured Risks

The District is exposed to various risk of loss related to torts, theft of and destruction of assets, errors and omissions, and natural disasters. In addition, the District is exposed to risks of loss due to injuries to, and illnesses of, its employees. The District provides its employees with two health insurance options, both of which are primarily self-insured: a Health Maintenance Organization (HMO) and a preferred provider Organization (PPO). The District utilizes an “Administrative Services Only” contract under which the District reimburses the HMO/PPO for actual claims paid, a monthly administrative fee, and stop-loss protection for individual claims. Individual stop-loss coverage is effective when annual individual claims exceed \$425,000, and when aggregate claims exceed 125% of projected levels. A liability for claims is recorded in accounts payable, and was \$1,908,758 and \$1,688,883 at December 31, 2024 and 2023, respectively.

Changes in the District’s self-insured risk balances for the health plan during 2024 and 2023 are as follows:

	Business-type Activities Total	
	2024	2023
Beginning balance	\$ 1,688,883	1,909,267
Expenses	34,473,842	31,972,166
Payments	<u>(34,253,967)</u>	<u>(32,192,550)</u>
Ending balance	<u>\$ 1,908,758</u>	<u>1,688,883</u>

The District carries commercial insurance coverage for property with deductibles ranging from \$40,000 to \$500,000. The District is also self-insured for workers’ compensation and general liability and does not carry additional commercial coverage. There have been no significant reductions in insurance coverage in 2024. Effective June 15, 2023, the District is also self-insured for auto physical damage. In 2024 and 2023, the insurance policies in effect have adequately covered all settlements of claims against the District. No claims have exceeded the limits of property or liability insurance in any of the past three years. Liabilities are recorded for these self-insured risks. The liabilities are based on a combination of loss experience and estimates by the District’s in-house legal department.

Changes in the District’s self-insured risk balances for workers’ compensation and general liabilities during 2024 and 2023 are as follows:

	Gas Department		Water Department	
	2024	2023	2024	2023
Beginning balance	\$ 2,038,028	4,248,222	3,404,257	4,500,014
Expenses	1,105,196	2,098,470	5,067,448	627,577
Payments	<u>(891,139)</u>	<u>(4,308,664)</u>	<u>(3,734,894)</u>	<u>(1,723,334)</u>
Ending balance	<u>\$ 2,252,085</u>	<u>2,038,028</u>	<u>4,736,811</u>	<u>3,404,257</u>

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(12) Allowance for Doubtful Accounts and Accounts Receivable Write-offs

The allowance for doubtful accounts provides for the potential write-off of uncollectible account balances. An estimate is made for the Allowance for Doubtful Accounts based on an analysis of the aging of Accounts Receivable and historical write-offs. The District’s policy is to write off receivable balances that are over five years old. During 2024, the Water Department and Gas Department wrote off receivables totaling \$708,714 and \$700,003, respectively. During 2023, the Water Department and Gas Department wrote off receivables totaling \$711,015 and \$666,571, respectively. The allowance consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Water Department	\$ 1,623,932	1,716,623
Gas Department	<u>3,667,298</u>	<u>3,804,876</u>
	<u>\$ 5,291,230</u>	<u>5,521,499</u>

(13) Commitments

(a) Central Plains Energy Project (CPEP)

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

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

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

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

In 2018, the District participated in CPEP Project 4 Series Transaction. This agreement is for a 30-year supply of gas that the district is taking approximately 76% of the gas acquired in this agreement or 17% of the District's annual gas requirements. In 2023, CPEP and MUD refinanced this agreement for another 6-year term, and it. As part of this refinance, an Asset Management Agreement (AMA) was added for CPEP/J.Aron to manage the demand transportation component of the gas purchased on this transaction. This AMA increased the available gas discount for the District. After this additional 6-year term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

In 2022, the District participated in CPEP Project 5 Series Transaction. This agreement is for a 30-year supply of gas that the District is taking approximately 79% of the gas acquired in this agreement or 8.7% of the District's annual gas requirements. This agreement is currently scheduled to expire in 2053. In addition to the prepaid gas included in this agreement, the District also entered into an Asset Management Agreement (AMA) with CPEP/J.Aron to manage the transportation demand charges associated with gas purchased under this agreement. This additional AMA increased the available gas discount for the District. This agreement is for an initial 7-year term and subject to refinancing at the end of this term. After this initial term, CPEP, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial seven-year term unless the discount to market is \$.25 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

At December 31, 2024, the District owed CPEP \$10,429,492 for gas purchases under these agreements, which is recorded within "Accounts payable" in the statements of net position. During the year ended December 31, 2024, billings from CPEP to the District for services provided under these agreements were \$39,981,411.

The District has contracted to purchase the following volumes of gas from CPEP, through 2054, at a discount to market-based pricing on a pay-as-you-go basis:

	<u>DTH</u>
2025	18,862,293
2026	18,862,293
2027	18,862,293
2028	18,950,366
2029	18,862,293
2030-2054	<u>446,391,947</u>
	<u><u>540,791,485</u></u>

In 2024, the District purchased 18,950,366 DTH of gas under these agreements, representing 60% of the District's annual gas requirements.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

(b) Other Gas Supply Agreements

The District has various other gas supply contracts with a variety of suppliers, which consist of contracts that expire March 31, 2025 and October 31, 2025 and are generally renewed on an annual basis. The District has a gas supply contract that expires March 31, 2027 that was purchased based off market conditions and is not an annual purchase.

In 2017, the District entered into a 30-year gas supply contract with the Tennessee Energy Acquisition Corporation (TEAC) for three to four percent of our annual gas requirements. TEAC completed a 30-year natural gas pre-pay transaction using tax exempt bond financing that closed on November 7, 2017; the District was a participant in the deal. Gas flows commenced on April 1, 2018, and the District will achieve total gas cost savings of \$1.4 million vs. market prices over the initial five-year term of the deal. In 2023, the District worked with TEAC to refinance the agreement into a new five-year term. This agreement is currently scheduled to expire in 2053. After the additional five-year term, TEAC, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on future interest rate levels at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

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

	DTH
2025	1,063,400
2026	1,401,600
2027	1,358,500
2028	1,571,300
2029	1,566,200
2030 – 2053	36,645,500
	<u>43,606,500</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, 2024 and 2023

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

	<u>DTH</u>
2025	1,554,305
2026	1,554,305
2027	1,315,481
2028	1,638,960
2029	1,663,057
2030 – 2053	<u>44,322,067</u>
	<u>52,048,175</u>

In March 2018, the District entered into a 30-year gas supply contract with the Black Belt Energy Gas District (Black Belt) for approximately three percent of our annual gas requirements. Gas flows commenced on November 1, 2018, and the District will achieve total gas cost savings of \$1.8 million vs. market prices over the initial five-year term of the deal. In 2023, the District and Black Belt worked to refinance the agreement for an additional five-year term. After the additional five-year term, Black Belt, and the counterparty to the transaction, will negotiate an extension of the contractual gas discounts based on market rates at that time. The District is not required to purchase gas after the initial five-year term unless the discount to market is \$.20 per Dth or greater; parties to the agreement believe that it is probable that volumes will be taken for the full 30-year duration of the agreement.

The District has contracted to purchase the following volumes of gas from Black Belt, through 2048, at a discount to market-based pricing on a pay-as-you-go basis:

	<u>DTH</u>
2025	1,004,200
2026	1,319,795
2027	1,443,640
2028	1,715,640
2029	1,707,140
2030 – 2048	<u>32,031,060</u>
	<u>39,221,475</u>

(c) Gas Transportation Agreement

On November 7, 2012, the District's entered into a twenty (20) year firm transportation agreement with Northern Natural Gas; the term of the agreement runs from November 1, 2016 to October 31, 2036. Under this agreement, NNG will provide 198,975 Dth/day of firm transportation service during the months of November through March and 139,283 Dth/day of firm transportation service during the months of April through October. Per the terms of the agreement, 61% of the transportation volumes are priced at a discounted rate below NNG's maximum tariff rate with the remaining 39% priced at NNG's maximum tariff rates. The District's annual pipeline demand and storage demand fees under this agreement are capped at a maximum of \$20 million until October 31, 2026 and \$21.3 million until October 31, 2036.

METROPOLITAN UTILITIES DISTRICT

Notes to Basic Financial Statements

December 31, 2024 and 2023

In June 2019, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates by over 90%. NNG and its shippers agreed to a settlement in June 2020 with higher rates effective January 1, 2020. The District's existing contract has a rate cap due to any rate cases that has a maximum annual fee of \$20 million. After settlement, all of the District's transportation rates are now discounted below their proposed rates. Since the settlement rates were higher than our discounted rates with our contract cap we did not receive any refunds from the interim rates in effect until settlement. The District did have some additional commodity fees from the settlement period that were refunded to the District. The rate cap of \$20 million in our contract is approximately \$8 million lower than the annual settlement demand rates.

In June 2022, NNG filed a rate case with the Federal Energy Regulatory Commission (FERC) to increase their rates. NNG and its shippers agreed to a settlement in 2023 with higher rates effective January 1, 2023. Due to the rate cap, as explained above, the rate increase has no impact on the District's annual transportation and storage demand charges paid to NNG by the District. Our annual rate cap of \$20 million is approximately \$16.9 million lower than the new transportation and storage demand rates that went into effect on January 1, 2023.

(d) Construction

At December 31, 2024, the District's obligation under the uncompleted portion of contracts for plant facilities and equipment for the Water Department amounted to approximately \$13.0 million, which will be financed through operations and the proceeds from the Water System Revenue Bonds Series 2022. For the Gas Department, obligations amounted to approximately \$40.5 million at December 31, 2024, which will be financed through operations and the proceeds from the Gas System Revenue Bonds Series 2022 and Series 2023.

METROPOLITAN UTILITIES DISTRICT
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Years ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 3,541,247	3,263,676	3,168,618	3,937,556	3,804,402	4,185,594	7,514,662	7,150,328
Interest	10,977,019	10,382,538	9,825,208	10,554,294	9,825,558	9,923,893	9,748,668	9,806,106
Differences between expected and actual experience	-	(6,509,765)	-	(23,900,067)	-	(513,787)	-	-
Assumption changes	-	5,944,698	-	6,340,679	-	(9,717,898)	(64,476,519)	(4,130,520)
Benefit payments	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Net change in total OPEB liability	10,297,199	8,755,910	7,858,113	(6,625,561)	11,034,814	(1,355)	(51,466,954)	8,810,707
Total OPEB liability, beginning	164,698,591	155,942,681	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624	186,332,917
Total OPEB liability, ending (a)	\$ 174,995,790	164,698,591	155,942,681	148,084,568	154,710,129	143,675,315	143,676,670	195,143,624
Plan Fiduciary Net Position								
Employer contributions	\$ 11,974,673	11,855,281	11,277,253	13,250,226	14,242,079	14,254,367	16,704,020	11,015,207
Net investment income (loss)	11,140,324	12,962,452	(14,114,823)	9,692,659	7,319,380	6,541,647	(1,616,178)	1,407,980
Benefit payments	(4,221,067)	(4,325,237)	(5,135,713)	(3,558,023)	(2,595,146)	(3,879,157)	(4,253,765)	(4,015,207)
Administrative expenses	(10,889)	(10,524)	(9,746)	(9,001)	(6,132)	(3,367)	(3,194)	(1,491)
Net change in plan fiduciary net position	18,883,041	20,481,972	(7,983,029)	19,375,861	18,960,181	16,913,490	10,830,883	8,406,489
Plan fiduciary net position, beginning	92,184,362	71,702,390	79,685,419	60,309,558	41,349,377	24,435,887	13,605,004	5,198,515
Plan fiduciary net position, ending (b)	\$ 111,067,403	92,184,362	71,702,390	79,685,419	60,309,558	41,349,377	24,435,887	13,605,004
Net OPEB liability, ending (a) - (b)	\$ 63,928,387	72,514,229	84,240,291	68,399,149	94,400,571	102,325,938	119,240,783	181,538,620
Plan fiduciary net position as a percentage of the total OPEB liability	63.47%	55.97%	45.98%	53.81%	38.98%	28.78%	17.01%	6.97%
Covered payroll	92,549,569	86,492,121	78,036,221	74,635,409	73,975,548	69,759,343	68,704,312	67,761,364
Net OPEB liability as a percentage of covered payroll	69.07%	83.84%	107.95%	91.64%	127.61%	146.68%	173.56%	267.91%

Notes to Schedule:

Changes in actuarial assumptions and methods

1/1/23 valuation (assumptions used for measuring total OPEB liability as of December 31, 2023):

1. Per capita health care costs and rates of health care inflation used to project the per capita costs were updated
2. Health care cost trend rates and retiree claim costs were updated.
3. Monthly retiree premiums were updated.

1/1/21 valuation (assumptions used for measuring total OPEB liability as of December 31, 2021):

1. The discount rate was held at 6.75%.
2. Mortality rates to be based on Pub-2010 tables and projections using the MP-2020
3. Withdrawal and Retirement rates were unchanged
4. Salary scale was held at 3.40%
5. The spousal coverage assumption was held at 60%
6. Price inflation assumption was at 2.50%

Note: Schedule is intended to show 10-year trend. GASB 74 was adopted in 2017, as such, only eight years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
 Schedule of Employer Contributions - Other Post Employment Benefits
 January 1, 2015 Through December 31, 2024
 (\$ in Thousands)

Fiscal Year Ending December 31	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 16,874	\$ 3,935	\$ 12,939	\$ 63,385	6.21%
2016	16,874	8,167	8,707	66,054	12.36%
2017	15,950	11,015	4,935	67,761	16.26%
2018	15,950	16,704	(754)	67,761	24.65%
2019	13,545	14,254	(709)	69,759	20.43%
2020	13,545	14,242	(697)	73,975	19.25%
2021	10,565	13,250	(2,685)	74,635	17.75%
2022	10,565	11,277	(712)	78,036	14.45%
2023	11,790	11,855	(65)	86,492	13.71%
2024	11,790	11,975	(185)	92,550	12.94%

Beginning Fiscal Year ending December 31, 2017, the Actuarial Determined Contribution (ADC) is calculated in accordance with the District's funding policy, if one exists.

Prior to Fiscal Year ending December 31, 2017, the ADC is equal to the Annual Required Contribution (ARC) calculated under GASB Standards No. 45.

Notes to Schedule

Valuation date: January 1, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
 Amortization method Level Dollar
 Remaining amortization period 20 years
 Asset valuation method Market value
 Long-term investment rate of return 6.75%
 Inflation 2.50%

Healthcare cost trend rates:

 Under age 65 7.00% - 4.50%
 65 and Older 5.50% - 4.50%

Mortality Pub-2010 Mortality Tables projected generationally using Scale MP-2020.

METROPOLITAN UTILITIES DISTRICT
 Required Supplementary Information
 Schedule of Annual Money-Weighted Rate of Return on OPEB Plan Investments
 Fiscal Years ended December 31

Fiscal Year Ending December 31	Annual Money-Weighted Rate of Return
2024	11.7%
2023	17.0%
2022	-17.0%
2021	14.8%
2020	15.8%
2019	21.4%
2018	-8.0%
2017	16.2%
2016	6.3%

Note: Schedule is intended to show 10-year trend. The OPEB trust was created in 2016, as such, only nine years are presented. Additional years will be reported as they become available.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Changes in Net Pension (Asset) Liability and Related Ratio
Fiscal Years ended December 31

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

Notes to Schedule:

Changes to benefit terms and funding terms:

- 2023: The member contribution rate increased from 8.50% to 9.00% of total pay, as schedule
- 2022: The member contribution rate increased from 8.00% to 8.50% of total pay, as schedule
- 2021: The member contribution rate increased from 7.50% to 8.00% of total pay, as scheduled
- 2020: The member contribution rate increased from 7.00% to 7.50% of total pay, as scheduled
- 2019: The member contribution rate increased from 6.50% to 7.00% of total pay, as scheduled
- 2018: The member contribution rate increased from 6.00% to 6.50% of total pay on September 1, 2018 for employees not covered by the collective bargaining agreement, as scheduled.
- 2016: The member contribution rate increased from 4.88% to 6.00% of total pay, as scheduled.
- 2015: The member contribution rate increased from 4.32% to 4.88% of total pay, as scheduled.

Changes in actuarial assumptions and methods:

- 1/1/2022 valuation (assumptions used for measuring 12/31/221 total pension liability)
 - 1. The investment return assumption was decreased from 6.90% to 6.75%.
 - 2. The price inflation assumption was lowered from 2.60% to 2.50%.
 - 3. The cost of living adjustment assumption was lowered from 2.60% to 2.50%
 - 4. The general wage growth assumption was lowered from 3.50% to 3.40%.
 - 5. The covered payroll increase assumption was lowered from 3.50% to 3.00%.
 - 6. The salary merit scale was adjusted to better reflect actual experience.
 - 7. The mortality assumption was modified by moving to the Pub-2010 General Employees Median Mortality Table, projected generationally using Scale MP-2020.
 - 8. Assumed retirement rates were adjusted to better reflect actual experience.
 - 9. Assumed termination rates were adjusted to better reflect actual experience.
- 1/1/2020 valuation (assumptions used for measuring 12/31/19 total pension liability)
 - The investment return assumption was decreased from 7.00% to 6.90%.
- 1/1/2018 valuation (assumptions used for measuring 12/31/17 total pension liability):
 - 1. The investment return assumption was decreased from 7.25% to 7.00%.
 - 2. The price inflation assumption was lowered from 3.10% to 2.60%.
 - 3. The cost of living adjustment assumption was lowered from 3.00% to 2.60%
 - 4. The general wage growth assumption was lowered from 4.00% to 3.50%.
 - 5. The covered payroll increase assumption was lowered from 4.00% to 3.50%.
 - 6. The mortality assumption was modified by moving to the RP-2014 Mortality Table, adjusted to 2006, with a one-year set forward for females and projected generationally using Scale MP-2016.
 - 7. Assumed retirement rates were adjusted to better reflect actual experience.
 - 8. Assumed termination rates were adjusted to better reflect actual experience.

* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

Note: Schedule to show 10-year trend.

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
 Schedule of Employer Contributions - Defined Benefit Pension Plan
 January 1, 2015 Through December 31, 2024
 (\$ in Thousands)

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

* Prior to Fiscal Year ending December 31, 2016, covered payroll represents total payroll of employees provided with pensions through the pension plan. Beginning in Fiscal Year ending December 31, 2016, covered payroll represents compensation to active employees on which the District bases pension plan contributions.

Notes to Schedule

Valuation date: January 1, 2024
 Actuarially determined contribution is determined in the valuation performed as of January 1 of the year in which contribution is made.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Range from 11 to 22 years (single equivalent amortization period is 22 years)
Asset valuation method	Expected Value + 25% of (market - expected values)
Inflation	2.50%
Salary increases	3.65% to 11.40%, depending on years of service
Long-term investment rate of return	6.75%
Retirement	Service-based table of rates.
Mortality	Pub-2010 Mortality Tables projected generationally using Scale MP-2020.
Cost of living adjustments	2.50% per year

METROPOLITAN UTILITIES DISTRICT

Required Supplementary Information
Schedule of Annual Money-Weighted Rate of Return on Pension Plan Investments
Fiscal Years ended December 31

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

Note: Schedule to show 10-year trend.

METROPOLITAN UTILITIES DISTRICT

Water Department
 Schedule of Insurance Coverage
 December 31, 2024
 (Unaudited)

<u>Coverage</u>	<u>Description</u>	<u>Name of insurer</u>	<u>Deductible or coinsurance amounts</u>	<u>Expiration date</u>
Buildings (including contents)	Fire and extended coverage	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2025
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2025
Contractors Equipment floater	Construction equipment and communication equipment	CNA Financial Corporation	\$40,000 deductible	6-15-2025
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	\$200,000 per loss	2-7-2025

METROPOLITAN UTILITIES DISTRICT
Water Department
Statutory Information Required by Chapter 14,
Section 2145 of the Revised Statutes of Nebraska of 1943
Year ended December 31, 2024
(Unaudited)

Operating revenues, net	\$ 170,908,533
Thousands of gallons of water supplied to mains	36,384,720
Thousands of gallons of water sold	32,015,811
Maintenance	\$ 36,416,966
Gross additions to utility plant in service, exclusive of land	\$ 73,429,227
Land purchased	\$ 2,134,632
Depreciation charged to operations and other accounts	\$ 18,958,398
Cost per thousand gallons of water sold (schedule A)	\$ 3.90
Collected for sale and rent of meters, net	\$ 245,041
Assessments against property for extension of mains	\$ 110,987
Operating expenses (schedule B)	\$ 116,681,892
Average number of employees for the year	421
Compensation of employees for the year	\$ 42,059,775
Direct taxes levied against property at request of District for fire protection service (in lieu of hydrant rental)	\$ —
All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant	—

Schedule A

METROPOLITAN UTILITIES DISTRICT

Water Department

Cost per Thousand Gallons of Water Sold

Year ended December 31, 2024

(Unaudited)

Operating expenses:	
Operations	\$ 60,608,039
Maintenance	36,416,966
Depreciation and amortization	17,350,402
Provision for statutory payments to municipalities	<u>2,306,485</u>
Total operating expenses	\$ 116,681,892
Other deductions:	
Interest	<u>8,028,788</u>
Total operating expenses and other deductions	\$ <u><u>124,710,680</u></u>
Thousands of gallons of water sold	32,015,811
Cost per thousand gallons of water sold	\$ 3.90

Schedule B

METROPOLITAN UTILITIES DISTRICT

Water Department
Operating Expenses
Year ended December 31, 2024
(Unaudited)

Operating expenses:

Operations:

Primary pumping	\$ 10,621,175
Purification	15,112,954
Booster pumping	3,523,313
Distribution	12,278,152
Customer accounting	7,900,938
Marketing	1,477,709
Administrative	9,693,798
Total operating	<u>\$ 60,608,039</u>

Maintenance:

Primary pumping	3,432,608
Purification	4,957,623
Booster pumping	2,416,399
Distribution	25,610,336
Total maintenance	<u>\$ 36,416,966</u>

Depreciation and amortization

17,350,402

Provision for statutory payments to municipalities

2,306,485

Total operating expenses

\$ 116,681,892

METROPOLITAN UTILITIES DISTRICT

Gas Department
 Schedule of Insurance Coverage
 December 31, 2024
 (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	6-15-2025
Data Processing Equipment	Equipment, media and extra expense	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2025
Contractors Equipment floater nonowner liability	Construction equipment and communication equipment	CNA Financial Corporation	\$40,000 deductible	6-15-2025
Travel Insurance	All employees and directors while on a bonafide business trip	Reliance Std. Life Ins. Co.	\$200,000 per loss	2-7-2025
Cyber Liability	Privacy, data, and network exposures	AIG Specialty Insurance Company	\$150,000 deductible	6-15-2025
LNG plant	LNG plant and contents	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2025
Propane caverns	Two caverns - special cause of loss, including earthquake and flood	Associated Electric & Gas Insurance Services (AEGIS) & Starr Technical Risk Agency	\$500,000 deductible	6-15-2025

METROPOLITAN UTILITIES DISTRICT
Gas Department
Statutory Information Required by Chapter 14,
Section 2145 of the Revised Statutes of Nebraska of 1943
Year ended December 31, 2024
(Unaudited)

Operating revenues, net	\$ 217,655,978
Dekatherms of gas delivered to mains	31,630,205
Dekatherms of gas sold	31,630,205
Maintenance	\$ 18,462,248
Gross additions to utility plant in service	\$ 51,992,832
Land purchased	\$ 2,070,374
Depreciation charged to operations and other accounts	\$ 25,300,817
Cost per thousand cubic feet of gas sold (schedule A)	\$ 6.05
Collected for sale and rent of meters	\$ —
Assessments against property for extension of mains	\$ —
Operating expenses (schedule B)	\$ 183,321,314
Average number of employees for the year	499
Compensation of employees for the year	\$ 49,864,953
Direct taxes levied against property at request of District	\$ —
All other facts necessary to give an accurate and comprehensive view of the cost of maintaining and operating the plant	—

Schedule A

METROPOLITAN UTILITIES DISTRICT

Gas Department

Cost per Thousand Cubic Feet of Gas Sold

Year ended December 31, 2024

(Unaudited)

Operating expenses:	
Natural gas	\$ 104,022,598
Operations	37,298,552
Maintenance	18,462,248
Depreciation and amortization	20,279,378
Provision for statutory payments to municipalities	<u>3,258,538</u>
Total operating expenses	<u>\$ 183,321,314</u>
Other deductions:	
Interest	<u>8,019,917</u>
Total operating expenses and other deductions	<u>\$ 191,341,231</u>
Thousands of cubic feet of gas sold	<u>31,630,205</u>
Cost per thousand cubic feet of gas sold	\$ 6.05

Schedule B**METROPOLITAN UTILITIES DISTRICT**

Gas Department
Operating Expenses
Year ended December 31, 2024
(Unaudited)

Operating expenses:	
Natural gas	\$ 104,022,598
Operations:	
Production	5,260,173
Distribution	14,978,270
Customer accounting and collecting	10,428,730
Marketing	1,818,435
Administrative	4,812,944
Total operations	<u>\$ 37,298,552</u>
Maintenance:	
Production	3,254,192
Distribution	15,208,056
Total maintenance	<u>\$ 18,462,248</u>
Depreciation and amortization	20,279,378
Provision for statutory payments to municipalities	3,258,538
Total operating expenses	<u><u>\$ 183,321,314</u></u>

METROPOLITAN UTILITIES DISTRICT

Statistical Highlights

Years ended December 31, 2024, 2023, and 2022

(Unaudited)

Water Department	2024	2023	2022
Number of customers (December)	229,270	227,433	225,028
Sales (thousand gallons)	32,015,811	32,381,759	31,666,992
Operating revenues, net	\$ 170,908,533	162,559,492	152,647,809
Operating expenses	116,681,892	106,663,577	104,034,166
Operating income	\$ 54,226,641	55,895,915	48,613,643
Plant additions and replacements, net	\$ 114,953,436	86,158,744	75,334,732
Plant in service	\$ 1,473,574,728	1,404,660,992	1,336,765,056
Miles of mains	3,204	3,180	3,155
Average daily pumpage (thousand gallons)	99,684	98,379	96,909
Gas Department			
Number of customers (December)	242,687	241,080	239,487
Sales (DTH):			
Firm	27,126,240	28,726,337	31,411,793
Interruptible	4,503,965	4,199,835	4,080,279
Total	31,630,205	32,926,172	35,492,072
Operating revenues, net	\$ 217,655,978	255,933,175	353,259,267
Cost of gas sold	104,022,598	143,384,526	235,312,367
Other operating expenses	79,298,716	73,543,842	76,264,376
Operating income	\$ 34,334,664	39,004,807	41,682,524
Plant additions and replacements, net	\$ 102,970,858	91,905,485	84,239,555
Plant in service	\$ 798,515,026	755,488,019	721,035,585
Miles of mains	2,994	2,970	2,972
Average daily sendout (DTH)	94,323	98,121	105,368
Number of active employees – water and gas combined	913	905	876



RSM US LLP

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

Independent Auditor's Report

Board of Directors
Metropolitan Utilities District

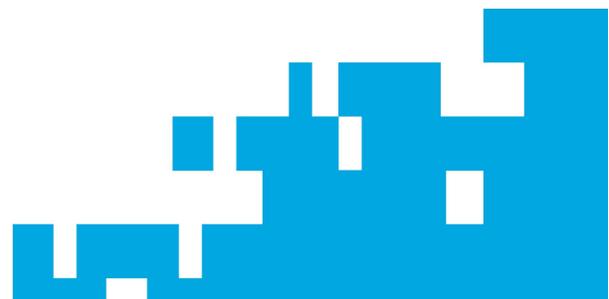
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial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

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

Omaha, Nebraska

March 27, 2025

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution and is not to be considered as a full statement of the provisions thereof. The summary is qualified by reference to and is subject to the complete the Resolution, copies of which may be examined at the offices of the District.

Certain Definitions

“Average Principal and Interest Requirements” means, as of any particular date of computation, an amount equal to that amount which would become due annually on the Bonds, including any Parity Revenue Bonds, if the total principal of and interest on such Bonds were payable in substantially equal annual payments over the term of such Bonds.

“Bond Fund Minimum Reserve” means (a) with respect to the Series 2026 Bonds, \$0; (b) with respect to the Series 2023 Note, such amount as provided in the Series 2023 Resolution, (c) with respect to the Series 2022 Bonds, such amount as provided in the Series 2022 Resolution, (d) with respect to the Series 2018 Bonds, such amount as provided in the Series 2018 Resolution; (e) with respect to the Series 2015 Bonds, such amount as provided in the Series 2015 Resolution; (f) with respect to the Series 2012 Bonds, such amount as provided in the Series 2012 Resolution; and (g) with respect to any Parity Revenue Bonds, such amount or credit facility to be determined by the Board in its discretion.

“Bonds” means the Outstanding Parity Revenue Bonds and any Parity Revenue Bonds issued pursuant to the provisions of the Resolution.

“Current Expenses” means all reasonable and necessary current expenses of the District, paid or incurred while operating, maintaining and repairing the System; and the term may include, at the District’s option (except as may be limited by law), without limiting the generality of the foregoing, engineering, auditing, legal and other overhead expense of the District, insurance and surety bond premiums, reasonable charges of the Paying Agent, the Registrar and any other depository bank appertaining to the System, payments to pension, retirement, health and hospitalization funds; any taxes, assessments or other charges which may be lawfully imposed on the District, or its income or operations of facilities under its control, ordinary and current rentals of equipment and other property, refunds of any revenues lawfully due to others, including, but not limited to, refunds, expenses in connection with the issuance of the Bonds or other obligations evidencing any loan to the District, any expenses and compensation of any trustee or other fiduciary hereunder, or otherwise, contractual services, professional services required by this Resolution, salaries, labor and the cost of materials and supplies used for current operation and all other administrative, general and commercial expenses related to the System, but excluding: (a) any allowance for depreciation or any reserves or capital replacements; (b) any reserves for operation, maintenance or repair of the System; (c) any allowance for the redemption of any Bond or other obligation evidencing a loan to the District or the payment of any interest thereon; (d) liabilities incurred by the District as the result of its negligence in the operation of the System or other grounds of legal liability not based on contract; and (e) the costs of any capital replacements, improvements, extensions or betterments.

“Facilities” means any of the Works or other properties, or any interest therein, appertaining to the System including, without limitation, the Project.

“Federal Securities” means Permitted Investments described below:

- (i) Cash;

(ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—“SLGs”);

(iii) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(iv) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable;

(v) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipals to satisfy this condition; and

(vi) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

(A) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership;

(B) Farmers Home Administration (FmHA): Certificates of beneficial ownership;

(C) Federal Financing Bank;

(D) General Services Administration: Participation certificates;

(E) U.S. Maritime Administration: Guaranteed Title XI financing; and

(F) U.S. Department of Housing and Urban Development (HUD):

(1) Project Notes;

(2) Local Authority Bonds;

a. New Communities Debentures—U.S. government guaranteed debentures; and

b. U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

“*Net Revenues*” means the System Revenues after deducting Current Expenses.

“*Outstanding*,” when used with reference to the Bonds, including any Parity Revenue Bonds of the District and as of any particular date, means all such Bonds of the District payable solely from System Revenues and theretofore and thereupon being executed and delivered, except: (a) any Bond cancelled by the District or by the Paying Agent, the Registrar, any other agent of the District or a District Officer, at or before said date; (b) any Bond for the payment or the redemption of which cash or Federal Securities equal to the principal amount thereof, any prior redemption premium due in connection therewith, and interest thereon to the date of maturity or redemption date shall have theretofore been deposited with the Paying Agent, or any other trustee, as provided in the Resolution; and (c) any Bond in lieu of or in

substitution for which another Bond shall have been executed and delivered pursuant to the Resolution or otherwise.

“Parity Revenue Bonds” means Bonds or other obligations issued pursuant to the provisions of the Resolution, which are payable solely from the System Revenues and which have a lien on System Revenues on a parity with the Series 2026 Bonds and any other Bonds Outstanding under this Resolution.

“Permitted Investments” means any investments permitted under the laws of the State for funds of the District.

“Project” means improvements to the District’s Water System, including but not limited to the Florence Water Treatment Plant, Platte South Water Treatment Plant, Platte West Water Treatment Plant, various water pumping station repairs and rehabilitation, and related infrastructure, including reimbursement of the District for expenditures made therefor.

“Resolution” means the Resolution of the District adopted February 8, 2006, as supplemented and amended from time to time, including the Resolution of the District adopted December 3, 2025 related to the Series 2026 Bonds.

“Subordinate Bonds” or *“Subordinate Obligations”* means bonds or other obligations payable from System Revenues, subsequent and junior to the lien of the Bonds.

“System” or *“Water System”* means the facility designated as the District’s water supply, waterworks and other related improvements and facilities to supply water within the District’s service area for irrigation, domestic or commercial use, and lines, laterals, equipment and appurtenances for the District and its customers, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the District through acquisition, construction and completion, or otherwise, and used in connection with the water system of the District, and in any way appertaining thereto, whether situated within or without the limits of the District. *The System expressly does not include the District’s facilities used in connection with or apportioned to its gas system.*

“System Revenues” means all income and revenues derived by the District from the ownership and operation of the System, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments thereto, or otherwise, including, without limitation, all investment income and the designated terms include all revenues received by the District or by any municipal corporation succeeding to the rights of the District from the System, and from the sale and use of water, water service, water facilities or a combination thereof, by means of the System owned and operated by the District, as the same may at any time exist, to serve customers outside the present District limits, as well as customers within the present District limits, but excluding the proceeds of any general (ad valorem) taxes levied by the District, and excluding the proceeds of any restricted donations, restricted grants, loans or other moneys derived by the District from other than the operation of the System, or any part thereof. *The System Revenues expressly do not include the District’s revenues from its gas system.*

“Works” means, unless otherwise specified by the Resolution, wells, pumping stations, dams, storage reservoirs, compensatory and replacement reservoirs, canals, conduits, pipelines, tunnels, power plants and any and all works, facilities, improvements and property necessary or convenient for the supplying of water for domestic, irrigation, power, building code, manufacturing and any and all other beneficial uses.

Flow of Funds

So long as any of the Series 2026 Bonds shall be Outstanding, either as to principal or interest, or both, the following payments shall be made from the Revenue Fund.

First, there shall be deposited into the Current Expense Fund the amount necessary from time to time to pay Current Expenses and the District shall pay Current Expenses from the Current Expense Fund, as they become due and payable. Any surplus remaining at the end of the Fiscal Year and not needed for Current Expenses shall be transferred to the Revenue Fund and shall be used for the purposes as provided by the Resolution.

Second, but subsequent to the payments required by the preceding paragraph, from any moneys remaining in the Revenue Fund, i.e., from Net Revenues, there shall be deposited in trust, for the benefit of the owners of the Bonds, into the Bond Fund as follows:

Monthly, on or before the first day of each month, commencing on the first day of the month immediately succeeding the delivery of any Bond, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on the first day of the month next following said interest payment date, one sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding Bonds, except to the extent of moneys otherwise deposited in the Bond Fund and available for that purpose;

Monthly, on or before the first day of each month, commencing on the first day of the month immediately succeeding the delivery of any Bond, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the next maturing installment of principal of the Outstanding Bonds, and monthly thereafter, commencing on the first day of the month immediately following said principal date, one twelfth of the amount necessary to pay the next maturing installment of principal of the Bonds, whether at maturity or by mandatory sinking fund redemption, except to the extent of moneys deposited into the Bond Fund and available for that purpose;

If in any month the District shall have failed to deposit into the Bond Fund the full amount required to be deposited therein, then an amount shall be paid into the Bond Fund in such month from the first System Revenues thereafter received not required to be applied in accordance with the provisions of the two preceding subsections; and

With respect to the 2012 Bonds and any Parity Revenue Bonds for which a Debt Service Reserve Account is required to be funded, monthly, on or before the first day of the month, if the amount (including the amount of any surety bond or other credit facility deposited in the Debt Service Reserve Account) on deposit in the Debt Service Reserve Account is less than the Bond Fund Minimum Reserve, to the Debt Service Reserve Account, an amount which will, when added to the amount in the Debt Service Reserve Account, equal the Bond Fund Minimum Reserve, or, with respect to any Parity Revenue Bonds, if the issuer of a surety bond or other credit facility has advanced money pursuant to such surety bond or other credit facility, an amount which will reimburse such issuer for the money so advanced.

Third, but subsequent to the payments required by the two preceding paragraphs, any moneys remaining in the Revenue Fund after making the payments hereinabove provided shall be used by the District for the payment of interest on and principal of additional bonds or other additional long-term obligations (excluding Current Expenses) or other additional indebtedness hereafter authorized to be

issued or incurred by the District and payable from System Revenues, which are subordinate to the lien and pledge of the Bonds in the Resolution.

Fourth, but subsequent to the payments required by the three preceding paragraphs, any moneys remaining in the Revenue Fund after making the payments hereinabove provided may be applied by the District for any other lawful purpose of the District.

Bond Fund Minimum Reserve

No subaccount within the Debt Service Reserve Account is established with respect to the Outstanding Parity Revenue Bonds. The Bond Fund Minimum Reserve required to be maintained by the Resolution for the 2012 Bonds and any Parity Revenue Bonds shall be held as a continuing reserve to meet possible deficiencies in deposits into the Bond Fund for the payment of the principal of and interest on the applicable series of Bonds. The moneys in each subaccount within the Debt Service Reserve Account of the Bond Fund constituting the debt service reserve shall be maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the principal of and interest on the applicable series of Bonds to which subaccount corresponds resulting from a failure to deposit therefor into the Bond Fund sufficient moneys to pay said principal and interest as the same become due.

Covenants

The District has covenanted in the Resolution, among other things:

(1) The District, acting by and through the Board, will faithfully and punctually perform all duties with respect to the System and to the System Revenues, required by the constitution and the laws of the State and by the various resolutions of the District, including, but not limited to, the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the System and the proper segregation of the System Revenues and their application to respective funds or accounts, as herein also provided.

(2) The District, acting by and through the Board, shall, at all times, operate the System properly and in a sound and economical manner; and the District shall maintain, preserve and keep the same properly, or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall, from time to time, make, or cause to be made, all necessary and proper repairs, replacements and renewals.

(3) The District, acting by and through the Board, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System (as well as any other Facilities under the jurisdiction of the Board). All compensation, salaries, fees and wages paid by it in connection with maintenance, repair and operation of the System (as well as any other such Facilities) shall be reasonable and no more than would be paid by other corporations, municipalities or public bodies for similar services. The District shall observe and perform all of the terms and conditions contained in the Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the District.

(4) The District shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or with respect to the System, or upon any part thereof, upon any revenue therefrom, or upon any other portion of the System Revenues, when the same shall become due; the District shall duly observe and comply with all

valid requirements of any municipal or governmental authority relative to any part of the System. The District shall pay, or shall cause to be discharged, or will make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials or supplies which, if unpaid, might, by law, become a lien on the System, any part thereof, or upon the System Revenues; provided, however, that nothing in this subsection contained shall require the District to pay, or cause to be discharged, or make provision for any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Federal Tax Law Covenants

In consideration of the purchase and acceptance of the Series 2026 Bonds by the registered owners thereof from time to time, and in consideration of retaining the exemption from federal income taxes of the interest income on the Series 2026 Bonds, the District covenants and agrees, and the appropriate officials of the District are directed, to take all action required, or to refrain from taking any action prohibited, by the Internal Revenue Code of 1986, as amended (the “Code”), including, without limitation (a) to meet the arbitrage rebate provisions of Section 148(f) of the Code, (b) to make the required information filing pursuant to Section 149(e) of the Code, and (c) to do all other things necessary to preserve the tax exempt status of the interest income on the Series 2026 Bonds.

At no time or times shall any of the proceeds of the Series 2026 Bonds or other moneys of the District be used directly or indirectly in any manner which would cause any Series 2026 Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

Contract With Bondholders

After any of the Series 2026 Bonds have been issued, this Resolution shall constitute a contract between the District and the registered owner or registered owners of the Series 2026 Bonds and shall be and remain irrevocable and unalterable until the Series 2026 Bonds and the interest thereon shall have been fully paid, satisfied and discharged.

Insurance

The District shall procure and maintain, so long as any of the Bonds are Outstanding, fire and extended coverage insurance on the insurable portions of the Facilities comprising the System, in amounts at least sufficient to provide for not less than full recovery whenever the loss from perils insured against does not exceed 100% of the full insurable value of the highest valued component (i.e., the Project) of the System.

The District, in its sole discretion, may self insure against all or a portion of its exposure to public liability claims or if it does not self insure against all or a portion of such claims, shall procure (except to the extent previously procured) and shall maintain, so long as any of the Bonds are Outstanding, public liability insurance in reasonable amounts, but in no event less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, against claims for bodily injury and death, or either, and in no event less than \$10,000 for one accident, against claims for damage to property of others, suffered, or alleged to have been suffered, by others, arising from the District’s operation of the System, including any use and occupancy of its grounds, structures and Facilities.

The District, in its sole discretion, may self insure against all or a portion of its exposure to vehicular liability claims or, if it does not self insure against all or a portion of such claims,

shall procure (except to the extent previously procured) and shall maintain, so long as any of the Bonds are Outstanding, vehicular public liability insurance in reasonable amounts, but in no event less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, against claims for bodily injury and death, or either, and in no event less than \$10,000 for one accident, against claims for damage to property of others, suffered, or alleged to have been suffered, by others, arising from the District's operations of any vehicle.

In addition to the above-designated fire and extended coverage insurance, public liability insurance and vehicular liability insurance, the District shall, at all times, also maintain, by self insurance or with responsible insurers, workers' compensation insurance and all other such insurance, if any, as is customarily maintained with respect to facilities of like character against loss or damage to the System and against loss of System Revenues. The costs of all insurance, including the maintenance of reserves for self insurance and the costs of paying self insured claims, shall be considered as Current Expenses. Upon the occurrence of any loss or damage covered by any of the insurance policies of the District, the Board, on behalf of the District and in its name, will cause due proof of loss and will do all things necessary to cause the insurers to make payment in accordance with the terms of each such policy.

Insurance During Construction

The District may require that each of its general contractors purchase and maintain, or assure that its subcontractors purchase and maintain, during the life of such contractor's contract, workers' compensation insurance and public liability and property damage insurance in amounts and on terms satisfactory to the District. The District may maintain, and may require that each of its construction contractors maintain, during the life of such contractor's contract, builder's risk insurance in amounts and on terms satisfactory to the District.

Contract Security

The District shall require that each construction contractor furnish a performance bond in an amount at least equal to 100% of such contractor's price, as security for the faithful performance of such contract, and also a payment bond in an amount not less than 100% of such contractor's contract price or in a penal sum not less than that prescribed by State law, as security for the payment of all persons performing labor on the project under such contract and furnishing materials in connection with such contract. The performance bond and the payment bond may be in one instrument or in separate instruments in accordance with local law.

Reconstruction

If any useful part of the System or of any Facility thereof shall be damaged or destroyed, the District, acting by and through the Board, shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such insurance appertaining thereto shall be payable to the District and shall be applied by the Board to the necessary costs involved in such repair and replacement, and to the extent not so applied, shall be deposited in the Revenue Fund by the Board, on behalf of the District, as System Revenues.

Alienation of System Prohibited

On and after this date, neither all, nor a substantial part, of the System shall be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of until all the Bonds herein authorized have been

paid in full, both as to principal and interest, unless provision has been made therefor, or until the Bonds herein authorized have otherwise been redeemed, including, but not necessarily limited to, the termination of the pledge herein authorized; and the District shall not dispose of its title to all, nor a substantial part of the System, including any Facility necessary to the operation and use of the System and the lands and interest in lands comprising the site or sites of the System.

Service Charges

The District covenants that it will (except as limited by law) fix, establish and maintain rates or charges for water, services or facilities supplied or furnished by the District, and shall revise the same from time to time, whenever necessary, as will in each Fiscal Year provide an amount sufficient to pay Current Expenses and to generate Net Revenues at least equal to the sum of the following amounts:

120% of the amount equal to the Average Principal and Interest Requirements on the Bonds, including any Parity Revenue Bonds, then Outstanding; and

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 therefor) that are payable from System Revenues, as the same shall become due.

No free water, service or facilities shall be furnished by the District, except that the District may provide fire protection water without charge to fire departments within the District's service area. The District shall forthwith take all steps necessary to enforce the prompt payment of all rates and charges. The Board will shut off or discontinue, or cause to be shut off or discontinued, service for delinquencies in the payment of such charges, and the Board will prescribe and enforce rules and regulations for the connection with and the disconnection from properties or the Facilities of the District

Competent Management

The District, acting by and through the Board, shall employ experienced and competent management personnel for the System, including a president to be superintendent of all the Facilities and improvements of the System, who shall have full control over the Facilities comprising the System and shall operate the System for the District, subject to the reasonable control of the Board. It shall establish, fix and, from time to time, modify such reasonable fees and charges, as will be sufficient to make the payments required by the Resolution; and the Board shall have the power to establish, fix and, from time to time, modify such reasonable fees and charges for all Facilities under its jurisdiction (except as herein otherwise expressly provided). The president shall enforce the collection of all such fees and charges, and he shall, in all things, so operate the System as to comply fully with all of the requirements and provisions of the Resolution.

Budget

The Board and its officials shall annually, and at such other times as may be provided by State law, prepare and adopt a budget appertaining to the District.

Records

So long as any of the Series 2026 Bonds remain Outstanding, proper books of record and account will be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System and to the System Revenues. Such books shall

include (but not necessarily be limited to) records showing: (a) the number of customers by class; (b) the revenues received from rates and charges by class of customers; and (c) a detailed statement of the Current Expenses.

Right To Inspect

Any registered owner of any of the Series 2026 Bonds or any duly authorized agent or agents of such registered owner have the right, at all reasonable times, to inspect all records, accounts and data relating thereto, concerning the System or the System Revenues, and shall have the right to inspect the System and all properties comprising the System.

Audit Required

At least once a year in the time and manner provided by the Act, the District will cause an audit to be performed of the records relating to the revenues and expenditures of the System. Such audit may be made part of and included within the general audit of the District, and made at the same time as the general audit. Copies of the audit will be filed and recorded in the places, time and manner provided by law.

Additional Bonds

Parity Revenue Bonds may be issued under the Act or any other statute authorizing the issuance of such bonds or obligations which are solely from System Revenues and have a lien on System Revenues on a parity with the Outstanding Bonds including the Series 2026 Bonds if all of the following conditions are satisfied:

The Net Revenues of the System for any 12 consecutive months within the completed 18 months immediately preceding the issuance of the additional Parity Revenue Bonds must have been not less than 1.20 times the Average Principal and Interest Requirements for any succeeding Fiscal Year on all Bonds then Outstanding payable from the System Revenues and the Parity Revenue Bonds so proposed to be issued; provided however, if new rates and charges have been established during the completed 18 months immediately preceding the issuance of the additional Parity Revenue Bonds, the Net Revenues of the System may be adjusted by applying the new rates to the connections being served during such period as if such rates had been in effect for the entire 18 month period;

The payments required to be made by the Resolution into the various funds and accounts must be current;

The District shall not have defaulted in making any payments required by the Resolution during the 24 months immediately preceding the issuance of any such additional Parity Revenue Bonds;

The additional Parity Revenue Bonds shall bear interest payable on the dates, and shall mature on the date or dates, designated by resolution of the Board during the term of said Parity Revenue Bonds; and

The proceedings for issuance of each such additional Parity Revenue Bonds shall provide for the application of the proceeds from the sale thereof.

The District may also issue Parity Revenue Bonds to refund the Series 2026 Bonds or other series of Parity Revenue Bonds; provided that the Average Principal and Interest Requirements are not increased by the issuance thereof.

Nothing herein contained shall be construed so as to permit the District to issue additional bonds or other additional obligations or to incur other additional indebtedness payable from System Revenues and having a lien thereon prior and superior to the Series 2026 Bonds or additional Parity Revenue Bonds then outstanding under the Resolution or any supplement thereof.

Limitations Upon Issuance of Subordinate Bonds

Nothing in the Resolution shall be construed in such a manner as to prevent the issuance by the District of Subordinate Bonds or Subordinate Obligations (other than Current Expenses) or the incurrence by the District of additional indebtedness (other than Current Expenses) payable from System Revenues and constituting a lien on System Revenues subordinate, inferior and junior to (but not on a parity with nor prior or superior to) the lien of the Series 2026 Bonds or any Parity Revenue Bonds then outstanding. The proceeds of the Subordinate Bonds or Subordinate Obligations, exclusive of costs of issuance, shall be used only for purposes from time to time authorized by law.

Bondholder's Remedies

Each registered owner of any Series 2026 Bond shall be entitled to all of the privileges, rights and remedies provided or permitted at law or in equity. Nothing in the Resolution shall affect or impair the right of any registered owner of any Series 2026 Bond to enforce the payment of the principal of and the interest on his Series 2026 Bond or the obligation of the District to pay the principal of and the interest on each Series 2026 Bond to the registered owner thereof at the time and place expressed in the Series 2026 Bond.

Events of Default

Each of the following events is an "Event of Default" under the Resolution:

Nonpayment of Principal. Payment of the principal of any of the Series 2026 Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for prior redemption, or otherwise.

Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable.

Failure To Perform. The District shall, for any reason, be rendered incapable of fulfilling its obligations under the Resolution.

Nonperformance of Duties. The District shall have failed to carry out and to perform (or, in good faith, to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under the Resolution or under any contract relating to the System Revenues or to the System, or otherwise, and such failure shall continue for 30 days after receipt of notice from the registered owners of 25% in principal amount of the Bonds then Outstanding.

Appointment of a Receiver. Any order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the District, appointing a receiver or receivers for the System or for the System Revenues, or if an order or decree has been entered

without the consent or acquiescence of the District, shall not be vacated, discharged or stayed on appeal within 60 days after entry.

Default of Any Provision. The District shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution, on its part to be performed, and if such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the District by the registered owners of 25% in principal amount of the Bonds then Outstanding.

Remedies for Default

Upon the happening and continuance of any Event of Default, then, and in every case, the registered owner or registered owners of not less than 25% in principal amount of the Bonds then Outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the District, to protect and to enforce the rights of any registered owner of Bonds under the Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as, such registered owner or registered owners may deem most effectual to protect and to enforce the rights aforesaid, thereby to enjoin any act or things which may be unlawful or in violation of any right of any registered owner of any Bond, to require the Board to act as if it were the trustee of an expressed trust, or to proceed with any combination of remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all registered owners of the Bonds then Outstanding. Any receiver appointed in any proceedings to protect the rights of such registered owners hereunder, the consent to any such appointment being hereby expressly granted by the District, may enter and may take possession of the System, operate and maintain the same, prescribe rates and charges and collect, receive and apply all System Revenues arising after the appointment of such receiver, in the same manner as the District itself.

Investment of Funds

Any moneys accounted for in any account or fund designated in the Resolution and not needed for immediate use may be invested or reinvested at the request of the District in Permitted Investments. Subject to the rebate provisions of the Code, all such investments shall be credited to the fund or account from which the money used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and all losses therein shall be charged against, such account or fund; provided that earnings on Debt Service Reserve Account investments shall be credited thereto only if and to the extent necessary to maintain the Bond Fund Minimum Reserve, and otherwise shall be credited, at the option of the District, to the Revenue Fund or the Bond Fund.

Amendments; Supplemental Resolutions

The District may, without consent of or notice to any of the registered owners of the Series 2026 Bonds, enter into a resolution or resolutions supplemental to the Resolution for any one or more of the following purposes:

To cure any ambiguity or formal defect or omission in the Resolution;

To grant to or to confer upon registered owners of the Series 2026 Bonds, for the benefit of the registered owners of the Series 2026 Bonds, any additional rights, remedies, powers or

authorities that may lawfully be granted to or conferred upon the registered owners of the Series 2026 Bonds;

To provide for the issuance of Parity Revenue Bonds in accordance with the Resolution;

To evidence the appointment of a Co-Paying Agent or Co-Registrar or the succession of a new Paying Agent or a new Registrar under the Resolution; or

In connection with any other change which, in the opinion of Bond Counsel, is not to the prejudice of the registered owners of the Series 2026 Bonds.

Exclusive of supplemental resolutions permitted by the preceding paragraph, any modification or amendment of the provisions of the Resolution or of any resolution amendatory thereof and of the rights and the obligations of the District and of the registered owners of the Series 2026 Bonds, in any particular, may be made by resolution of the District, as hereinafter specified, without receipt by the District of any additional consideration, but with the written consent of the registered owners of at least 51% in principal amount of the Series 2026 Bonds Outstanding at the time of the adoption of such amendatory resolution (not including, in any case, any Series 2026 Bonds which may then be owned for the account of the District), at time such consent is given; provided, however, that no such modification or amendment shall have the effect of permitting:

(a) A change in the maturity or in the terms of redemption of the principal of any Outstanding Series 2026 Bond or the date of payment of any installment of interest thereon; or

(b) A reduction in the principal amount of any Series 2026 Bond or the rate of interest thereon without the consent of the registered owner of the Series 2026 Bond; or

(c) The creation of a lien on or a pledge of System Revenues ranking prior to the lien or to the pledge created by the Resolution; or

(d) A reduction of the principal amount or percentages or other effect on the description of the Series 2026 Bonds, the consent of the registered owner of which is required for any such modification or amendment; or

(e) The establishment of priorities as between Bonds Outstanding under the provisions of the Resolution; or

(f) The modification of or other effect on the rights of the registered owners of less than all of the Series 2026 Bonds then Outstanding.

Consent of the Bondholders

The District may, at any time, adopt a resolution making a modification or an amendment permitted by the provisions of the preceding paragraph, except as hereinafter provided. Whenever the District shall propose to amend or to modify the Resolution as described in the preceding paragraph, it shall cause a copy of the proposed amendment to be certified by the Secretary and to be delivered to and to be held by the Paying Agent and the Registrar, respectively, and another copy to be filed in the office of the Secretary for the inspection of any registered owner of any Series 2026 Bond. A notice of the proposed amendment, together with a request to registered owners of Series 2026 Bonds for their consent thereto, in form satisfactory to the Secretary, and with a statement that a copy of the proposed amendatory resolution is on file with the Paying Agent and the Registrar (or any named successor of either or of both)

and also on file in the office of the Secretary for public inspection, shall be given by the Secretary, in the name of the District, by mail addressed to each registered owner of any Series 2026 Bond, but failure to mail such copy and request shall not affect the validity of the amendatory resolution, when so consented to.

Such amendatory resolution shall not be effective unless and until there shall have been filed with the Secretary, within one year from the date of mailing of said notice:

(a) the written consents of registered owners of the percentages of Outstanding Bonds specified in the preceding paragraph; and

(b) an opinion of nationally recognized bond counsel, or other Counsel's Opinion, stating that such amendatory resolution has been duly and lawfully adopted by the District, in accordance with the provisions of the Resolution, is authorized or is permitted by the Resolution, is valid and binding upon the District, and is enforceable in accordance with its terms.

Each such consent shall be effective only if accompanied by proof of ownership, at the date of such consent, of the Series 2026 Bonds with respect to which such consent is given, which proof shall be established by the registration books maintained by the Registrar for the Series 2026 Bonds. A certificate or certificates by the Secretary, filed in the office of the Secretary, that he has examined such proof and that such proof is sufficient under the provisions of this subsection (d), shall be conclusive that the consents have been given by the registered owners of the Series 2026 Bonds described in such certificate or certificates of the Secretary.

Any such consent shall be binding upon the registered owner of the Series 2026 Bonds giving such consent and upon any subsequent registered owner of such Series 2026 Bonds and of any Series 2026 Bonds issued in exchange therefor (whether or not such subsequent registered owner thereof has notice thereof.

Thereupon, the Board may adopt the resolution, and it shall be deemed conclusively binding upon the District, the Paying Agent, the Registrar and upon the registered owners of all Bonds upon its effective date and after the filing with the Secretary of the proof of its final passage.

Notwithstanding anything contained in the foregoing provisions of the Resolution to the contrary, the terms and provisions of the Resolution or of any resolution amendatory thereof and the rights and obligations of the District and of the registered owners of the Series 2026 Bonds may be modified or amended in any respect upon the adoption by the District and upon the filing with the Secretary of a resolution to that effect and with the consent of the registered owners of all the Series 2026 Bonds then Outstanding, such consent to be given as hereinabove provided, except that no notice to the registered owners of Series 2026 Bonds by mailing shall be required.

Defeasance

If the District shall pay, or shall cause to be paid, to the owner of any Series 2026 Bond the principal and interest to become due thereon at the times and in the manner stipulated therein and in the Resolution, then the pledge of the System Revenues and other moneys and securities hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Paying Agent shall, at the request of the District, execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Paying Agent and any other depository shall pay over or shall deliver to the District all moneys or securities held by it, pursuant to the Resolution, which are not

required for the payment of the redemption of the Series 2026 Bonds not theretofore surrendered for such payment or redemption.

There shall be deemed to have been paid any installment of interest on, and any installment of principal of, the Series 2026 Bonds, for the payment of which in the manner provided therein and in the Resolution, if moneys shall then be held by any depository, through deposit by the District, or otherwise, of moneys for such payment on and prior to any prior redemption date or respective prior redemption dates designated therefor, or, if none, on their maturity or respective maturities, including the known minimum yield from interest and any other gain to be derived from any investment of any such moneys or any part thereof in any Federal Securities, in an amount at the time of the deposit, and at all times subsequently, at least fully sufficient to pay, on behalf of the District, without any deficiency or other default, such interest and principal as the same become due, subject to the following provisions:

If any such Series 2026 Bonds are to be redeemed prior to the maturity or respective maturities thereof, there shall have been taken, to the extent practicable, all action necessary to redeem such Series 2026 Bonds (or installments of principal thereof), and notice of such redemption shall have been duly given or provision satisfactory to each depository therefor acting as escrow agent shall have been made for the giving of such notice;

Any moneys held by each depository for such payment of any part thereof prior to the time or times on which such moneys are needed for such payment on behalf of the District of such interest and principal due, without default, may be invested in Federal Securities; provided, however, that each such investment shall be scheduled, and in the case of each reinvestment, if any, rescheduled by the Treasurer:

so that the Federal Securities in which moneys are so invested or reinvested, other than any such securities which shall be subject to redemption at any time at least at face value at the option of and by the holder thereof, shall become due at a time or times at or prior to the time or respective times on which the proceeds thereof shall be needed (with the proceeds of any Federal Securities so subject to prior redemption by the holder thereof at the time or respective times such securities shall have been scheduled for redemption and with any other moneys held by each depository and available for such use) to pay the designated interest or installment or installments of interest on and the designated principal or installment or installments of principal due on the Series 2026 Bonds, as the same become due; and

so that no deficiency or other default shall result in the absence of a sale of any Federal Securities on the market prior to a time on which the federal government or other obligor is, upon demand or presentation, obligated to pay a fixed sum in discharge of the whole of such obligation and at which time the Federal Securities shall have been scheduled for redemption, at maturity or otherwise, for at least said sum;

Prior to any reinvestment of any moneys held by each depository for such payment of the District's securities, the depository shall state its approval thereof in writing and shall forward a copy of its written approval to the Treasurer; and

The foregoing shall not be construed as entitling any owner of any of the Series 2026 Bonds to the payment of the interest on and the principal of any such of the Series 2026 Bonds at any time prior to the time or respective times the same become due on and prior to any redemption date or, if none, to the maturity or respective maturities of the installments of principal in the Resolution, notwithstanding that moneys for such payment may be held at any time or times prior to such due dates by any depository fully

sufficient for any such prior payment and regardless of whether or not such moneys shall at any time or times be invested or reinvested, wholly or in part, in Federal Securities.

APPENDIX D

FORM OF LEGAL OPINION OF BOND COUNSEL

_____, 2026

The Metropolitan Utilities District of Omaha
Omaha, Nebraska

[UNDERWRITER]
[CITY, STATE]

Re: \$_____ The Metropolitan Utilities District of Omaha, Water System Revenue Refunding Bonds, Series 2026

To the Addressees:

We have served as bond counsel to The Metropolitan Utilities District of Omaha (the “*Issuer*”), in connection with the issuance by the Issuer of the above-captioned bonds (the “*Bonds*”). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Bonds are issued pursuant to Section 14-2101 to Section 14-2157, inclusive, Reissue Revised Statutes of Nebraska, as amended and a Resolution (the “*Resolution*”) of the Issuer adopted December 3, 2025. Under the Resolution, the Issuer has pledged certain revenues (the “*Revenues*”) for the payment of principal of, premium (if any), and interest on the Bonds when due.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Resolution.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Resolution, on the certified proceedings and other certifications of representatives of the Issuer and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is validly existing as a political subdivision of the State of Nebraska (the “*State*”) with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding agreement of the Issuer.

3. The Resolution creates a valid lien on the Revenues and other funds pledged by the Resolution for the security of the Bonds on a parity with other bonds, if any, issued or to be issued under Resolution.

4. The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Revenues and the other funds provided therefor in the Resolution. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer's taxing power is not pledged to the payment of the Bonds.

5. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, (b) the attachment, perfection, or priority of the lien on Revenues or other funds created by the Resolution, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of _____, 2026 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by The Metropolitan Utilities District of Omaha (the “**Issuer**”).

RECITALS

A. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of \$_____ **Water System Revenue and Refunding Bonds, Series 2026** (the “**Bonds**”), pursuant to a Resolution adopted by the governing body of the Issuer on December 3, 2025 (the “**Resolution**”).

B. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule. The Issuer is the only “**obligated person**” with responsibility for continuing disclosure pursuant to the Rule and hereunder.

Pursuant to the requirements of the Rule, the Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Material Events**” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall not later than **180** days after the end of the Issuer’s fiscal year, commencing with the year ended December 31, 2025, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):
- (1) The annual financial statements of the Issuer for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States for governmental units as prescribed by the Governmental Accounting Standards Board, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Nebraska.
 - (2) Updated financial information and operating data of the type contained in the final Official Statement as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been provided to the MSRB.

Section 3. Reporting of Material Events. Not later than **10** business days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (**“Material Events”**):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

All documents provided to the MSRB pursuant to this Continuing Disclosure Undertaking shall be accompanied by identifying information as prescribed by the MSRB.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such assumption occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such assumption in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any such Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision

of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Material Event under **Section 3**.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the Issuer includes any information in any Annual Report or notice of occurrence of a Material Event in addition to the information specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Continuing Disclosure Undertaking shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Nebraska.

EXHIBIT A TO FORM OF CONTINUING DISCLOSURE UNDERTAKING

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The following tables contained in the following sections of the final Official Statement:

- **APPENDIX A—THE WATER SYSTEM**
 - TEN LARGEST CUSTOMERS BY REVENUE (with respect to most recently completed fiscal year)
 - CAPITAL PROGRAMS
 - OPERATING REVENUES AND WATER SALES (with respect to two most recently completed fiscal years only)
 - OPERATIONS AND MAINTENANCE EXPENSES (with respect to two most recently completed fiscal years only)
 - HISTORICAL OPERATING RESULTS
- **APPENDIX B**