

Louisville and Jefferson County
Metropolitan Sewer District

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025



A Component Unit of Louisville
Jefferson County Metro Government
Commonwealth of Kentucky



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Louisville/Jefferson County Metropolitan Sewer District
Louisville, Kentucky**

**A Component Unit of Louisville/Jefferson County Metro Government
Commonwealth of Kentucky**

**Fiscal Years Ended June 30, 2025
With Comparative Information for Fiscal Year Ended June 30, 2024**

**Prepared by the Department of Finance
Brad Good, Chief Financial Officer
Michael Fitzner, Controller**

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**INTRODUCTORY SECTION
(Unaudited)**



MSD Crew in the Community



700 West Liberty Street | Louisville, KY 40203-1911
Phone: 502.540.6000 | LouisvilleMSD.org

October 28, 2025

Letter of Transmittal

MSD Board of Directors and Those That We Serve,

On behalf of the Louisville and Jefferson County Metropolitan Sewer District, we are pleased to present the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. MSD's financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). In accordance with Kentucky Revised Statute 65A.030, MSD is required to undergo an annual independent audit of its financial statements.

Responsibility for the accuracy, completeness and fairness of the data presented herein, including all disclosures, rests with MSD. To provide a reasonable basis for making these representations, the management of MSD has established a comprehensive internal control framework that is designed to both protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of MSD's financial statements in conformity with GAAP. MSD's internal control framework has been designed to provide reasonable, rather than absolute assurance, that the financial statements as of June 30, 2025 and 2024 are free from material misstatement. Reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits derived and (2) the valuation of costs and benefits requires the use of estimates and judgements by management. To the best of our knowledge and belief, the accompanying data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of MSD. All disclosures necessary to enable the reader to understand MSD's financial activities have been included.

GAAP requires that management provide a narrative to accompany the basic financial statements in the form of Management's Discussion and Analysis which is found beginning on page 11. This letter of transmittal is intended to be read in conjunction with that analysis.

Crowe LLP has been retained by MSD to serve as its independent auditors and has issued an unmodified opinion on MSD's financial statements for the years ended June 30, 2025. The independent auditor's report can be found at the beginning of the financial section of this report.

As a recipient of federal funding, MSD is required to undergo a Single Audit in conformity with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2CFR200 (Uniform Guidance). Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations and the auditor's reports on internal controls is provided in a separate report.

Profile of MSD

MSD was created in 1946 as a public body corporate and subdivision of the Commonwealth of Kentucky. MSD provides wastewater, drainage, and flood protection services within most of Louisville Metro, which comprises all of Jefferson County, Kentucky. In addition, MSD provides wastewater service in portions of Oldham County and Bullitt County, Kentucky through Interlocal Agreements. Chapter 76 of the Kentucky Revised Statutes authorizes MSD to construct additions, betterments, and extensions within its service area and to recover the cost of its services in accordance with rate schedules adopted by its Board.

MSD is a component unit of the Louisville/Jefferson County Metro Government. MSD has no special financial relationship with the Louisville Metro Government; however, effective July 1, 2006, MSD began providing free wastewater and drainage services to Louisville Metro Government. The value of these services in fiscal year 2025 was \$8.9 million.

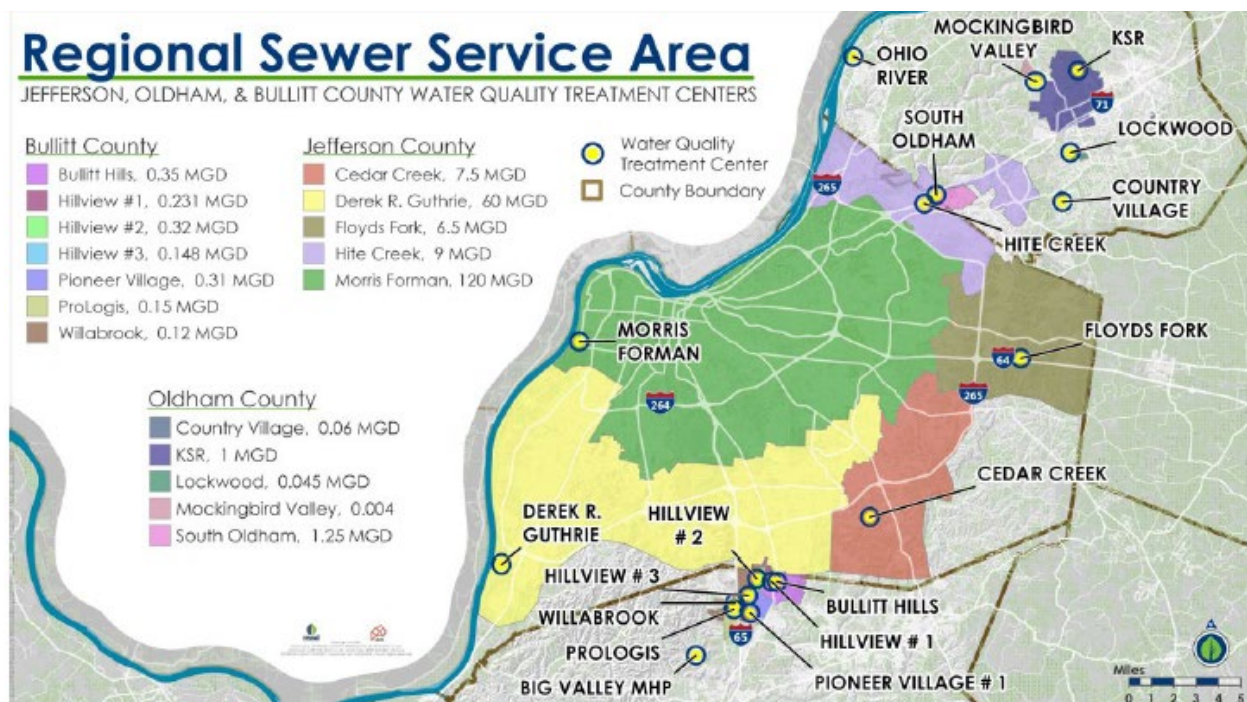
The Louisville Metro Mayor appoints, with the approval of the Louisville Metro Council, members of MSD's governing Board, its Executive Director, Chief Engineer, and Secretary/Treasurer. The Board, which has statutory authority to enter into contracts and agreements, manages MSD's business and activities.

The Board is required to adopt an annual budget before the start of each fiscal year. Management prepares and recommends annual budgets to Board standing committees prior to final approval by the full Board. Annual budgets may be amended using the same process used for adoption of the original budget. No monies may be spent from any source except as provided in the originally adopted or subsequently amended budget. MSD prepares its budgets on a modified accrual basis. A reconciliation for fiscal year 2025 between the budget basis and total expenses reported in the Statements of Revenues, Expenses, and Changes in Net Position is included in the Statistical Section as Schedule 22.

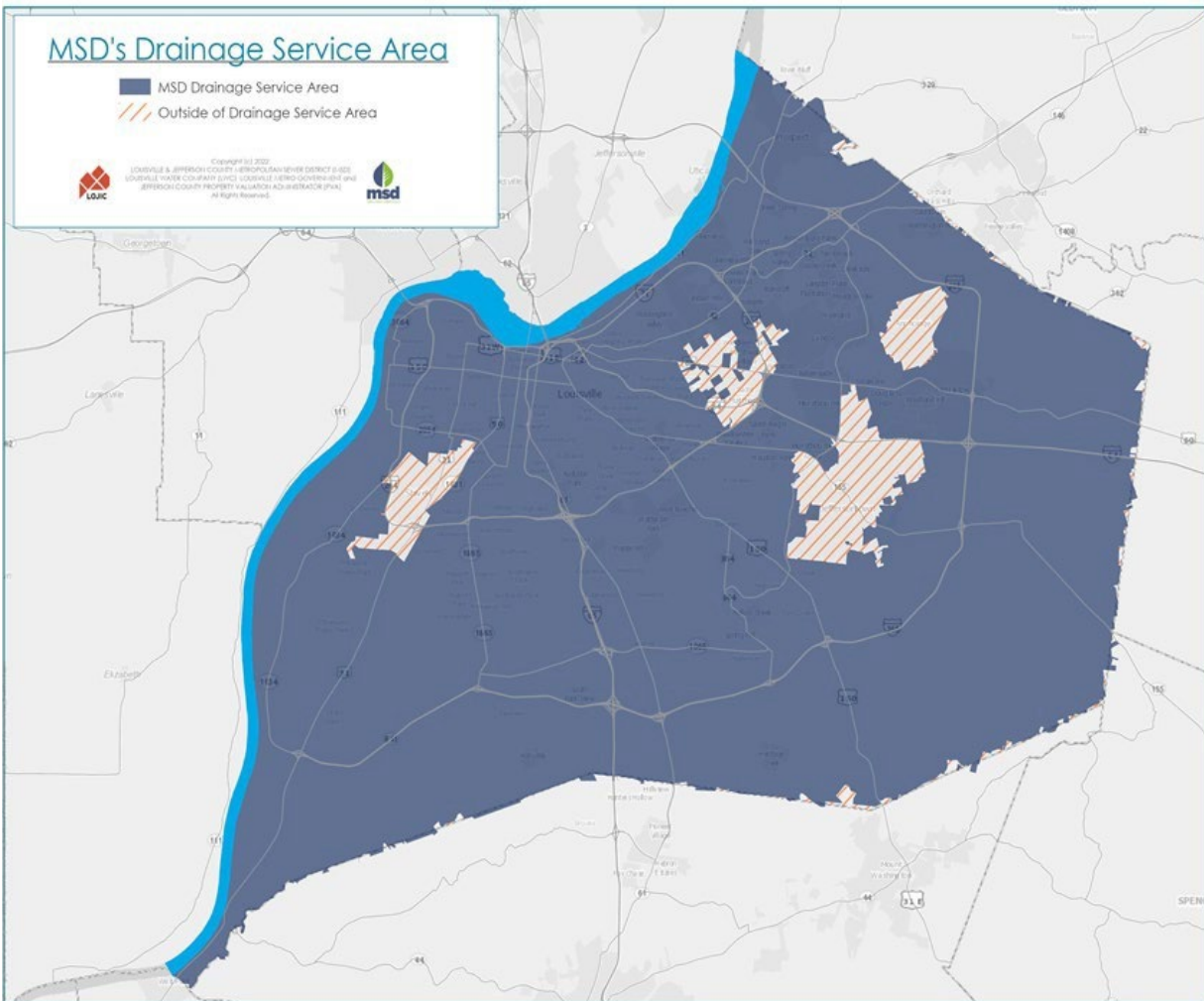
The Board is required by the General Bond Resolution to establish, maintain, and collect rates for each fiscal year sufficient to pay 110% of principal and interest on senior lien bonds, required reserve account deposits, all operating expenses, subordinated debt service, and all charges or liens. Revenue requirements are determined based upon the cash needed to cover the bond resolutions requirements and to cash-fund a portion of the capital budget.

Wastewater and drainage service charges are collected from residential, commercial, and industrial customers within MSD's service area. In fiscal year 2025, MSD provided wastewater services to over 260,000 customer connections and drainage/flood protection services to more than 226,000 customers. As of June 30, 2025, MSD has 798 employees responsible for operating and maintaining over 3,600 miles of sewer, 5 water quality treatment centers, 15 wastewater treatment plants and 26 miles of flood wall.

Wastewater service charges are distributed to respective customer classes based on actual costs incurred to collect and treat wastewater. The following map details the wastewater service area.



Drainage service charges are assessed based on the equivalent service units (ESU) of impervious service for each parcel of property. An ESU is defined by MSD as 2,500 square feet of impervious area. Single-family residential parcels are assessed one ESU. The drainage service charge provides funding for the interior drainage system and the Louisville flood protection system. The following map details the drainage service area.



Local Economic Conditions

Louisville, located in Jefferson County, is the largest city in the Commonwealth of Kentucky and home to the Kentucky Derby and a bourbon-centric tourism industry. The U.S. Census Bureau estimates there were 794 thousand residents in Jefferson County, Kentucky, as of July 1, 2024. This is an increase of 1.4% from the population estimate base report as of April 1, 2020.

According to the Bureau of Labor Statistics preliminary data, Louisville employment was at 686 thousand jobs in June of 2025 compared to 676 thousand jobs in June 2024, an increase of 1.5%. MSD's employment base has grown 5.7% over the last fiscal year with 798 full time employees at June 30, 2025 compared to 755 full time employees at June 30, 2024. Major employers in the Louisville metropolitan area include United Parcel Service, Norton Healthcare, UofL Health, Jefferson County Public Schools and Ford Motor Company.

The United States Department of Labor's Bureau of Labor Statistics listed the preliminary unemployment rate for Jefferson County, Kentucky, as 4.6% in June 2025 compared to 5.0% in June of 2024. Additional information on demographic and economic conditions for Louisville can be found in the Statistical Section of this report.

Awards and Acknowledgements

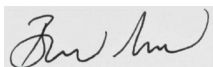
Government Finance Officers Association Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Distinguished Budget Presentation Award to MSD for its fiscal year 2025 Budget for the fiscal year beginning July 1, 2024. Governments must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device to receive the award.

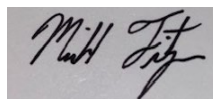
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting
GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to MSD for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 33rd consecutive year that MSD has achieved this prestigious award. Governments must publish an easily readable and efficiently organized annual financial report to be awarded a Certificate of Achievement. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our 2025 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we will submit it to GFOA to determine its eligibility for another certificate.

We would like to recognize and thank MSD's team of finance professionals for the timely preparation of the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. In addition, we would like to recognize all MSD team members for their commitment to ensuring safe clean waterways for the communities we serve.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Brad Good", on a light gray rectangular background.

Brad Good
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Michael Fitzner", on a light gray rectangular background.

Michael Fitzner
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Louisville and Jefferson County
Metropolitan Sewer District
Kentucky**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

Officials
June 30, 2025

Board of Directors

<u>Board Member</u>	<u>State Senate District</u>	<u>Political Party</u>	<u>Term Expires</u>
Ricky Mason - Chair	6th	Independent	July 31, 2025
John Selent - Vice Chair	6th	Democrat	July 31, 2027
Christopher Burckle	19th	Republican	July 31, 2026
Gerald Joiner	33rd	Democrat	February 28, 2027
Jeff Mosley	26th	Independent	July 31, 2026
Brad Wilcox	36th	Republican	July 31, 2027
Marita Willis	36th	Democrat	June 30, 2025
Lonnie Wright	7th	Republican	July 31, 2026

Executive Staff

James A. Parrott.....	Executive Director, Secretary/Treasurer
Carmen Moreno-Rivera.....	Chief Administrative Officer/Chief of Staff
Angela Akridge.....	Chief Strategy Officer for Business Transformation and Regulatory Compliance
Paul Bagley.....	Chief Information Officer
Brian Bingham.....	Chief Operations Officer, Wastewater Conveyance, Drainage, and Flood Protection
Sandra Conner.....	Chief Internal Auditor
Adrienne Henderson.....	Chief Human Resources Officer
Brad Good.....	Chief Financial Officer
Lopez High.....	Chief of Facilities, Safety and Security
Sharise Horne.....	Chief of Equity and Community Partnerships
David Johnson.....	Chief Engineer
Rene' Lindsay.....	Chief Procurement Officer
Kim Reed.....	Chief Operations Officer, Wastewater Treatment
Wes Sydnor.....	Chief of Government and Public Affairs
Kellie Watson.....	General Counsel and Legal Director

Our Mission

Provide quality wastewater, stormwater, and flood protection services to protect public health and safety through sustainable solutions, fiscal stewardship, and strategic partnerships.

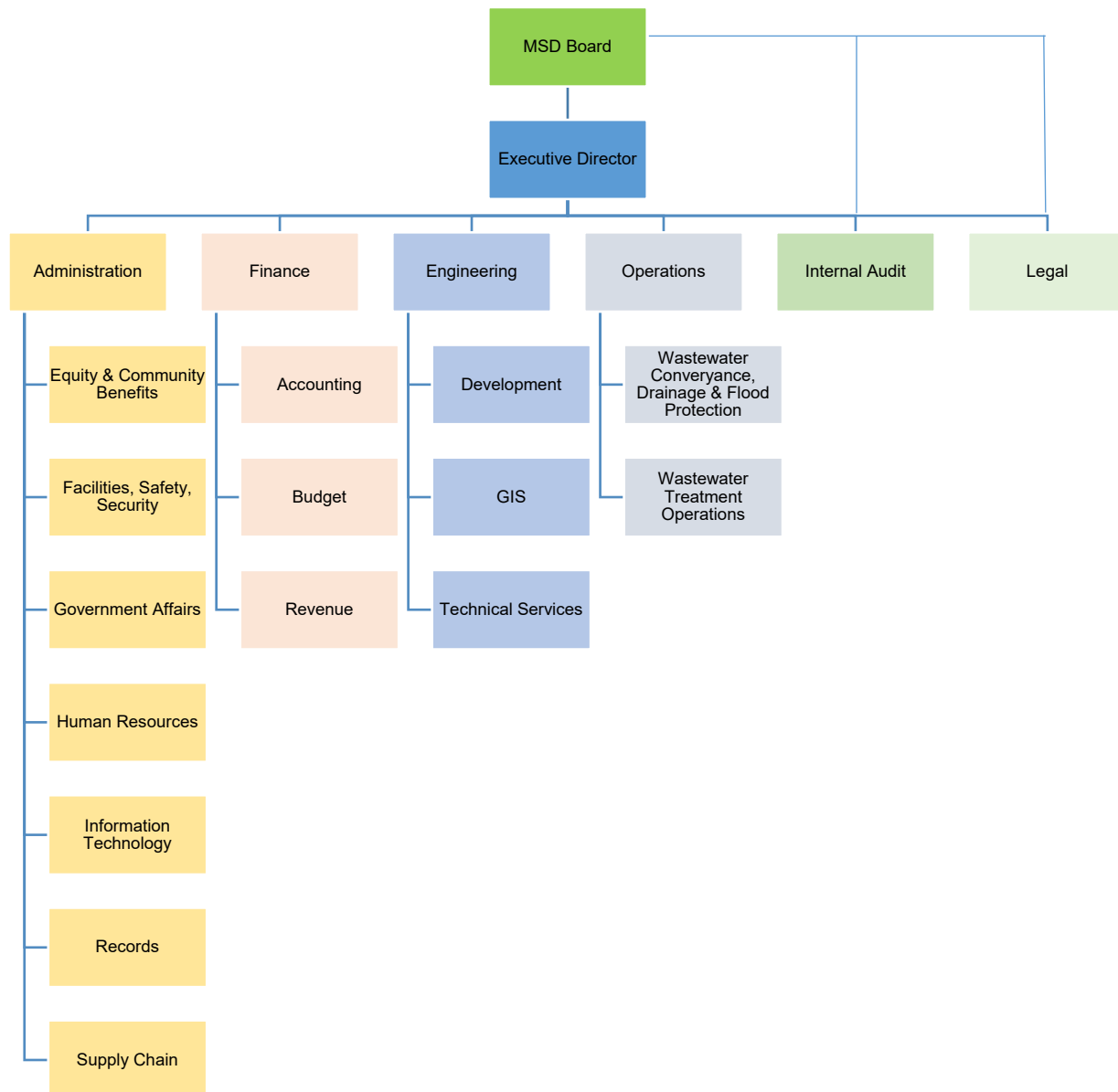
Our Vision

The innovative regional utility for safe, clean waterways.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

Organizational Chart

June 30, 2025





FINANCIAL SECTION



MSD's Thermal Hydrolysis Pretreatment at Morris Forman Water Quality Treatment Center

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisville and Jefferson County Metropolitan Sewer District
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Louisville and Jefferson County Metropolitan Sewer District, a component unit of the Louisville-Jefferson County Metro Government, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Louisville and Jefferson County Metropolitan Sewer 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 financial position of the Louisville and Jefferson County Metropolitan Sewer District, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisville and Jefferson County Metropolitan Sewer District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Louisville and Jefferson County Metropolitan Sewer District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisville and Jefferson County Metropolitan Sewer 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 Louisville and Jefferson County Metropolitan Sewer District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Louisville and Jefferson County Metropolitan Sewer District's 2024 financial statements, and we expressed an unmodified audit opinion on the financial statements of Louisville and Jefferson County Metropolitan Sewer District in our report dated October 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Employer Contributions – Pension, the Schedule of Proportionate Share of the Net OPEB Liability (Asset), and the Schedule of Employer Contributions – OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025 on our consideration of the Louisville and Jefferson County Metropolitan Sewer 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 Louisville and Jefferson County Metropolitan Sewer 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 the Louisville and Jefferson County Metropolitan Sewer District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being more compact.

Crowe LLP

Louisville, Kentucky
October 28, 2025

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The management of Louisville and Jefferson County Metropolitan Sewer District (MSD) present this Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2025, and 2024. This narrative provides the reader with condensed comparative financial data, an analysis of the results of our operations, a description of capital assets and long-term debt activity, and a discussion of future economic factors that will impact our operations. This MD&A is intended to be read in conjunction with the financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2025:

- Total net position increased from fiscal 2024 to fiscal 2025 by \$141.3 million, or 9.7%.
- Total assets and deferred outflows of resources increased \$256.8 million, or 6.0%, from fiscal 2024 to fiscal 2025.
- Operating revenues increased \$42.9 million, or 10.1%, from fiscal 2024 to fiscal 2025.
- Service and administrative costs increased \$13.8 million, or 10.8%, from fiscal 2024 to fiscal 2025.
- MSD maintained unrestricted cash and investments totaling \$202.9 million as of June 30, 2025, compared to \$164.2 million as of June 30, 2024.
- MSD had 377 days cash on hand at June 30, 2025, compared to 335 days cash on hand at June 30, 2024.
- Pledged revenue coverage was 2.25x for fiscal 2025 compared to 2.23x for fiscal 2024.

Fiscal Year 2024:

- Total net position increased from fiscal 2023 to fiscal 2024 by \$128.8 million, or 12.8%.
- Total assets and deferred outflows of resources increased \$216.1 million, or 5.3%, from fiscal 2023 to fiscal 2024.
- Operating revenues increased \$34.2 million, or 8.7%, from fiscal 2023 to fiscal 2024.
- Service and administrative costs increased \$13.3 million, or 10.7%, from fiscal 2023 to fiscal 2024.
- MSD maintained unrestricted cash and investments totaling \$164.2 million as of June 30, 2024, compared to \$135.7 million as of June 30, 2023.
- MSD had 335 days cash on hand at June 30, 2024, compared to 299 days cash on hand at June 30, 2023.
- Pledged revenue coverage was 2.23x for fiscal 2024 compared to 2.08x for fiscal 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

MSD uses the accrual basis of accounting to prepare its financial statements wherein revenues are recorded when earned and expenses are recorded at the time a liability is incurred. MD&A serves as a narrative introduction to the financial statements which consist of the following parts:

- *Statements of Net Position:* This statement includes all of MSD's assets, liabilities and deferred outflow and inflow of resources. It provides information about the nature and amounts of investments in assets and the obligations to creditors. In addition, it provides the basis for computing rate of return, evaluating the capital structure of MSD and assessing the liquidity and financial flexibility of the organization.
- *Statements of Revenues, Expenses and Changes in Net Position:* This statement identifies the revenues generated and expenses incurred during the fiscal year and helps the user to assess the financial efficiency of MSD during the time period for which the statement relates.
- *Statements of Cash Flows:* This statement provides information related to MSD's cash receipts and cash expenditures during the fiscal year. It reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- **Notes to the Financial Statements:** The notes contain descriptions of the policies underlying the amounts displayed in the financial statements along with other information that is essential to a full understanding of the data provided in the financial statements.
- **Required Supplementary Information:** Information is presented related to MSD's pension and Other Post-Employment Benefits (OPEB) including annual contributions made to the plans and annual investment returns.

Other supplemental information is presented for comparative analysis and is not part of the basic financial statements. Other supplemental information consists of:

- **Statistical Section:** Ten years of financial statement information, operating indicators, and demographic information is presented for comparative analysis.

STATEMENTS OF NET POSITION

MSD's total net position at June 30, 2025 was \$1.3 billion, an increase of \$141.3 million, or 12.5%, from June 30, 2024 (see Figure 1). Total assets and deferred outflows increased \$256.8 million, or 6.0%, to \$4.5 billion. Total liabilities and deferred inflows increased \$115.5 million, or 3.7%, to \$3.3 billion.

MSD's total net position at June 30, 2024 was \$1.1 billion, an increase of \$128.8 million, or 12.8%, from June 30, 2023 (see Figure 1). Total assets and deferred outflows increased \$216.1 million, or 5.3%, to \$4.2 billion. Total liabilities and deferred inflows increased \$87.3 million, or 2.9%, to \$3.1 billion.

FIGURE 1 - CONDENSED NET POSITION INFORMATION				2025-2024		2024-2023	
(amounts in thousands)	FY 2025	FY 2024	FY 2023	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Unrestricted current assets	\$ 208,636	\$ 167,444	\$ 171,322	\$ 41,192	24.6%	\$ (3,878)	(2.3%)
Restricted current assets	18,610	34,418	22,414	(15,808)	(45.9%)	12,004	53.6%
Capital assets	4,122,320	3,903,754	3,716,304	218,566	5.6%	187,450	5.0%
Unrestricted noncurrent assets	47,617	52,992	5,271	(5,375)	(10.1%)	47,721	905.4%
Restricted noncurrent assets	76,812	65,010	77,898	11,802	18.2%	(12,888)	(16.5%)
Other noncurrent assets	18,032	17,787	14,956	245	1.4%	2,831	18.9%
Total assets	4,492,027	4,241,405	4,008,165	250,622	5.9%	233,240	5.8%
Deferred outflows of resources	48,522	42,363	59,456	6,159	14.5%	(17,093)	(28.7%)
Total assets and deferred outflows	4,540,549	4,283,768	4,067,621	256,781	6.0%	216,147	5.3%
Current liabilities	24,607	36,314	17,940	(11,707)	(32.2%)	18,374	102.4%
Current liabilities from restricted assets	168,832	130,331	129,974	38,501	29.5%	357	0.3%
Noncurrent liabilities	3,000,671	2,906,165	2,874,580	94,506	3.3%	31,585	1.1%
Total liabilities	3,194,110	3,072,810	3,022,494	121,300	3.9%	50,316	1.7%
Deferred inflows of resources	72,054	77,862	40,848	(5,808)	(7.5%)	37,014	90.6%
Total liabilities and deferred inflows	3,266,164	3,150,672	3,063,342	115,492	3.7%	87,330	2.9%
Net investment in capital assets	1,110,357	1,034,296	955,494	76,061	7.4%	78,802	8.2%
Restricted, net	82,142	86,112	82,418	(3,970)	(4.6%)	3,694	4.5%
Unrestricted	81,886	12,688	(33,633)	69,198	545.4%	46,321	137.7%
Total net position	1,274,385	1,133,096	1,004,279	141,289	12.5%	128,817	12.8%
Total liabilities, deferred inflows & net position	\$ 4,540,549	\$ 4,283,768	\$ 4,067,621	\$ 256,781	6.0%	\$ 216,147	5.3%

Following is a discussion of significant changes in assets, liabilities, and net position between fiscal years 2025 and 2024, and between fiscal years 2024 and 2023, respectively.

Fiscal Year 2025:

The largest portion of MSD's net position is its net investment in capital assets. Net investment in capital assets increased \$76.0 million, or 7.4%, in fiscal 2025. Capital asset construction and acquisitions were funded in fiscal 2025 by commercial paper notes¹, draws on State Revolving Fund loans², proceeds from

¹ See Note 4 – Long-Term Debt

² See Note 4 – Long-Term Debt

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

the Series 2023C bonds and the Series 2020B WIFIA bonds³, cash generated from operations, and contributions in aid of construction from developers.

Funds restricted for a specific purpose by the 1993 Sewer and Drainage System Revenue Bond Resolution (the General Bond Resolution) are classified as restricted net position. MSD is required by the resolution to make monthly transfers to its debt service accounts sufficient to meet the semi-annual debt service payments on outstanding bonds. The General Bond Resolution sets a debt service reserve requirement equal to at least 10% of the face amount of all bonds issued under the resolution, 100% of the maximum aggregate net debt service in the current or any future fiscal year, or 125% of the average aggregate net debt service in the current or any future fiscal year. As of June 30, 2025, the reserve is funded at 125% of the average aggregate net debt service with a combination of cash and cash equivalents, investments, and a \$75 million debt service reserve surety policy⁴. Restricted net position decreased \$3.9 million from fiscal 2024 to fiscal 2025 due a reduction of liabilities associated with restricted debt service.

The remaining balance of MSD's net position is unrestricted and may be used for any allowable purpose. Unrestricted net position increased \$69.2 million from fiscal 2024 to fiscal 2025 primarily as the result of a reduction in other long-term liabilities.

Fiscal Year 2024:

The largest portion of MSD's net position is its net investment in capital assets. Net investment in capital assets increased \$78.8 million, or 8.2%, in fiscal 2024. Capital asset construction and acquisitions were funded in fiscal 2024 by commercial paper notes⁵, draws on State Revolving Fund loans⁶, issuance of the Series 2023C bonds⁷, cash generated from operations, and contributions in aid of construction from developers.

Funds restricted for a specific purpose by the 1993 Sewer and Drainage System Revenue Bond Resolution (the General Bond Resolution) are classified as restricted net position. MSD is required by the resolution to make monthly transfers to its debt service accounts sufficient to meet the semi-annual debt service payments on outstanding bonds. The General Bond Resolution sets a debt service reserve requirement equal to at least 10% of the face amount of all bonds issued under the resolution, 100% of the maximum aggregate net debt service in the current or any future fiscal year, or 125% of the average aggregate net debt service in the current or any future fiscal year. As of June 30, 2024, the reserve is funded at 125% of the average aggregate net debt service with a combination of cash and cash equivalents, investments, and a \$75 million debt service reserve surety policy⁸. Restricted net position increased \$3.7 million from fiscal 2023 to fiscal 2024 due a reduction of liabilities associated with restricted debt service.

The remaining balance of MSD's net position is unrestricted and may be used for any allowable purpose. Unrestricted net position increased \$46.3 million from fiscal 2023 to fiscal 2024 primarily as the result of a reduction in other long-term liabilities.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The increase in net position at June 30, 2025, was \$12.5 million, or 9.7%, as compared with June 30, 2024 (see Figure 2). MSD's total operating revenues increased by 10.1% to \$469.1 million and total operating expenses increased by 8.9% to \$282.3 million.

³ See Note 4 – Long-Term Debt

⁴ See Note 2 – Cash and Investments

⁵ See Note 4 – Long-Term Debt

⁶ See Note 4 – Long-Term Debt

⁷ See Note 4 – Long-Term Debt

⁸ See Note 2 – Cash and Investments

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The increase in net position at June 30, 2024, was \$47.5 million, or 58.5%, as compared with June 30, 2023 (see Figure 2). MSD's total operating revenues increased by 8.7% to \$426.3 million and total operating expenses increased by 7.4% to \$259.3 million.

FIGURE 2 - CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION							
				2025-2024		2024-2023	
(amounts in thousands)	FY 2025	FY 2024	FY 2023	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues							
Service charges	\$ 461,714	\$ 414,192	\$ 385,163	\$ 47,522	11.5%	\$ 29,029	7.5%
Other operating income	7,428	12,083	6,863	(4,655)	(38.5%)	5,220	76.1%
Total operating revenues	469,142	426,275	392,026	42,867	10.1%	34,249	8.7%
Non-operating revenues	22,522	22,951	4,283	(429)	(1.9%)	18,668	435.9%
Total revenues	491,664	449,226	396,309	42,438	9.4%	52,917	13.4%
Operating expenses							
Service and administrative costs	159,112	137,929	124,641	21,183	15.4%	13,288	10.7%
GASB 68/75 pension expense	(17,336)	(9,986)	2,132	(7,350)	73.6%	(12,118)	(568.4%)
Depreciation & amortization expense	140,583	131,336	114,562	9,247	7.0%	16,774	14.6%
Total operating expenses	282,359	259,279	241,335	23,080	8.9%	17,944	7.4%
Non-operating expenses							
Interest expense	109,880	102,312	104,100	7,568	7.4%	(1,788)	(1.7%)
Amortization of debt discount/premium	(6,356)	(5,870)	(9,558)	(486)	8.3%	3,688	(38.6%)
Change in fair value - swaps	(4,383)	(5,009)	(7,614)	626	(12.5%)	2,605	(34.2%)
Total non-operating expenses	99,141	91,433	86,928	7,708	8.4%	4,505	5.2%
Total expenses	381,500	350,712	328,263	30,788	8.8%	22,449	6.8%
Income before capital contributions	110,164	98,514	68,046	11,650	11.8%	30,468	44.8%
Capital contributions	31,125	30,303	13,201	822	2.7%	17,102	129.6%
Increase (decrease) in net position	141,289	128,817	81,247	12,472	9.7%	47,570	58.5%
Net position - Beginning	1,133,096	1,004,279	923,032	128,817	12.8%	81,247	8.8%
Net position - Ending	\$ 1,274,385	\$ 1,133,096	\$ 1,004,279	\$ 141,289	12.5%	\$ 128,817	12.8%

Following is a discussion of the primary reasons for changes in MSD's revenues and expenses between fiscal years 2025 and 2024, and between fiscal years 2024 and 2023, respectively.

Fiscal Year 2025:

Operating revenues increased by \$42.8 million, or 10.1%, to \$469.1 million primarily due to wastewater and drainage service charge rate increases and increased water quality surcharges for an industrial customer. Wastewater and drainage service charges in the Jefferson County service area increased 6.9% on August 1, 2024. Wastewater service charges in Oldham County increased 5.0% on August 1, 2024. Wastewater service charge rates in the Bullitt County service area increased 12.0% on January 1, 2025.

Operating expenses increased by \$23.0 million, or 8.9%, to \$282.3 million primarily due to higher service and administrative and expenses. The increase was partially offset by a reduction in GASB 68 pension expense and GASB 75 OPEB expense.

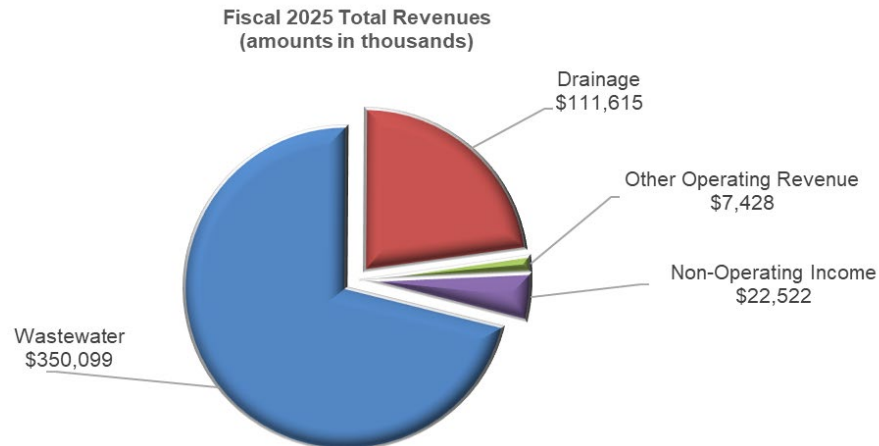
Fiscal Year 2024:

Operating revenues increased by \$34.2 million, or 8.7%, to \$426.3 million primarily due to wastewater and drainage service charge rate increases. Wastewater and drainage service charges in the Jefferson County service area increased 6.9% on August 1, 2023. Wastewater service charges in Oldham County increased 5.0% on August 1, 2023. Wastewater service charge rates in the Bullitt County service area increased 12.0% on January 1, 2024. Other operating revenues increased \$5.2 million, primarily due to capacity charges and system development surcharges.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Operating expenses increased by \$17.9 million, or 7.4%, to \$259.3 million primarily due to higher depreciation and amortization expenses. The increase was partially offset by a reduction in GASB 68 pension expense and GASB 75 OPEB expense.

Fiscal 2025 Total Revenues:



Wastewater service charges totaled \$350 million which is an increase of \$36.2 million, or 11.6%, from fiscal 2024. Wastewater service charge rates increased 6.9% and 5.0% in Jefferson County and Oldham County, respectively, on August 1, 2024. Wastewater service charge rates increased 12.0% in Bullitt County on January 1, 2025.

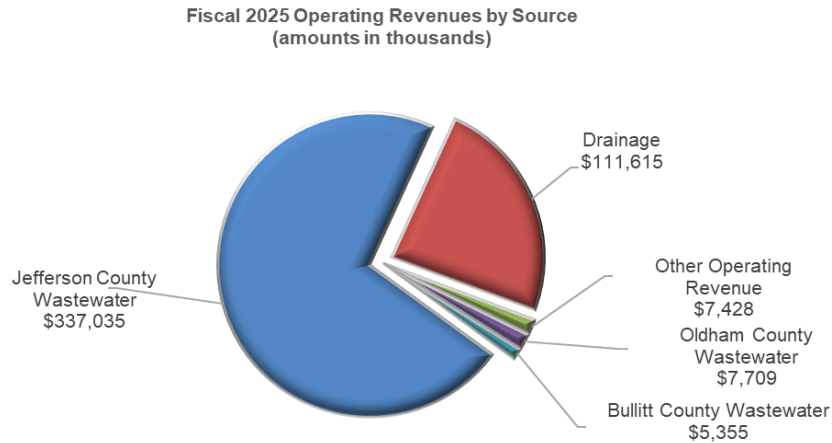
Drainage service charges totaled \$111.6 million which is an increase of \$11.2 million, or 11.2%, from fiscal 2024. Drainage service charge rates in Jefferson County increased 6.9% on August 1, 2024.

Other operating income totaled \$7.4 million, which is a decrease of \$4.6 million, or 38.5%, from fiscal 2024. This decrease was driven by reduced capacity fees and inflow and infiltration fees in fiscal 2025.

Non-operating revenues, which represent gain or loss on disposal of assets, interest income earned on investments, the federal interest subsidy on MSD's Build America Bonds, totaled \$22.5 million, which is a decrease of \$0.4 million, or 1.9%, from fiscal 2024.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Fiscal 2025 Operating Revenues by Source:

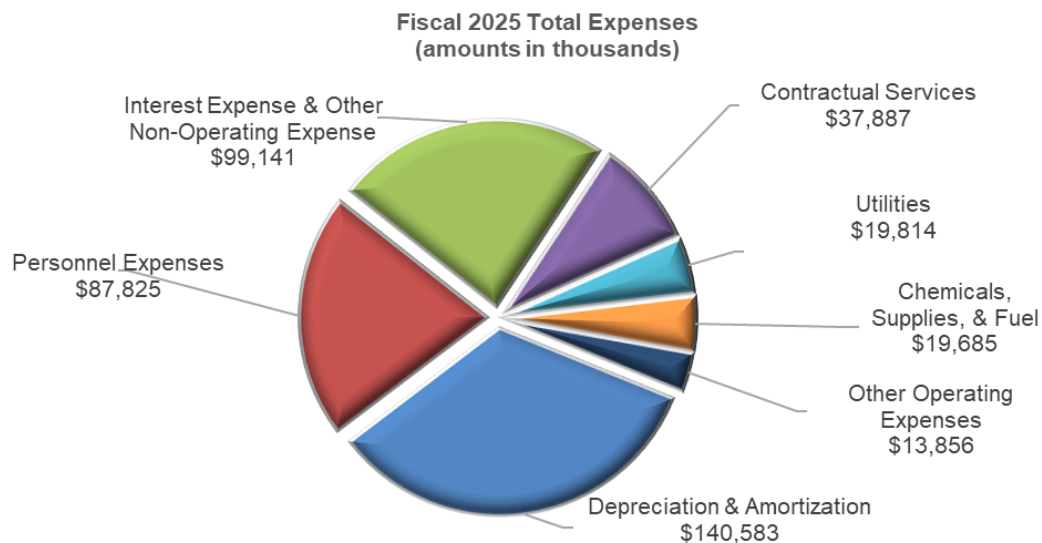


Wastewater service charges totaled \$350 million and consisted of \$337 million for MSD's Jefferson County service area, \$7.7 million for MSD's Oldham County service area and \$5.3 million for MSD's Bullitt County service area. Wastewater service charges were 56% Residential, 32.7% Commercial and 11.3% Industrial.

Drainage service charges totaled \$111.6 million and consisted of MSD's Jefferson County drainage service area. Drainage service charges were 39.3% Residential, 53.8% Commercial and 6.9% Industrial.

Other operating revenue totaled \$7.4 million and consisted of \$7.3 million for Jefferson County, \$82 thousand for Oldham County and \$46 thousand for Bullitt County.

Fiscal 2025 Total Operating Expenses:



Personnel expenses increased \$3.9 million, or 7%, to \$87.8 million due primarily to increases in headcount, compensation and medical insurance premiums.

Contractual services increased by \$2.9 million, or 8.4% to \$37.9 million.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

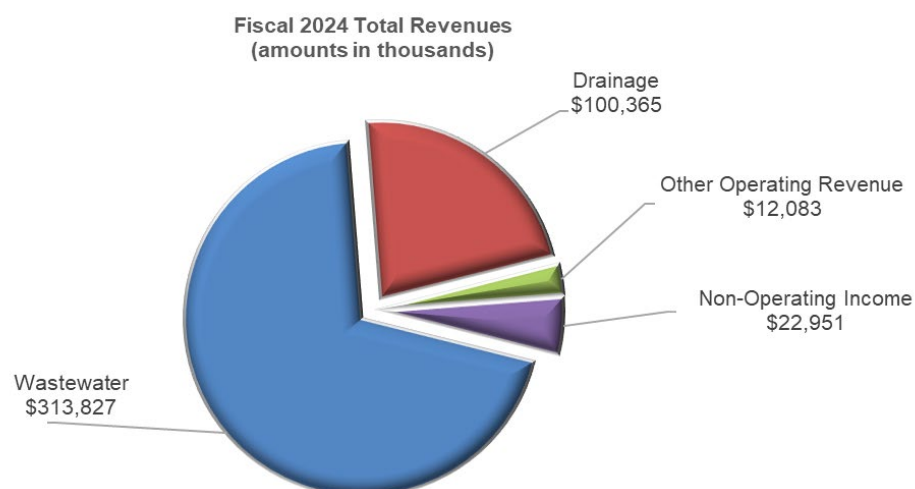
Utility expenses increased \$3.1 million, or 19.2%, to \$19.8 million due to increases in electric and natural gas consumption.

Interest expense and other non-operating expenses increased by \$7.7 million, or 8.4% to \$99.1 million primarily due to the Series 2023C bonds and additional interest from the Series 2020B WIFIA bonds⁹.

Depreciation and amortization increased by \$9.2 million, or 7%, to \$140.5 million as \$138.1 million in new assets were placed into service during fiscal year 2025¹⁰.

Total expenses in fiscal 2025 increased \$27.2 million, or 7.0%, to \$418.8 million before capitalization. Capitalized overhead totaled \$37.3 million bringing net total expenses to \$381.5 million.

Fiscal 2024 Total Revenues:



Wastewater service charges totaled \$313.8 million which is an increase of \$23.1 million, or 8.0%, from fiscal 2023. Wastewater service charge rates increased 6.9% and 5.0% in Jefferson County and Oldham County, respectively, on August 1, 2023. Wastewater service charge rates increased 12.0% in Bullitt County on January 1, 2024. An expansion of a major distillery in Jefferson County also contributed to higher wastewater service charges during fiscal year 2024.

Drainage service charges totaled \$100.3 million which is an increase of \$5.9 million, or 6.2%, from fiscal 2023. Drainage service charge rates in Jefferson County increased 6.9% on August 1, 2023.

Other operating income totaled \$12 million, which is an increase of \$5.2 million, or 76.1%, from fiscal 2023. This increase was driven by capacity fees and inflow and infiltration fees in fiscal 2024.

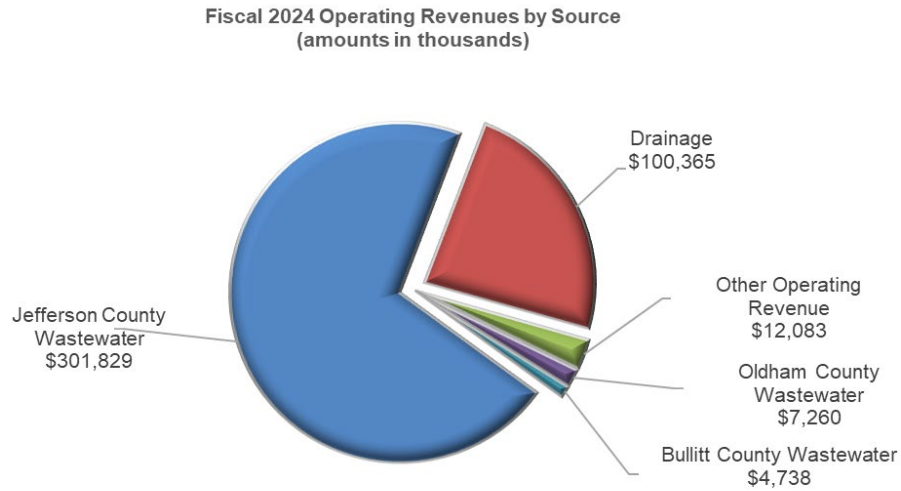
Non-operating revenues, which represent gain or loss on disposal of assets, interest income earned on investments, the federal interest subsidy on MSD's Build America Bonds, totaled \$22.9 million, which is an increase of \$18.6 million, or 435.9%, from fiscal 2023. Interest income earned driven by higher interest rates was the primary driver of the increase in non-operating revenues.

⁹ See Note 4 – Long Term Debt

¹⁰ See note 3 – Capital Assets

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Fiscal 2024 Operating Revenues by Source:

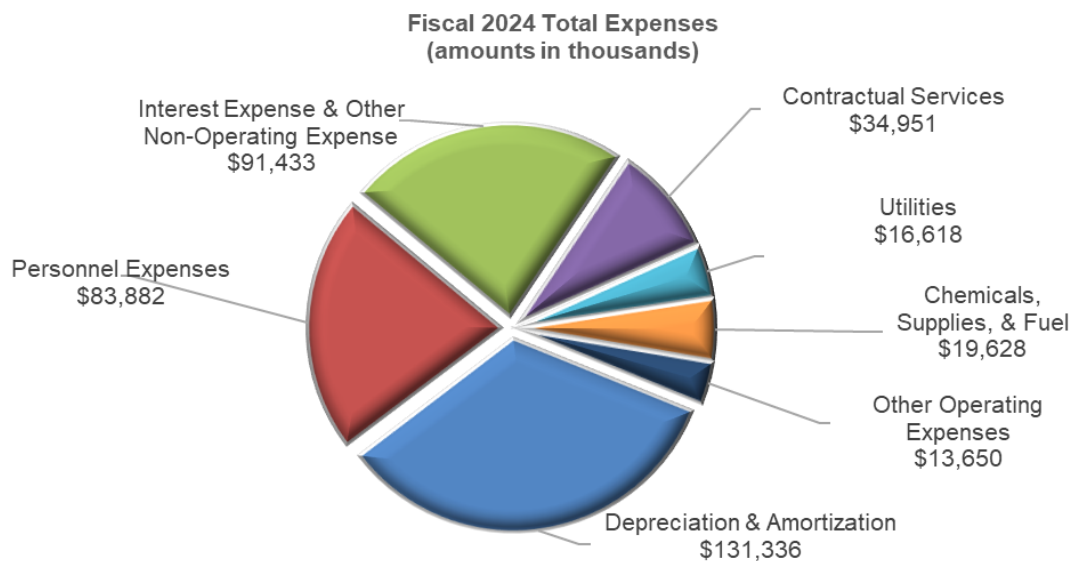


Wastewater service charges totaled \$313.8 million and consisted of \$301.8 million for MSD's Jefferson County service area, \$7.3 million for MSD's Oldham County service area and \$4.7 million for MSD's Bullitt County service area. Wastewater service charges were 57.5% Residential, 32.1% Commercial and 10.4% Industrial.

Drainage service charges totaled \$100.3 million and consisted of MSD's Jefferson County drainage service area. Drainage service charges were 38.9% Residential, 54.2% Commercial and 6.9% Industrial.

Other operating revenue totaled \$12.0 million and consisted of \$11.8 million for Jefferson County, \$17.0 thousand for Oldham County and \$211.0 thousand for Bullitt County.

Fiscal 2024 Total Operating Expenses:



**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

Personnel expenses decreased \$4.7 million, or 5.3%, to \$83.8 million primarily due to reduced GASB 68 pension and GASB 75 OPEB expenses thanks to improved investment performance compared to fiscal 2023¹¹.

Contractual services increased by \$3.3 million, or 10.3% to \$34.9 million.

Utility expenses decreased \$2.2 million, or 11.8%, to \$16.6 million due to decreases in electric and natural gas consumption and decreased water usage.

Interest expense and other non-operating expenses increased by \$4.5 million, or 5.2% to \$91.4 million primarily due to the issuance of the Series 2023C revenue bonds¹².

Depreciation and amortization increased by \$16.8 million, or 14.6%, to \$131.3 million as \$192.9 million in new assets were placed into service during fiscal year 2024¹³.

Total expenses in fiscal 2024 increased \$22.0 million, or 6.0%, to \$391.5 million before capitalization. Capitalized overhead totaled \$40.8 million bringing net total expenses to \$350.7 million.

Capital Contributions:

Capital contributions increased \$ 822 thousand, or 2.7%, to \$31.1 million in fiscal 2025 (see Figure 3). This increase is primarily attributable to an increase in Developer's capital - wastewater contributions.

Capital contributions increased \$17.1 million, or 129.6%, to \$31.1 million in fiscal 2024 (see Figure 3). This increase is primarily attributable to an increase in Federal grant contributions

FIGURE 3 - CAPITAL CONTRIBUTIONS							
			2025-2024		2024-2023		
<i>(amounts in thousands)</i>	FY 2025	FY 2024	FY 2023	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Cash flows from:							
Developer's capital - wastewater	\$ 9,183	\$ 4,005	\$ 3,649	\$ 5,178	129.3%	\$ 356	9.8%
Developer's capital - drainage	9,333	7,340	8,294	1,993	100.0%	(954)	0.0%
Federal grants	11,809	18,277	1,436	(6,468)	(35.4%)	16,841	1172.8%
Capital recovery	800	681	(178)	119	100.0%	859	0.0%
Total capital contributions	\$ 31,125	\$ 30,303	\$ 13,201	\$ 822	2.7%	\$ 17,102	129.6%

¹¹ See Note 10 – Defined Benefit Pension and Other Postemployment Benefits Plan - Cost Sharing - CERS

¹² See Note 4 – Long Term Debt

¹³ See note 3 – Capital Assets

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

CAPITAL ASSETS

Total capital assets net of depreciation increased \$218.6 million, or 5.6%, to \$4.1 billion in fiscal 2025 (see Figure 4)¹⁴. Construction in progress was the driver for the growth in capital assets.

Total capital assets net of depreciation increased \$187.5 million, or 5.0%, to \$3.9 billion in fiscal 2024 (see Figure 4)¹⁵. Construction in progress was the driver for the growth in capital assets.

FIGURE 4 - CAPITAL ASSETS NET OF DEPRECIATION AND AMORTIZATION							
<i>(amounts in thousands)</i>	FY 2025	FY 2024	FY 2023	Increase (Decrease) 2025-2024	% Change	Increase (Decrease) 2024-2023	% Change
Sewer lines	\$ 1,760,012	\$ 1,717,845	\$ 1,712,607	\$ 42,167	2.5%	\$ 5,238	0.3%
Wastewater treatment facilities	369,843	384,515	277,003	(14,672)	-3.8%	107,512	38.8%
Drainage facilities	827,310	835,920	900,625	(8,610)	-1.0%	(64,705)	-7.2%
Pumping and lift stations	148,097	163,376	157,877	(15,279)	-9.4%	5,499	3.5%
Administrative facilities	23,221	23,726	8,833	(505)	-2.1%	14,893	168.6%
Maintenance facilities	16,286	7,660	12,429	8,626	112.6%	(4,769)	-38.4%
Machinery and equipment	30,962	21,354	23,927	9,608	45.0%	(2,573)	-10.8%
Miscellaneous	11,425	19,096	24,495	(7,671)	-40.2%	(5,399)	-22.0%
Prepaid regulatory assets	280,185	284,727	283,043	(4,542)	-1.6%	1,684	0.6%
Intangible subscription assets	7,742	6,882	6,093	860	12.5%	789	100.0%
Construction in progress	647,237	438,652	309,372	208,585	47.6%	129,280	41.8%
Total	\$ 4,122,320	\$ 3,903,753	\$ 3,716,304	\$ 218,567	5.6%	\$ 187,449	5.0%

DEBT ADMINISTRATION

MSD ended fiscal 2025 with \$2.7 billion in outstanding long-term debt, an increase of \$92.8 million compared to the end of fiscal 2024¹⁶ (see Figure 5). This is primarily due to the additional issuance of Series 2020B WIFIA bonds, issuance of KIA loans A23-007 and A21-022, and additional commercial paper to finance construction in progress. Short term debt outstanding, payable from restricted assets, totaled \$64.7 million at the end of fiscal 2025 compared to \$64.8 million at the end of fiscal 2024.

MSD ended fiscal 2024 with \$2.6 billion in outstanding long-term debt, an increase of \$35 million compared to the end of fiscal 2023¹⁷ (see Figure 5). This is primarily due to the issuance of Series 2023C revenue bonds and additional commercial paper to finance construction in progress. Short term debt outstanding, payable from restricted assets, totaled \$64.8 million at the end of fiscal 2024 compared to \$62.6 million at the end of fiscal 2023.

¹⁴ See Note 3 – Capital Assets

¹⁵ See Note 3 – Capital Assets

¹⁶ See Note 4 – Long-Term Debt

¹⁷ See Note 4 – Long-Term Debt

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

FIGURE 5 - SCHEDULE OF BONDS AND OTHER FINANCING

<i>(amounts in thousands)</i>	FY 2025	FY 2024	FY 2023	Increase (Decrease) 2025-2024	Increase (Decrease) 2024-2023
Senior Revenue Bonds					
Series 2009C	\$ 180,000	\$ 180,000	\$ 180,000	\$ -	\$ -
Series 2010A	330,000	330,000	330,000	-	-
Series 2013B	-	89,300	107,515	(89,300)	(18,215)
Series 2014A	43,970	77,280	79,600	(33,310)	(2,320)
Series 2015A	166,120	168,525	170,845	(2,405)	(2,320)
Series 2015B	56,565	59,865	62,995	(3,300)	(3,130)
Series 2016A	144,290	145,470	146,540	(1,180)	(1,070)
Series 2016B	11,235	16,585	17,830	(5,350)	(1,245)
Series 2017A	132,565	138,035	143,280	(5,470)	(5,245)
Series 2017B	-	13,505	30,245	(13,505)	(16,740)
Series 2018A	60,380	60,380	60,380	-	-
Series 2020A	218,655	221,355	223,000	(2,700)	(1,645)
Series 2020B	79,278	33,137	-	46,141	33,137
Series 2020C	37,790	37,790	108,415	-	(70,625)
Series 2021A	201,290	214,665	227,720	(13,375)	(13,055)
Series 2022A	222,500	223,500	224,250	(1,000)	(750)
Series 2023A	49,745	49,745	49,745	-	-
Series 2023B	41,950	41,950	41,950	-	-
Series 2023C	345,060	348,380	-	(3,320)	348,380
Series 2024A	103,290	-	-	103,290	-
Bond Anticipation Notes					
Series 2022A	-	-	226,340	-	(226,340)
Other Subordinate Debt					
General Obligation Bonds	8,057	8,987	9,894	(930)	(907)
Commercial Paper Notes	274,870	212,195	165,000	62,675	47,195
SRF Loans	99,075	43,043	39,797	56,032	3,246
KACO Lease	1,340	1,525	1,700	(185)	(175)
	<u>\$ 2,808,025</u>	<u>\$ 2,715,217</u>	<u>\$ 2,647,041</u>	<u>\$ 92,808</u>	<u>\$ 68,176</u>

Excludes bond premiums/discounts

Pledged Revenue Debt Service Ratio:

Although net operating income is the most significant component of determining MSD's pledged revenue debt service coverage ratio, other sources, including investment income and current period payments of property owner assessments, are also included in available revenues and net revenues for purposes of demonstrating MSD's compliance with the debt service ratio tests in the General Bond Resolution.

The General Bond Resolution and its supplements require MSD to provide available revenues for each fiscal year sufficient to pay the sum of 110.0% of each year's aggregate net debt service on revenue bonds, the amount, if any, required to be paid into the reserve account, all operating expenses as estimated in the annual budget, debt service on senior subordinated debt and any other subordinate debt and amounts necessary to pay and discharge all charges or liens payable out of available revenues. Available revenues, as used for purposes of the resolution, means all revenues and other amounts received by MSD and pledged as security for payment of bonds issued pursuant to the resolution, but excludes interest income which is capitalized in accordance with generally accepted accounting principles.

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

Net operating expenses include all reasonable, ordinary, usual or necessary current expenses of maintenance, repair, and operation determined in accordance with generally accepted accounting principles and the enterprise basis of accounting. Operating expenses do not include reserves for extraordinary maintenance and repair or administrative and engineering expenses of MSD which are necessary or incidental to capital improvements for which debt has been issued and which may be paid from proceeds of such debt.

Net senior lien debt service is debt service on all bonds issued pursuant to the resolution including principal payments, excluding (i) interest expense which, in accordance with generally accepted accounting principles, is capitalized and which may be paid from the proceeds of debt and (ii) other amounts, if any, available or expected to be available in the ordinary course of business for payment of debt service.

MSD's pledged revenue debt service coverage ratio¹⁸, calculated on the foregoing basis, was 225.3% in 2025, 223.5% in 2024 and 208.1% in 2023. (see Figure 6).

FIGURE 6 - PLEDGED REVENUE COVERAGE RATIO					
<i>(amounts in thousands)</i>	FY 2025	FY 2024	FY 2023	Increase (Decrease) 2025-2024	Increase (Decrease) 2024-2023
Total available revenues	\$493,240	\$449,631	\$411,058	9.7%	9.4%
Total net operating expenses	159,112	137,930	124,641	15.4%	10.7%
Net revenue	334,128	311,701	286,417	7.2%	8.8%
Net senior lien debt service	\$148,273	\$139,467	\$137,613	6.3%	1.3%
Pledged revenue coverage ratio	225.3%	223.5%	208.1%	0.8%	7.4%

¹⁸ Excludes depreciation, amortization, GASB 68 pension expense and GASB 75 OPEB expense

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)**

Credit Ratings:

See Figure 7 for MSD's existing credit ratings.

FIGURE 7- BOND AND COMMERCIAL PAPER RATINGS		
	Revenue Bonds	Subordinate Commercial Paper Notes
Fitch Ratings	AA-	
Moody's Investors Service, Inc.	Aa3	P-1
S&P Global Ratings	AA	A-1+

RATES

On May 27, 2025, MSD adopted a 5-year capital improvement plan for Jefferson County totaling \$1.2 billion. Of this total, 85.0% is allocated to compliance with regulatory requirements, including the terms of the Second Amended Consent Decree. MSD plans to finance up to 74.0% of the 5-year plan with additional debt. The MSD Board has approved a 3.9% rate increase for wastewater and drainage service charges for the Jefferson County service area effective September 1, 2025. Additional rate increases will be required within the next 5 years to maintain the financial metrics required to support the new debt without negatively impacting MSD's existing credit rating.

On May 27, 2025, MSD adopted a 5-year capital improvement program for Oldham County totaling \$32.6 million. Of this total, 98.0% is allocated to compliance with regulatory requirements. Pursuant to the terms of an Interlocal Cooperation Agreement, on July 28, 2025, the MSD Board approved a 2.0% increase in the wastewater volume charge for MSD's Oldham County service area effective September 1, 2025. Additional rate increases will be required within the next 5 years to fund the capital improvement program.

On May 27, 2025, MSD adopted a 5-year capital improvement program for Bullitt County totaling \$84.3 million. Of this total, 99.0% is allocated to compliance with regulatory requirements. Additional rate increases will be required within the next 5 years to fund the capital improvement program.

For additional information see Note 8, Commitments and Contingencies, and Note 9, Subsequent Events.

REQUESTS FOR ADDITIONAL INFORMATION

This report is intended to provide readers with a general overview of MSD's finances and to provide information regarding the receipts and usage of funds. If you need clarification regarding a statement(s) made in the report or need additional information, please contact the Louisville and Jefferson County Metropolitan Sewer District, 700 West Liberty Street, Louisville Kentucky 40203. You can also submit a request for additional information via MSD's website, www.msdlouky.org.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025
(amounts in thousands)

	2025	2024
Current Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 104,160	\$ 55,863
Investments	55,185	60,002
Accounts receivable, less allowance for doubtful accounts of \$3,462 (2025), \$2,341 (2024)	42,332	44,148
Inventories	5,416	6,264
Accrued interest receivable	1,383	981
Prepaid expenses and other current assets	160	186
Total unrestricted current assets	<u>208,636</u>	<u>167,444</u>
Restricted Current Assets		
Cash and cash equivalents	18,610	23,366
Investments	-	11,052
Total restricted current assets	<u>18,610</u>	<u>34,418</u>
Total Current Assets	<u>227,246</u>	<u>201,862</u>
Noncurrent Assets		
Unrestricted Noncurrent Assets		
Investments	43,510	48,369
Accounts receivable, non-current	4,107	4,623
Total unrestricted non-current assets	<u>47,617</u>	<u>52,992</u>
Restricted Noncurrent Assets:		
Cash and cash equivalents	4,721	629
Investments	72,091	64,381
Total restricted non-current assets	<u>76,812</u>	<u>65,010</u>
Capital Assets		
Utility plant in service	4,909,287	4,795,037
Less allowance for depreciation	(1,722,131)	(1,621,545)
Net utility plant in service	<u>3,187,156</u>	<u>3,173,492</u>
Construction in progress	647,237	438,652
Prepaid regulatory assets, net of amortization	280,185	284,728
Subscription assets, net of amortization	7,742	6,882
Net capital assets	<u>4,122,320</u>	<u>3,903,754</u>
Other Noncurrent Assets		
Unamortized bond issuance costs	14,179	14,501
Unamortized reserve fund insurance	676	705
Net OPEB asset	3,177	2,581
Total other noncurrent assets	<u>18,032</u>	<u>17,787</u>
Total Non-current Assets	<u>4,264,781</u>	<u>4,039,543</u>
Total Assets	4,492,027	4,241,405
Deferred Outflow of Resources		
Deferred outflow - pension	19,319	21,916
Deferred outflow - OPEB	6,403	9,587
Un Net restricted assets	22,800	10,860
Total deferred outflow of resources	<u>48,522</u>	<u>42,363</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 4,540,549</u></u>	<u><u>\$ 4,283,768</u></u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025
(amounts in thousands)

	<u>2025</u>	<u>2025</u>
Current Liabilities		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 12,179	\$ 26,011
Accrued salaries and related benefits	12,428	10,303
Total unrestricted current liabilities	<u>24,607</u>	<u>36,314</u>
Current Liabilities To Be Paid From Restricted Assets		
Accounts payable and accrued expenses (capital), includes contractor retainage of \$28,939 (2025), \$13,946 (2024)	86,784	48,188
Accrued interest payable	13,294	13,316
Refundable deposits	1,571	1,689
Revenue bonds payable	53,560	53,985
Short term commercial paper notes	7,675	7,325
Other subordinate debt	3,561	3,476
Subscription asset liability	2,387	2,352
Total restricted current liabilities	<u>168,832</u>	<u>130,331</u>
Total Current Liabilities	<u>193,439</u>	<u>166,645</u>
Noncurrent Liabilities		
Bonds payable, net	2,492,258	2,506,367
Commercial paper notes	267,195	204,870
Other subordinate debt	104,911	50,079
Net pension liability	109,754	119,970
Investment derivative asset liability	22,516	21,204
Subscription asset liability	4,037	3,675
Total Noncurrent Liabilities	<u>3,000,671</u>	<u>2,906,165</u>
Total Liabilities	3,194,110	3,072,810
Deferred Inflow of Resources		
Deferred inflow - pension	13,828	15,528
Deferred inflow - OPEB	31,683	42,288
Deferred inflow - derivative instruments	12,616	18,311
Other deferred inflows	1,533	1,735
Unamortized Gain on Refunding	12,394	-
Total deferred inflow of resources	<u>72,054</u>	<u>77,862</u>
Total Liabilities and Deferred Inflow of Resources	<u><u>\$ 3,266,164</u></u>	<u><u>\$ 3,150,672</u></u>
Net Position		
Plant, lines and other facilities net of depreciation including capitalized interest	\$ 4,122,320	\$ 3,903,753
Outstanding debt that applies to plant, lines and other facilities	(2,935,584)	(2,832,129)
Accounts payable and accrued expenses (capital)	(86,784)	(48,188)
Deferred outflows and inflows of resources	10,405	10,860
Net investment in capital assets	<u>1,110,357</u>	<u>1,034,296</u>
Net assets restricted for debt service	72,574	77,079
Assets restricted for construction	9,568	9,033
Net restricted assets	<u>82,142</u>	<u>86,112</u>
Unrestricted	<u>81,886</u>	<u>12,688</u>
Total net position	<u>1,274,385</u>	<u>1,133,096</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 4,540,549</u></u>	<u><u>\$ 4,283,768</u></u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2025
(amounts in thousands)

	2025	2024
Operating Revenues		
Service charges	\$ 461,714	\$ 414,192
Other operating income	7,428	12,083
Total operating revenues	<u>469,142</u>	<u>426,275</u>
Operating Expenses		
Service and administrative costs	159,112	137,929
GASB 68 pension/GASB 75 OPEB actuarial expense	(17,336)	(9,986)
Depreciation and amortization	140,583	131,336
Total operating expenses - net	<u>282,359</u>	<u>259,279</u>
Income from Operations	<u>186,783</u>	<u>166,996</u>
Non-operating Revenue (Expenses)		
Gain/Loss disposal of assets	(1,392)	(111)
Investment income	13,201	13,618
Build America bond refund	10,713	9,444
Interest expense - bonds	(102,471)	(98,705)
Interest expense - derivative instruments	(2,598)	(1,706)
Interest expense - other	(11,684)	(14,650)
Amortization of debt discount / premium	7,736	7,312
Amortization of loss on refunding	(1,380)	(1,442)
Capitalized interest	6,873	12,749
Change in fair value - swaps	4,383	5,009
Total non-operating revenue (expenses) - net	<u>(76,619)</u>	<u>(68,482)</u>
Income before capital contributions	110,164	98,514
Capital contributions	<u>31,125</u>	<u>30,303</u>
Increase in net position	141,289	128,817
Net position, beginning	<u>1,133,096</u>	<u>1,004,279</u>
Net position, ending	<u><u>\$ 1,274,385</u></u>	<u><u>\$ 1,133,096</u></u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2025
(amounts in thousands)

	2025	2024
Cash Flows from Operating Activities		
Cash received from customers	\$ 462,693	\$ 424,067
Cash paid to suppliers	(134,596)	(96,351)
Cash paid to employees	(72,640)	(64,526)
Net Cash Provided by Operating Activities	255,457	263,190
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of revenue bonds	44,717	127,575
Proceeds from issuance of commercial paper	2,844,365	2,498,755
Proceeds from other subordinate debt	58,392	5,316
Payments for retirement of revenue bonds	(54,556)	(52,877)
Payments for retirement of bond anticipation note	-	(226,340)
Payments for retirement of commercial paper	(2,781,690)	(2,251,560)
Payments for retirement of other subordinated debt	(3,475)	(3,153)
Payments for interest expense	(112,754)	(117,933)
Payments for interest on derivative instruments	(2,598)	(1,706)
Build America bond interest subsidy	10,360	10,360
Proceeds from capital grants	20,301	3,912
Proceeds from sales of capital assets	-	21
Payments for capital assets	(257,027)	(241,621)
Proceeds from assessments	553	704
Net Cash Provided (Used) by Capital and Related Financing	(233,412)	(248,547)
Cash Flows from Investing Activities		
Purchase of investments	(156,432)	(302,136)
Maturity of investments	171,341	265,231
Investment income	10,679	10,334
Net Cash Provided (Used) by Investing Activities	25,588	(26,571)
Net Increase (Decrease) in Cash and Cash Equivalents	47,633	(11,928)
Cash and Cash Equivalents, Beginning of Year	79,858	91,786
Cash and Cash Equivalents, End of Year	\$ 127,491	\$ 79,858

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2025
(amounts in thousands)

	2025	2024
Reconciliation of Operating Income to Net Cash provided by Operating Activities		
Income from operations	\$ 186,783	\$ 166,996
Adjustments to reconcile operating income to net cash provided by operating activities		
Capitalized overhead	(37,291)	(40,786)
Depreciation and amortization	140,583	131,336
Accounts receivable	(6,332)	(1,754)
Inventories	848	(452)
Prepaid expense	27	(84)
Accounts payable	(13,832)	17,886
Customer deposits	(117)	(453)
Accrued liabilities	2,124	488
Pension liability and deferred inflows and outflows of resources	(9,319)	(5,328)
OPEB liability and deferred inflows and outflows of resources	(8,017)	(4,659)
Net Cash Provided by Operating Activities	\$ 255,457	\$ 263,190
Non-Cash Capital Financing and Investing Activities		
Contribution of plant, lines and other facilities by developers and property owners	\$ 18,515	\$ 11,345
Construction costs in accounts payable	86,784	48,188
Unrealized (gain)/loss on investments	(1,934)	(3,139)
Decrease in interest rate swap deferred revenue	(226)	(226)
Change in fair value - derivative instruments	4,383	5,009
Bonds issued for refunding of debt - Series 2013B and 2020C	-	288,840
Bonds issued for refunding of debt - Series 2013B and 2014A	104,280	-

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
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LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Louisville and Jefferson County Metropolitan Sewer District (MSD), a discretely presented component unit of Louisville/Jefferson County Metro Government, are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. MSD follows GASB Pronouncements as codified under GASB 62, including electing to report as a regulated operation. MSD uses proprietary fund accounting (enterprise fund). To comply with industry accounting standards and adhere to transactional intent, MSD, as a regulated operation under GASB 62, applies ASC 980, Regulated Accounting, where applicable. The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MSD's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reporting Entity:

MSD is a public body corporate, and political subdivision of the Commonwealth of Kentucky. MSD was created in 1946 pursuant to Chapter 76 of the Kentucky Revised Statutes, in the interest of the public health and for the purpose of providing adequate sewer and drainage facilities in the urbanized area of the Louisville Metropolitan Area. Pursuant to Chapter 76, MSD is governed by a Board which consists of eight members who are appointed by the Mayor of Louisville Metro Government, subject to approval of Louisville Metro Council. Not more than five Board members may be of the same political party. However, there is not a continuing supervisory relationship exercised by Louisville Metro Government over MSD with respect to MSD's statutory public functions.

Chapter 76 authorizes MSD to provide sewer and drainage facilities and services. MSD is further authorized by the statute to establish and collect service charges and to budget accordingly for operations and maintenance, capital outlays and debt service on obligations it is authorized by the statute to incur. No special financing relationship exists between Louisville Metro Government and MSD, nor is Louisville Metro Government empowered by law or custom to approve MSD's operating or capital budgets; nor are they responsible for financing deficits or disposing of surplus funds.

MSD has complete control, possession and supervision of the sewer and drainage system in large portions of Jefferson County, and has statutory authority to construct additions, betterments, and extensions within its service area. Additionally, MSD has statutory responsibility for approval of the design and proper construction of sewer and drainage facilities within the County's boundaries. There are cities within Jefferson County that, by statute, have the option of using MSD sewer services on a contractual basis. Third and fourth class cities also have the option of obtaining drainage services from MSD.

In 2018 the Kentucky General Assembly amended Kentucky Revised Statute § 76.080 to allow MSD to enter into agreements with other entities to acquire by purchase, any real or personal property, or any interest, right, easement, or privilege therein, outside of its Jefferson County boundaries in connection with the acquisition, construction, operation, repair or maintenance of any sewage, wastewater, or drainage facility. MSD has subsequently extended its wastewater service area into portions of neighboring Bullitt and Oldham counties through interlocal agreements.

MSD's enterprise business activities are managed by its Board, which has statutory authority to elect officers, enact bylaws and enter into agreements and contracts for the management and regulation of MSD's affairs. MSD's revenue is derived from wastewater and drainage service charges which are collected from residential, commercial, and industrial customers. MSD controls the collection of all revenue, disbursement of payables and title to all sewer and drainage assets. Wastewater service charges are distributed among customer classes based on actual costs incurred to collect and treat wastewater. Drainage service charges are distributed among customer classes based on actual costs of drainage services per equivalent unit of impervious surface.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Changes in MSD's service charges are adopted by MSD's Board. Kentucky statute provides that MSD's service charge revenues shall be sufficient to provide for the operation and maintenance of the system and for debt service. Louisville Metro ordinance § 50.24 requires that when MSD's net revenues are less than 1.1 times the debt service on outstanding revenue bonds for any consecutive six-month period, the MSD Board shall amend the schedule of wastewater and drainage service charges in order to maintain 1.1 times coverage so long as the amended rates do not generate additional revenue from service charges in excess of 7.0% during the succeeding twelve-month period. Amendments that would generate additional revenues in excess of 7.0% require Louisville Metro Council approval.

Chapter 76 permits MSD to finance sewer and drainage system construction, acquisition, and other capital improvements through the issuance of its revenue bonds and with the proceeds of governmental grants, property owner contributions in aid of construction and bonds and loans for which pledge of repayment is subordinated to the pledge of all revenues given by MSD for the security of its revenue bond holders. MSD indebtedness does not constitute indebtedness of Louisville Metro Government or the Commonwealth, but Louisville Metro Government must authorize by ordinance the issuance by MSD of revenue bonds to finance projects within the service area.

Basis of Accounting:

The sewer and drainage system owned and operated by MSD is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the system are included on the Statements of Net Position. Total net position is segregated into net investment in capital assets, restricted for payment of bond principal and interest and unrestricted. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. MSD utilizes the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

Cash and Cash Equivalents:

For purposes of the Statements of Cash Flows, MSD includes repurchase agreements and other investments with an original maturity of three months or less in cash and cash equivalents. Both restricted and unrestricted amounts are included on the Statements of Cash Flows.

Restricted and Unrestricted Funds:

Restricted funds are reserved for the purpose of bond debt service, funding of capital construction, cost of issuance, and debt service reserves. Unrestricted funds, generated from service fees and other operating income, are used to pay for operating expenses. When an expense or outlay is incurred for which both restricted and unrestricted net position is available, it is MSD's general practice to use revenue from operations to finance construction, then to reimburse from restricted net position for construction as needed.

Investment Securities:

Kentucky Revised Statute § 66.480 and MSD's investment policy authorize MSD to invest money subject to its control in obligations of the United States and of its agencies and instrumentalities. Other allowable investments include obligations backed by the full faith of the United States or its agencies, obligations of any corporation of the United States, certificates of deposit or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation, securities issued by a state or local government, money market mutual funds investing in any of the securities described above, individual equity securities, and individual corporate bonds. Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. With this strategy, investments would be expected to reach maturity with limited realized gains or losses. If selling an investment before its maturity and reinvesting the proceeds can enhance the portfolio's yield, then this action is permitted. Investments are stated at fair value. Investment income consists of interest income and the change in fair value of investments. Investment income is reduced by any applicable estimated federal arbitrage liability.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Revenues, Expenses and Receivables:

Operating revenues are those revenues that are generated directly from the primary activities of MSD. These revenues are wastewater and drainage service charges and other operating income. Under contractual agreements, Louisville Water Company and Oldham County Water District are responsible for the billing and collection of wastewater and drainage service charges on behalf of MSD. Operating expenses are expenses incurred through the activities of operating and maintaining MSD utility plant, lines, and equipment.

Non-operating revenues and expenses are comprised of investment and financing earnings and costs, changes in the fair value of derivative instruments, as well as contributions from outside sources.

Accounts receivable are stated at the amount management expects to collect from outstanding customer accounts. Accounts are considered delinquent 30 days from the invoice date. Management provides an allowance for doubtful account that is based on historical collection experience and a review of the status of individual accounts. Accounts that remain outstanding after management has exerted reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts totaled \$3,461,968 on June 30, 2025.

Assessment receivables represent amounts billed to residents to have sewer lines installed in their neighborhood. Assessment receivables are considered delinquent once the balance is 90 days in arrears. These receivables may be current or non-current assets.

Inventory:

Inventory is stated at cost. Inventory consists of supplies and parts used in the operation of MSD's assets and other related equipment. Inventory totaled \$5,416,297 on June 30, 2025.

Utility Plant, Lines, and Equipment:

Utility plant, lines, and equipment are capitalized when the unit cost is greater than or equal to \$10,000. These assets are recorded at historical cost which includes acquisition or construction costs and internal overhead costs during construction. Capitalized assets are depreciated over their projected useful lives using the straight-line method. The estimated useful lives for these assets are as follows:

Building and other structures	30-50 years
Land improvements	10-30 years
Miscellaneous machinery	10-20 years
Vehicles	6-12 years
Equipment, heavy	15-30 years
Equipment, light	5-15 years
Sewer lines and drainage channels	20-80 years

Costs incurred for capital construction and acquisition are carried in construction in progress until disposition or completion of the related projects. The major components of construction in progress are sewer line rehabilitation, wastewater treatment facilities, drainage facilities, and flood protection systems. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized.

Capital Contributions:

Capital Contributions consist of infrastructure contributed from developers and grant proceeds received from government agencies.

Assets acquired through contributions are recorded at estimated acquisition value at the date of contribution. Contributed assets in the form of sewer and drainage infrastructure constructed by developers during fiscal year 2025 totaled \$18,515,150.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Governmental grants represent the estimated portion of costs incurred for which grants are expected to be paid to MSD by the governmental grantor. These amounts are recorded as a receivable and revenues from contributions at the time the related expenditures are incurred. Revenues from contributions are part of the change in net position. Governmental grants for fiscal year 2025 expenditures totaled \$11,809,194.

Intangible Subscription Assets:

In accordance with GASB Statement No. 96, MSD records the intangible right to use certain assets provided through subscription based information technology agreements and accrues a liability for future payments under these agreements. MSD expenses subscription based information technology agreements with a total contract value of less than \$150,000.

Prepaid Regulatory Assets:

In accordance with the provisions for regulated utility entities under GASB 62, MSD follows the practice of recognizing the interest incurred as part of the cost of acquiring assets that are debt-financed for rate-making purposes as a capital asset. MSD amortizes capitalized interest over a period of forty years.

Bonds Payable:

Bonds payable are recorded at the principal amount outstanding, net of any applicable premium or discount. Original issue discounts and premiums on bonds are amortized as a component of interest expense using the straight-line method, which approximates the effective interest method, over the lives of the bonds to which they relate.

Bonds outstanding, which have been refunded and economically defeased, are not included in long-term debt. The related assets are not included in investments. Any loss on refunding, which is the difference between the reacquisition price and the net carrying amount of the old debt, is deferred outflow of resources and amortized as a component of interest expense over the shorter of either 1) the original life of the refunded debt or 2) the life of the refunding debt.

Bond issuance costs are capitalized and amortized over the life of the respective bond issue using the straight-line method, which approximates the effective interest method, pursuant to the election of regulatory operation under GASB 62, as they are deemed recoverable through future rates.

Derivative Instruments:

MSD enters into interest rate swap agreements to modify interest rates on outstanding debt. MSD records the net interest expenditures resulting from these agreements and amortizes gains/losses resulting from the termination of these agreements until the original termination date of the agreement. The changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the Statements of Net Position as deferred outflow of resources. Changes in fair value of investment derivative instruments are reported in non-operating revenue (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Compensated Absences:

Vacation and personal pay benefits are accrued as accumulated and vested by MSD employees. Accrued absence balances were \$5,310,111 as of June 30, 2025.

Allocation of Overhead:

MSD allocates overhead costs to its core business processes: operations and maintenance; design, construction and acquisition of plant lines and other facilities; and subsidiary business enterprises.

Income Tax Status:

MSD is exempt from federal income tax under the Internal Revenue Code as a political subdivision of the Commonwealth of Kentucky.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Prior period financial statement amounts have been reclassified to conform to current period presentation. These reclassifications had no effect on the changes in net position or total net position.

Adoption of New Accounting Pronouncements:

Effective July 1, 2024, MSD adopted the following GASB Statements:

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Adoption of GASB Statements No. 101, and 102 did not have a material impact on MSD's financial reporting.

NOTE 2 – CASH AND INVESTMENTS

The following table provides a reconciliation of cash, cash equivalents and investments as shown on the Comparative Statements of Net Position for MSD as of June 30, 2025.

(dollars in thousands)	June 30, 2025
Reported in Statements of Net Position:	
Cash and cash equivalents	
Unrestricted	\$ 104,160
Restricted - current	18,610
Restricted - noncurrent	4,721
Total cash and cash equivalents	<u>127,491</u>
Investments	
Unrestricted - current	55,185
Unrestricted - noncurrent	43,510
Restricted - current	-
Restricted - noncurrent	72,091
Total investments	<u>170,786</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 298,277</u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Deposits:

As of June 30, 2025, MSD's depository banks are JP Morgan Chase and Republic Bank. MSD's deposits are fully collateralized and/or covered by federal depository insurance. At June 30, 2025, the collateral pledged was a Letter of Credit from the Federal Home Loan Bank of Cincinnati under MSD's name. At June 30, 2025, the bank balance of MSD's demand account at JP Morgan Chase was \$32,333,567 with \$10,058,109 held at Republic Bank.

Investments:

As of June 30, 2025, MSD's investments include securities issued by the United States government and its agencies and instrumentalities, municipal securities, money market funds, and a certificate of deposit. Securities purchased by MSD are held in custody either by Bank of New York Mellon or Pershing LLC. The certificate of deposit is with Liberty Bank. Investments are reported at fair value as of June 30, 2025.

The following table presents information related to MSD's investments at June 30, 2025.

<i>(dollars in thousands)</i>			
	Reported Value	Weighted Average Maturity in Years	Moody's Credit Rating
U.S. treasury bills	22,358	0.025	-
U.S. treasuries	88,970	0.673	Aaa
U.S. agency discount notes	12,118	0.353	Aaa
U.S. agency securities	35,978	1.145	Aaa
Municipal bonds	11,262	0.069	Aa1
Money market funds	85,014	0.003	-
Cash	42,477	0.000	-
Certificate of deposit	100	0.000	-
Total cash, cash equivalents and investments	<u>\$ 298,277</u>	<u>2.27</u>	
Accrued interest	\$ 1,383		

Risks:

Interest Rate Risk: Interest rate risk is the risk that a change in market interest rates of fixed income securities will adversely affect the fair value of the investment. MSD minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average maturity in years represents the interest rate risk for MSD. At June 30, 2025, the longest remaining maturity for any investment was approximately five years.

Credit Risk: Credit risk is the risk that an issuer of financial securities will not fulfill its obligations to the holder of the obligation. In accordance with Kentucky Revised Statutes and MSD's investment policy, MSD manages credit risk by limiting its investments in state and local governments in those rated in one of the three highest categories by a competent rating agency. Restricted fund investments in state and local governments must be rated in one of the two highest rating categories. As of June 30, 2025, the lowest rated municipal security held by MSD was Aa1.

Concentration of Credit Risk: Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. MSD's investment policy requires that investments be diversified to eliminate the risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The policy limits the amount of money invested at any time in one or more categories of the investments authorized by Kentucky Revised Statute § 66.480 1e, 1f, 1g, and 1i shall not exceed 20% of the total amount invested. MSD was in compliance with its investment policy at June 30, 2025.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that, in the event of the failure of a financial institution, MSD's deposits or collateral securities would not be returned to it. MSD considers the collateral provided by financial institutions with who it does business adequate to cover all deposits in excess of limits set forth by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, MSD will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. MSD's investments are held in the MSD's name by an independent custodial agent and investments in obligations of the United States or its agencies are held by the Federal Reserve in a custodial account.

Fair Value Measurement:

GASB 72 requires MSD to disclose how we measure the fair value of investments and the underlying valuation techniques. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities or repurchase agreements. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing approach. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Assets classified in Level 3 are valued based on unobservable inputs.

The following table summarizes MSD's investments subject to fair value measurements and valuation techniques as of June 30, 2025.

<i>(dollars in thousands)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level:				
U.S. treasuries	\$ -	\$ 88,970	\$ -	\$ 88,970
U.S. treasury bills	-	22,358	-	22,358
U.S. agency discount notes	-	12,118	-	12,118
U.S. agency securities	-	35,978	-	35,978
Municipal bonds	-	11,262	-	11,262
Total investments by fair value level	<u>\$ -</u>	<u>\$ 170,686</u>	<u>\$ -</u>	<u>\$ 170,686</u>

Restricted Cash and Investments:

Cash and investments are restricted for various purposes as specified by MSD's General Bond Resolution and other debt agreements. The following table summarizes restricted cash and investments by purpose at June 30, 2025.

<i>(dollars in thousands)</i>	June 30, 2025
Debt service reserve	\$ 67,244
Debt service	17,236
Renewal and replacement account	9,568
Other restricted	1,374
Total restricted cash & investments	<u>\$ 95,422</u>

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The General Bond Resolution sets a debt service reserve requirement equal to at least 10% of the face amount of all bonds issued under the resolution, 100% of the maximum aggregate net debt service in the current or any future fiscal year or 125% of the average aggregate net debt service in the current or any future fiscal year (the three-prong test). The General Bond Resolution allows, in lieu of cash and investments in that amount, a letter of credit or policy of bond insurance payable in the required amount. On June 26, 2019, MSD purchased a debt service reserve surety policy (the Reserve Policy) from Build America Mutual Assurance Company with a maximum policy limit of \$75,000,000. The Reserve Policy terminates on May 15, 2048. Draws under the Reserve Policy may only be used to make payments of principal and interest on the bonds. Cash and investments in the debt service reserve funds shall be transferred to the debt service funds for payment of debt service on the bonds before any draw may be made on the Reserve Policy.

The following table summarizes MSD's compliance with the debt service reserve requirement at June 30, 2025.

<i>(dollars in thousands)</i>	June 30, 2025
Debt service reserve	\$ 67,244
Reserve surety policy	75,000
	<u>142,244</u>
Debt service reserve requirement	\$ 140,097

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS
Summarized Capital Assets

The following table summarizes MSD's capital assets as of June 30, 2025.

<i>(dollars in thousands)</i>	Beginning Balance	Transfers In/ Additions	Retirements / Reclassifications	Ending Balance
Capital assets:				
Sewer lines	\$2,205,672	\$ 70,263	\$ (95)	\$2,275,840
Wastewater treatment facilities	893,115	22,807	(19,045)	896,877
Drainage facilities	1,126,991	17,745	(18)	1,144,718
Pumping and lift stations	319,599	1,168	(747)	320,020
Administrative facilities	69,387	2,812	(126)	72,073
Maintenance facilities	16,622	10,285	(1,096)	25,811
Machinery and equipment	103,999	19,506	(4,202)	119,303
Miscellaneous	59,652	(5,006)	-	54,646
Prepaid regulatory assets	456,142	6,873	-	463,015
Intangible subscription assets	11,398	5,142	(2,133)	14,407
Total capital assets	5,262,577	151,595	(27,462)	5,386,710
Less accumulated depreciation and amortization:				
Sewer lines	(487,827)	(28,097)	94	(515,830)
Wastewater treatment facilities	(508,598)	(37,173)	18,739	(527,032)
Drainage facilities	(291,071)	(26,339)	2	(317,408)
Pumping and lift stations	(156,222)	(16,446)	747	(171,921)
Administrative facilities	(45,660)	(3,260)	69	(48,851)
Maintenance facilities	(8,962)	(844)	280	(9,526)
Machinery and equipment	(82,646)	(9,850)	4,155	(88,341)
Miscellaneous	(40,558)	(2,665)	-	(43,223)
Prepaid regulatory assets	(171,414)	(11,416)	-	(182,830)
Intangible subscription assets	(4,516)	(2,149)	-	(6,665)
Total accumulated depreciation/amortization	(1,797,474)	(138,239)	24,086	(1,911,627)
Net capital assets in service	3,465,103	13,356	(3,376)	3,475,083
Construction in progress	438,652	311,810	(103,225)	647,237
Net capital assets	<u>\$3,903,755</u>	<u>\$ 325,166</u>	<u>\$ (106,601)</u>	<u>\$4,122,320</u>

Capital assets include non-depreciable assets for land related to all facilities and pumping and lift stations. The carrying value was \$41,140,427 at June 30, 2025.

Intangible Subscription Assets

MSD is a party to multiple subscription-based information technology agreements (SBITAs) which convey the contractual right-to-use another party's technology software for a period time in an exchange transaction. These intangible assets are recognized as capital assets.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

The following table lists all future payments under the SBITAs as of June 30, 2025.

<i>(dollars in thousands)</i>	SBITA Liability		
	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 2,387	\$ 14	\$ 2,401
2026	1,935	39	1,974
2027	1,285	24	1,309
2028	817	13	830
	<u>\$ 6,424</u>	<u>\$ 90</u>	<u>\$ 6,514</u>

There are no outflows of resources in the reporting period for variable or other payments not included in the measurement of the subscription liability. There are no commitments under SBITAs before the commencement of the subscription terms.

Prepaid Regulatory Assets

In accordance with the provisions for regulated utility entities under GASB 62, MSD follows the practice of recognizing the interest incurred as part of the cost of acquiring assets that are debt-financed for rate-making purposes as a capital asset. Capitalized interest is presented as a prepaid regulatory asset. MSD depreciates capitalized interest over forty years. The following table summarizes capitalized interest and net interest expense reported in non-operating expenses at June 30, 2025.

<i>(dollars in thousands)</i>	June 30, 2025
Interest incurred	\$ 110,397
Less interest capitalization	<u>(6,873)</u>
Interest expense, net	<u>\$ 103,524</u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

The following table summarizes prepaid regulatory assets and amortization at June 30, 2025.

<i>(dollars in thousands)</i>	
Gross prepaid regulatory assets - beginning of year	\$ 456,142
Additions	<u>6,873</u>
Gross prepaid regulatory assets - end of year	463,015
Accumulated amortization - beginning of year	(171,414)
Amortization	<u>(11,416)</u>
Accumulated amortization - end of year	<u>(182,830)</u>
Net prepaid regulatory assets - end of year	<u>\$ 280,185</u>

Impairment of Capital Assets:

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, other changes in environmental factors, technology changes or evidence of obsolescence, changes in the manner of duration of use of a capital asset, and construction stoppage. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. No impairment losses were recognized in fiscal year 2025.

NOTE 4 - LONG-TERM DEBT

The following table summarizes MSD's long-term debt outstanding at June 30, 2025.

<i>(dollars in thousands)</i>					
Issue Description	Outstanding at Beginning of Year	Issued	Retired	Outstanding at End of Year	Payable Within One Year
Revenue bonds	\$2,449,467	\$ 150,421	\$ 175,205	\$ 2,424,683	\$ 53,560
Unamortized premium/discount	110,885	17,986	7,736	121,135	-
Commercial paper notes	212,195	2,844,365	2,781,690	274,870	7,675
Other subordinate debt:					
General obligation bonds	8,987	-	930	8,057	957
SRF loans	43,043	58,393	2,361	99,075	2,409
Financing note	<u>1,525</u>	<u>-</u>	<u>185</u>	<u>1,340</u>	<u>195</u>
Total	<u>\$2,826,102</u>	<u>\$ 3,071,165</u>	<u>\$ 2,968,107</u>	<u>\$ 2,929,160</u>	<u>\$ 64,796</u>

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Revenue Bonds:

MSD's long-term revenue bonds are publicly issued under its General Bond Resolution adopted December 7, 1992 (and amended on March 4, 1993, June 30, 1993, December 14, 1994, and February 24, 2003), to pay at maturity program notes issued and outstanding as senior subordinated debt under a Program Note Resolution or to finance sewer and drainage projects. MSD has pledged all revenues to the payment of principal and interest on its outstanding revenue bonds. Pursuant to the General Bond Resolution, upon the occurrence of any event of default, a holder or holders of twenty percent in principal amount or more of the bonds then outstanding may apply to a Judge in the Circuit Court of Jefferson County to appoint a trustee to represent all Bondholders and the trustee may declare all bonds due and payable. MSD has remedies available under the Resolution to cure an event of default even after all bonds are declared due and payable.

Federal tax regulations generally require the periodic payment to the U.S. Treasury of investment earnings on the proceeds of an issue of tax-exempt municipal bonds to the extent those earnings exceed the yield on the bonds. Such payments, known as arbitrage rebate, are normally payable every fifth year following the issuance of a series of bonds and upon the retirement of the bond issue. The estimated arbitrage liability for all tax-exempt debt is updated annually until such time as payment of the calculated liability is due. As of June 30, 2025, MSD has a recorded liability for arbitrage rebate of \$1,963,134 related to the Series 2021A, 2023A, 2023B and 2023C bonds.

A pledged revenue debt service coverage ratio covenant has been established under the 1992 General Bond Resolution. MSD was in compliance with the ratio covenant as of June 30, 2025.

Significant Revenue Bond Transactions: On August 6, 2024, MSD issued \$104,280,000 of its tax-exempt sewer and drainage system revenue and refunding bonds, Series 2024A with a true interest cost of 3.36%. The proceeds of the Series 2024A bonds were used: to refund portions of the outstanding Series 2013B and Series 2014A bonds, to pay or reimburse the costs of construction and acquisition of the capital improvement program, to fund the required increase in the reserve account equal to the debt service reserve requirement, and to pay the costs of issuance of the 2024A bonds. The refunding of the Series 2013B and 20214A bonds reduced future debt service by \$11,234,709 and resulted in an economic gain of \$8,946,565. Payment of the Series 2024A bonds is secured by a senior lien pledge of net revenues. The final maturity of the Series 2024A bonds is on May 15, 2039.

On March 15, 2021, MSD issued under the General Bond Resolution, to the United States Environmental Protection Agency (EPA), its sewer and drainage system revenue bonds, Series 2020B, in the principal amount of \$96,926,900 (excluding capitalized interest) and at a fixed interest rate of 2.37%. The Series 2020B bonds evidence a loan from the EPA to MSD under the federal Water Infrastructure Finance and Innovation Act (WIFIA). EPA and MSD are parties to a WIFIA Loan Agreement (WLA). The loan finances up to 49% of the construction costs of the Morris Forman Water Quality Treatment Center Biosolids Processing project. The WLA allows for capitalization of interest through November 15, 2029. Capitalized interest is added to the principal amount of the loan. Payment of the Series 2020B bonds is secured by a senior lien pledge of net revenues. The final maturity of the Series 2020B bonds is on November 15, 2059. MSD's loan agreement with the EPA prohibits MSD from incurring additional debt without the permission of the EPA if a payment default has occurred and is continuing under the WIFIA loan agreement. Upon an event of default, MSD would pay interest on the outstanding balance of the Series 2020B bonds at an interest rate of 4.37%. MSD made draws on the Series 2020B bonds of \$44,717,494 during the fiscal year. As of June 30, 2025, the outstanding balance of the Series 2020B bonds was \$79,278,327 including \$1,613,327 of capitalized interest.

Build America Bonds Program: MSD has outstanding \$510,000,000 of sewer and drainage system revenue bonds (Series 2009C and Series 2010A) issued under the federal government's Build America Bonds Program. Under the program, the federal government pays a subsidy in the amount of 35% of the interest paid on the bonds. The interest subsidy received by MSD for the fiscal year ended June 30, 2025, was

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

\$10,359,939. Subsidy payments to MSD were reduced by 5.7% in fiscal year 2025 due to the impacts of federal budget sequestration.

The following table summarizes revenue bonds payable at June 30, 2025.

<i>(dollars in thousands)</i>				
Revenue Bonds	Original Issue Amount	Interest Rates	Final Payment In	Outstanding as of June 30, 2025
2009C series revenue bonds	\$ 180,000	5.98%	2040	\$ 180,000
2010A series revenue bonds	330,000	6.25%	2043	330,000
2014A series revenue bonds	80,000	4.00% - 5.00%	2045	43,970
2015A series revenue bonds	175,000	3.125% - 5.00%	2046	166,120
2015B series revenue bonds	81,750	2.63% - 5.00%	2038	56,565
2016A series revenue bonds	150,000	3.00% - 5.00%	2047	144,290
2016B series revenue bonds	28,315	2.00% - 5.00%	2036	11,235
2017A series revenue bonds	175,000	3.00% - 5.00%	2048	132,565
2018A series revenue bonds	60,380	4.00%	2038	60,380
2020A series revenue bonds	225,000	2.00% - 5.00%	2050	218,655
2020B series revenue bonds	96,927	2.37%	2060	79,278
2020C series revenue bonds	112,065	0.29% - 2.65%	2044	37,790
2021A series revenue bonds	246,555	2.22%	2034	201,290
2022A series revenue bonds	225,000	2.63% - 5.00%	2052	222,500
2023A series revenue bonds	49,745	5.00%	2035	49,745
2023B series revenue bonds	41,950	5.00%	2036	41,950
2023C series revenue bonds	351,975	5.00%	2053	345,060
2024A series revenue bonds	104,280	5.00%	2039	103,290
Total revenue bonds				2,424,683
Add: unamortized premium/discount				121,135
Total bonds payable				2,545,818
Less: current maturities				(53,560)
Total bonds payable, long term portion				<u>\$ 2,492,258</u>

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The following table presents revenue bond debt service requirements after June 30, 2025 (including the remaining capitalized interest for the Series 2020B bonds of \$8,610,979).

<i>(dollars in thousands)</i>	Principal	Interest before subsidy	Federal interest subsidy	Interest net of subsidy
Year Ending June 30,				
2026	\$ 53,560	\$ 100,530	\$ (10,360)	\$ 90,170
2027	72,225	98,335	(10,360)	87,975
2028	70,750	94,777	(9,638)	85,139
2029	73,110	92,566	(9,638)	82,928
2030	54,341	91,267	(9,638)	81,629
2031-2035	304,971	436,748	(51,103)	385,645
2036-2040	605,831	343,001	(49,276)	293,725
2041-2045	691,474	177,227	(13,071)	164,156
2046-2050	378,448	54,736	-	54,736
2051-2055	97,159	12,259	-	12,259
2056-2060	31,425	2,269	-	2,269
	<u>\$ 2,433,294</u>	<u>\$ 1,503,715</u>	<u>\$ (163,084)</u>	<u>\$ 1,340,631</u>

The following table provides a summary of current and long-term revenue bond activity at June 30, 2025.

<i>(dollars in thousands)</i>	June 30, 2025
Revenue bonds - beginning of year	\$ 2,449,467
Bonds issued	150,421
Principal paid on bonds	(52,595)
Bond refunding	(122,610)
Revenue bonds - end of year	<u>\$ 2,424,683</u>

General Obligation Bonds:

MSD merged with the Oldham County Environmental Authority (OCEA) on June 30, 2020. Oldham County previously issued its County of Oldham general obligation bonds Series 2014, and general obligation Series 2017 refunding bonds, the proceeds of which financed the costs of various improvements to the sanitary sewer system owned by OCEA. The balance of the bonds outstanding at June 30, 2025, was \$8,056,934. MSD agreed to support Oldham County's payment of debt service for the supported bonds subject to the terms of an Assistance Agreement dated June 30, 2020. Upon the occurrence of an uncured event of default under the Assistance Agreement, Oldham County is entitled to exercise all remedies available at law or in equity.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
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The following table provides a summary of current and long-term general obligation bond activity as of June 30, 2025.

<i>(dollars in thousands)</i>				
General Obligation Bonds	Original Issue Amount	Interest Rates	Final Payment In	Outstanding as of June 30: 2025
2017 series general obligation bonds	\$ 3,750	2.08%	2030	\$ 2,427
2014 series general obligation bonds	9,790	3.00% - 3.20%	2035	5,630
Total general obligation bonds				8,057
Less: current maturities				(957)
Total bonds payable, long term portion				<u>\$ 7,100</u>

The following table presents general obligation bond debt service requirements after June 30, 2025.

<i>(dollars in thousands)</i>			
	General Obligation Bonds		
	Principal	Interest	Total
Year Ending June 30,			
2026	\$ 957	214	\$ 1,171
2027	983	189	1,172
2028	1,004	163	1,167
2029	1,029	137	1,166
2030	1,054	110	1,164
2031-2035	<u>3,030</u>	<u>349</u>	<u>3,379</u>
	<u>\$ 8,057</u>	<u>\$ 1,162</u>	<u>\$ 9,219</u>

Commercial Paper and Bank Notes:

2023 Program Note Resolution: On March 27, 2023, the MSD Board adopted a Program Note Resolution authorizing the issuance of one or more series of sewer and drainage system subordinated program notes in an aggregate principal amount not to exceed \$500,000,000 for the purpose of financing eligible sewer and drainage projects and to refund program notes or subordinate lien bond anticipation notes. Program notes issued under the Program Note Resolution are subordinate and junior in all respects to revenue bonds issued under the General Bond Resolution. Program notes are issued as senior subordinated debt secured on a parity with the bond anticipation notes.

MSD has issued two subseries of commercial paper notes under the Program Note Resolution: Series 2023A-1 with a maximum outstanding of \$250,000,000 and Series 2023A-2 with a maximum outstanding of \$250,000,000. Commercial paper notes may be issued and sold, at public or private sale, as taxable or tax-exempt notes, maturing in 270 days or less (but in any event not later than June 18, 2026) as determined by MSD, and bearing interest at a rate not in excess of 12% per annum for taxable notes or 10% per annum for tax-exempt notes. Commercial paper notes are payable only from proceeds of the sale of other commercial paper notes issued under the Program Note Resolution and used to refund outstanding commercial paper notes, the proceeds of direct purchase notes or other loans used to refund outstanding commercial paper notes, and the proceeds of revenue bonds issued to pay outstanding commercial paper notes.

Liquidity support for commercial paper Series 2018A-1 is provided by Bank of America, N.A (BANA) pursuant to a Revolving Credit Agreement dated June 1, 2023. BANA has provided a commitment of

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\$250,000,000 for the payment of the principal of and interest on the Series 2023A-1 notes. MSD and BANA entered into a Note Purchase Agreement dated June 1, 2023, providing for the purchase of direct purchase notes by BANA up to the aggregate principal amount of \$250,000,000. The BANA Revolving Credit Agreement and the BANA Note Purchase Agreement limit the aggregate principal amount of commercial paper notes Series 2023A-1 and the BANA direct purchase notes to \$250,000,000. BofA Securities, Inc. is acting as the dealer for Series 2023A-1 notes.

Liquidity support for commercial paper Series 2023A-2 is provided by JPMorgan Chase Bank, National Association (JPMCB) pursuant to a revolving credit agreement dated June 1, 2023. JPMCB has provided a commitment of \$250,000,000 for the payment of the principal of and interest on the Series 2023A-2 notes. MSD and JPMCB entered into a Note Purchase Agreement dated June 1, 2023, providing for the purchase of direct purchase notes by JPMCB up to the aggregate principal amount of \$250,000,000. The JPMCB Revolving Credit Agreement and the JPMCB Note Purchase Agreement limit the aggregate principal amount of commercial paper notes Series 2023A-2 and the JPMCB direct purchase notes to \$250,000,000. J.P. Morgan Securities LLC is acting as the dealer for Series 2018A-2 notes.

Upon the occurrence of any special event of default under the Revolving Credit Agreements and Note Purchase Agreements, the commitment shall immediately terminate with respect to all commercial paper notes and the banks shall have no obligation to make any loan or to fund any outstanding commercial paper note. Upon the occurrence of an event of default that is not a special event of default, the banks may, by notice to MSD, terminate the commitment, if any (except as provided below), deliver a notice of no-issuance to MSD and to the Issuing and Paying Agent directing the Issuing and Paying Agent to cease issuing all commercial paper notes. The available commitment shall immediately be reduced to the then outstanding principal amount of commercial paper notes plus the amount of interest to accrue on such notes and the available commitment shall be further reduced in a similar manner when commercial paper notes mature provided the commitment does not terminate, and the right of the bank to accelerate the maturity of the note and the loans shall not affect the obligation of the bank to make loans in aggregate principal amount equal to the commitment to the extent necessary for MSD to make required payments of principal on the commercial paper notes issued and sold prior to the date upon which the notice of no-issuance is received by the Issuing and Paying Agent; provided further that if any loans are made that would not have been made but for the application of the preceding provision, such loans shall be immediately due and payable on the date such loans are made.

Moody's Investors Service and Standard and Poor's Ratings Services assigned ratings of P-1 and A-1+, respectively, to the commercial paper notes on June 5, 2023.

Commercial paper notes of \$274,870,000 were outstanding as of June 30, 2025, in accordance with the respective 2023 Revolving Credit Agreements. Interest rates on the notes outstanding range from 2.9% to 3.0% and maturities ranged between 30 days to 91 days.

The following table summarizes the outstanding and available balance of the commercial paper program at June 30, 2025.

<i>(dollars in thousands)</i>			
Issue Description	Authorized Amount	Amount Outstanding	Unissued Portion
Series 2023A-1	\$ 250,000	\$ 137,435	\$ 112,565
Series 2023A-2	250,000	137,435	112,565
Total	<u>\$ 500,000</u>	<u>\$ 274,870</u>	<u>\$ 225,130</u>

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\$204,870,000 of the commercial paper notes outstanding at June 30, 2025, were used to pay off the 2022A Bond Anticipation Note at maturity. MSD plans to amortize these commercial paper notes over the same period as the amortization of the notional amount of the associated hedging derivative instruments. Accordingly, \$7,675,000 of these notes will be paid down on May 15, 2026, and are classified as current. The remainder of the outstanding commercial paper notes attributed to the 2022A Bond Anticipation Note are classified as a non-current liability. See Note 5, Derivative Instruments, for additional information.

\$70,000,000 of the commercial paper notes outstanding at June 30, 2025, were used to pay or reimburse the costs of construction and acquisition of the capital improvement program. These notes will eventually be retired by the issuance of sewer and drainage system revenue bonds and are therefore classified as long-term.

The following table summarizes commercial paper program transactions for the year ended June 30, 2025.

(dollars in thousands)

Issue Description	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Series 2023A-1	106,098	1,387,187	1,355,850	137,435	3,838
Series 2023A-2	106,097	1,457,178	1,425,840	137,435	3,837
Total	<u>\$ 212,195</u>	<u>\$ 2,844,365</u>	<u>\$ 2,781,690</u>	<u>\$ 274,870</u>	<u>\$ 7,675</u>

State Revolving Fund Loans:

MSD utilizes funding provided through the Kentucky Infrastructure Authority's (KIA) State Revolving Fund (SRF). The SRF financing program provides low interest loans for infrastructure projects that are considered a priority based on the water pollution control criteria outlined in the Clean Water Act. MSD's SRF loans are considered direct placement debt and carry interest rates ranging between 1.75% and 3.8%. Under the assistance agreements entered with the KIA, upon the occurrence and continuance of any event of default, the Authority may declare all payments due at a default rate of 8%. Additionally, when an event of default occurs and is continuing, the Authority can declare all payments due, exercise all rights and remedies, take legal action to enforce its rights under the agreement, and submit a formal referral to the appropriate federal agency.

Significant SRF Transactions: As of June 30, 2025, MSD has expended \$7,008,606 in eligible project costs for loan number A21-022. The full amount of the loan has not been drawn, and the project is still in process.

On August 19, 2024, MSD entered into a loan Assistance Agreement (A23-007) with the Kentucky Infrastructure Authority for the Paddy's Run Flood Pumping Station Capacity project. The total amount of the loan shall not exceed \$27,783,547. Interest is payable semi-annually at a fixed rate of 0.50% per annum commencing after funds are first drawn on the loan. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.

On November 14, 2024, MSD entered into the First Amended Assistance Agreement (A23-007) with the Kentucky Infrastructure Authority for the Paddy's Run Flood Pumping Station Capacity project. The total amount of the loan increased from \$27,783,547 to \$54,006,047. The loan terms remain unchanged. As of

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June 30, 2025, MSD has expended \$51,383,797 in eligible project costs for loan number A23-007. The full amount of the loan has not been drawn, and the project is still in process.

The following table shows outstanding SRF direct placement debt at June 30, 2025.

<i>(dollars in thousands)</i>					
Loan Number	Loan Amount	Drawn Amount	Interest Rate	Final Payment In	Outstanding at end of Year
A09-41	\$ 2,395	\$ 2,395	3.00%	2033	\$ 1,068
A10-04	2,843	2,843	2.00%	2033	1,274
A10-05	1,000	1,000	3.00%	2033	472
A10-07	2,538	2,538	2.00%	2034	1,203
A11-15	671	671	2.00%	2033	301
A12-29	6,500	6,500	1.75%	2037	4,011
A17-028	7,400	7,400	1.75%	2042	7,088
A18-010	1,116	1,116	1.75%	2040	898
A19-015	2,695	2,695	2.00%	2042	2,298
A19-028	24,200	24,200	2.00%	2042	21,675
A21-022*	8,270	7,009	2.00%	*	7,009
A23-007*	54,006	51,384	2.00%	*	51,384
B10-01	500	500	3.00%	2030	154
B10-04	500	500	3.00%	2031	182
B15-006	87	87	1.75%	2038	58
Total loans payable					99,075
Less: current maturities					<u>(2,409)</u>
Total loans payable, long term portion					<u><u>\$ 96,666</u></u>

* Loan is partially drawn. Final payment will be 20 years following project completion.

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KACO Financing Note:

Oldham County Fiscal Court, on behalf of OCEA, previously entered a note financing obligation with the Kentucky Association of Counties Trust in the amount of \$4,000,000 at an interest rate of 4.94% to finance various treatment facilities. MSD entered into an agreement with the County of Oldham Kentucky, as part of its merger with OCEA, on June 30, 2020, to make the remaining note payments when due. In the event of default, the Kentucky Association of Counties Trust may by written notice, take possession of the treatment facilities, sell or lease the treatment facilities, or exercise any remedy available to it under applicable law. At June 30, 2025, the remaining principal balance is \$1,340,000. Final maturity is in 2031.

NOTE 5 – DERIVATIVE INSTRUMENTS

The following table presents MSD's interest rate derivatives outstanding at June 30, 2025.

<i>(dollars in thousands)</i>								
Derivative Instrument	Type	Objective	Counterparty	Original Notional	Notional Amount 6/30/2025	Effective Date	Termination Date	Terms
A	Pay-fixed interest rate swap	Hedge interest rate risk	Wells Fargo, N.A.	\$ 180,716	\$ 163,896	6/15/2013	5/15/2033	Pay 4.4125% Receive 67% USD-1M SOFR
B	Pay-fixed interest rate swap	Hedge interest rate risk	Bank of America, N.A.	56,433	40,974	11/16/2009	5/15/2033	Pay 4.4125% Receive 67% USD-1M SOFR
				<u>\$ 237,149</u>	<u>\$ 204,870</u>			

MSD originally entered into interest rate swap agreements as a hedging derivative instrument to lock in long-term interest rates in advance of issuing long-term debt. Two interest rate swap agreements remain in MSD's derivative instrument portfolio that serve as an interest rate hedge for the expected issuance of debt associated with refinancing the BAN originally issued on August 19, 2009. The swaps are structured so that the notional amounts of the agreements decrease over time corresponding with the planned amortization of the underlying debt.

Interest rate swaps are classified as hedging derivative instruments if they meet the criteria outlined in GASB 53 or as investment derivative instruments if they do not. MSD has designated its interest rate swaps as hedging derivatives under GASB 53 as of July 1, 2019. At June 30, 2025, MSD's interest rate derivatives are effective cash flow hedges and were classified as hedging derivatives in its financial statement. The fair value of the at-market portion, the hedging derivative, is reported as other assets and deferred inflows if positive and other liabilities and deferred outflows if negative on the Statements of Net Position. The difference between the fair value of the at-market hedging derivatives and the fair value of the interest rate swaps is reported as investment derivatives on the Statements of Net Position. All changes in fair value of the derivatives are recorded as a separate component of non-operating revenue (expense).

Both swaps have termination dates of May 15, 2033. Payments are due on the fifteenth of each month. MSD receipt terms are 67% of the 30-day London Inter-Bank Offered Rate (LIBOR) or the replacement rate. MSD adhered to the 2020 IBOR Fallbacks Protocol on January 17, 2023. LIBOR was replaced with 30-day Secured Overnight Financing Rate (SOFR) in MSD's derivative contracts following the cessation of 30-day LIBOR. The following table presents a summary of the change in fair value of the derivative instruments for the year ended June 30, 2025.

<i>(dollars in thousands)</i>	
	June 30, 2025
Fair value - beginning of year	\$ (21,204)
Change in fair value	<u>(1,312)</u>
Fair value - end of year	<u>\$ (22,516)</u>

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The following table presents fair values for the non-credit adjusted, at-market portion of the derivatives at June 30, 2025.

<i>(dollars in thousands)</i>			June 30, 2025	
Derivatives (at-market)			Clean	Accrued
1999-1 - \$180.7M 67% LIBOR fixed payer			\$ (10,098)	\$ (99)
1999-2 - \$56.4M 67% LIBOR fixed payer			(2,518)	(26)
Total			<u>\$ (12,616)</u>	<u>\$ (125)</u>

The following table provides classification of the at-market portion and investment portion of the derivatives at June 30, 2025.

<i>(dollars in thousands)</i>					
Governmental Activities	Changes in Fair Value		Fair Value as of June 30, 2025		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred inflows	\$ (5,695)	Other liabilities	\$ (22,516)	\$ 204,870
			Accrued interest	(78)	
				<u>\$ (22,594)</u>	
Investment derivatives:					
Pay-fixed interest rate swaps	Non-operating expenses	4,383			
		<u>\$ (1,312)</u>			

Valuation Techniques:

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Non-performance risk was measured using credit spreads implied by the credit rating for debt issues by entities with similar credit characteristics. This is the best method available under current market conditions since MSD has no credit default swaps that actively trade in the marketplace. For a derivative asset, the adjustment for non-performance risk of counterparties is determined by analyzing counterparty-specific credit default swaps, if available. If not available, credit default swaps in the market for entities of similar type and rating are used with information found in various public and private information services. This analysis is used to construct a credit curve that is applied to the discount curve on the net settlement payments of the derivative. A level two (2) category hierarchy was employed for fair valuation measurement. The positive and negative fair values of the swap agreements were provided by a third-party financial advisor.

Risks:

Credit Risk: Credit risk is the risk that a swap counterparty will not fulfill its obligations to MSD. MSD has implemented steps to safeguard it against the risks associated with the swap transactions. If the swap counterparties do not maintain A1/A+ ratings from Moody's Investors Service and Standard and Poor's Rating Service, the swaps contain provisions that require them to be marked to market weekly with monthly statements sent to MSD and the value will be collateralized with U.S. Treasury and Agency securities with the securities held by a tri-party custodian approved by MSD. All costs of collateralization will be borne by

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the downgraded party who must post the collateral. In addition, the swaps were awarded to multiple firms to further mitigate the credit risk associated with the transactions.

The following table presents credit ratings of the counterparties to MSD's derivative instruments as of June 30, 2025.

	Moody's	Standard & Poor's
Bank of America, N.A.	P-1	A-1
Wells Fargo Bank, N.A.	P-1	A-1

The agreements also provide for automatic termination if MSD's unenhanced bond rating is downgraded below BBB/Baa. MSD's obligations under its outstanding swap agreements are unsecured and subordinate to all bonds issued and outstanding.

The credit adjusted at-market portion, the accrued interest portion and off-market fair value of derivative instruments A and B are in liability positions of \$12,615,600, \$125,123 and \$9,900,360, respectively, at June 30, 2025. The aggregate fair value is negative \$22,656,258 (gross of implied note outstanding balance as of June 30, 2025). This represents the maximum loss that would be recognized at the reporting date if one or both swap counterparties failed to perform as contracted. There is no posted collateral to net against the fair value.

The contracts for derivative instruments A and B are held by Wells Fargo, N.A. and Bank of America, N.A., respectively, and comprise 100% of the net exposure to credit risk.

Termination Risk: Termination risk is generally referred to as the risk that a derivative instrument could be terminated causing MSD to owe a termination payment as a result of any of several events, which may include: a ratings downgrade of the swap counterparty; covenant violations by either party; bankruptcy of either party; a swap payment default of either party; and other default events as defined by the derivative instrument. Any such termination may require MSD to make significant termination payments in the future. The approximate amount of termination payment that MSD would have to pay if each of the derivative instruments were terminated on June 30, 2025, is approximately \$22,656,258. It should be noted that this is the non-credit adjusted (non GASB 72) mark-to-market valuation as of last business day of the fiscal year. The provisions of the agreements related to each derivative instrument allow for the offset of certain reimbursable costs related to the termination process.

To further mitigate the effect of termination risk relative to derivative instruments A and B, the agreements contain certain safeguards which include collateral posting requirements as discussed in the preceding Credit Risk section and, except for certain types of termination events, there is no automatic early termination.

Derivative instruments A and B may be terminated, if the underlying rating of MSD's obligations that are subject to annual appropriation falls below "BBB" from Standard and Poor's Ratings Service or below "Baa2" from Moody's Investors Service.

While there is no optional termination language in the confirmations of derivative instruments A and B, Wells Fargo, N.A. and Bank of America, N.A., respectively, may accommodate MSD to terminate the derivative instruments early, subject to credit approval.

If, at the time of termination, a swap has a negative fair value, MSD could be liable to the counterparty for a payment equal to the derivative instrument's fair value. If any of the derivative instruments are terminated, either the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate, or

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the nature of the basis risk associated with the derivative instrument may change. As of June 30, 2025, MSD is not aware of any pending event that would lead to a termination event with respect to any of its existing derivative instruments, which are in force and effect as of such date.

Basis Risk: Basis risk is the risk that arises when an interest rate hedge is imperfect. Each of the derivative instruments is associated with certain debt obligations. The debt associated with each of the derivative instruments pays interest at variable interest rates. MSD receives variable payments under the derivative instrument. To the extent these variable payments are not equal to the variable interest payments on the associated debt there may be either a net loss or net benefit to MSD. The net swap payments made by MSD in fiscal year 2025 were \$2,597,798.

Rollover Risk: Rollover risk occurs when the term of the derivative instrument is not coincident with the repayment term of the underlying debt obligation. Derivative instruments A and B have terms equal to the critical terms of the hedged interest rate exposure.

Interest Rate Risk: Interest rate risk is the risk that a change in interest rates will reduce the value of an investment or position. MSD is exposed to interest rate risk on its interest rate derivative instruments. There may be either a net loss or net benefit to MSD depending upon decreases or increases in the applicable yield curve.

Terminations:

Upon a termination of a swap, any termination receipt or payment is amortized into income or expense until the original expiration date of that swap. Any unamortized portion of the receipt or payment is recorded as a deferred debit or credit in long-term liabilities. MSD has swap agreement terminations with deferred inflow of resources balances accreting to non-operating revenue as follows:

- On January 25, 2008, MSD terminated a twenty-seven-year floating to floating (basis) interest rate swap agreement with a notional amount of \$282,165,000. MSD entered into this agreement with Morgan Stanley in April 2006 and paid 67% of the 1-month LIBOR index and received 62.2% of the 5-year LIBOR index. The termination of this swap agreement resulted in the receipt of a payment in the amount of \$5,756,000. This payment will be amortized annually into income until April 2033, the termination date of the original agreement.

NOTE 6 - RISK MANAGEMENT

MSD is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters; and injuries to MSD's employees. These risks are provided for through the insurance programs described below.

Self-Insurance – Group Liability:

MSD participates in the Louisville Area Governmental Self-Insurance Trust (LAGIT). LAGIT, which is certified by the Kentucky Department of Insurance to practice as a group liability self-insurance trust, was created on January 1, 1987. LAGIT members currently include Louisville Metro Government, six smaller cities, and six government agencies. LAGIT was formed to provide better risk protection and lower cost liability insurance by sharing the risk with all its members. MSD's payments to LAGIT are reflected on the financial statements as an expense. LAGIT provides, after a \$300,000 deductible, various liability coverages up to \$5,000,000 per occurrence. The amount of coverage available to MSD could be limited by the total assets of LAGIT and/or claims of other members under the excess insurance policy. No claims were paid in fiscal year 2025 that exceeded the \$300,000 self-insured retention with LAGIT.

MSD maintained additional excess liability coverage for fiscal year 2025. Princeton/Munich Re (A+) provided \$5,000,000 of excess liability coverage beyond the \$5,000,000 provided through LAGIT. Gemini Insurance Company (A+) provided another \$5,000,000 of excess liability coverage beyond \$10,000,000. In total, MSD maintained liability coverage of \$15,000,000. No claims were made on either policy in fiscal year 2025.

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Workers Compensation Insurance:

MSD has chosen to self-insure the basic worker's compensation insurance. Claims administration is handled by a third-party administrator and includes claims monitoring, check issuance, settlement negotiations, and loss control services. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. A separate insurance policy provides maximum coverage of \$1,000,000 per occurrence and aggregate. The liability for workers' compensation claims is included with accrued salaries and related benefits on the Statements of Net Position. The following table summarizes workers' compensation claim activity during fiscal year 2025.

<i>(dollars in thousands)</i>	June 30, 2025
Liability - beginning of year	\$ 1,502
Claims and changes in estimates	1,582
Payments	<u>(1,169)</u>
Liability - end of year	<u>\$ 1,915</u>

Self-Insurance – Property:

MSD joined the Louisville Area Governmental General Insurance Trust (LAGGIT) in September 2002. LAGGIT was created to provide lower cost to participants and broader coverage for property risks. MSD is responsible for covered property damage up to \$100,000 except for flood and vehicle collision coverage, which have separate deductibles. LAGGIT provides coverage for the next \$1,000,000 per occurrence, except for Flood Zone A locations. An excess insurance policy with a third-party carrier covers claims more than \$1,100,000. One auto-accident claim was reported on the LAGGIT policy in fiscal year 2025 but it has not been settled and paid.

NOTE 7 - DEFERRED COMPENSATION

MSD offers its employees deferred compensation plans created in accordance with Internal Revenue Service Code Sections 401(k) and 457. These plans, available to all MSD employees, permit them to defer the payment of a portion of their salary until future years. Participation in these plans is voluntary and MSD makes no contributions to these plans on behalf of the employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred, including the investments and earnings thereon, vest with the employee and are not subject to the claims of MSD's general creditors.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Consent Decree:

On August 12, 2005, MSD agreed to enter a consent decree with the Commonwealth of Kentucky's Environmental and Public Protection Cabinet (KEPPC) and the U.S. Environmental Protection Agency (EPA). The consent decree called for MSD to submit a final Long-Term Control Plan (LTCP) to the KEPPC and EPA for review and joint approval. The final Sanitary Sewer Discharge Plan (SSDP) and the LTCP were certified on December 19, 2008, under the title of the Integrated Overflow Abatement Plan (IOAP). The SSDP included schedules and deadlines for capital projects to be completed by the end of 2024. The LTCP included schedules, and deadlines for combined sewer overflow projects to be completed by December 31, 2020. MSD agreed to pay a civil penalty to the Commonwealth of Kentucky in the amount of \$1,000,000 to resolve the violations alleged in the KEPPC's and EPA's complaints up through the date of entry of the consent decree. The agreement called for MSD to perform supplemental environmental projects at an amount of not less than \$2,250,000. MSD neither admitted nor denied the alleged violations but acknowledged that discharges occurred and accepted the obligations imposed in the consent decree.

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On April 10, 2009, MSD agreed to enter an amended consent decree with the KEPPC and the EPA. The amended consent decree resolved all pending claims of violations of the Federal Water Pollution Control Act and the Water Quality Act of 1987. The amended consent decree superseded and replaced the original consent decree entered on August 12, 2005. The amended consent decree contains stipulated penalties for MSD's failure to comply with the provisions contained therein. The IOAP was amended in 2012 and 2014 to improve compliance and adjust capital project schedules. To date, MSD has complied with all submittal and report requirements contained in the amended consent decree.

In 2019, MSD proactively approached Federal and state regulators to renegotiate the time to complete the remaining LTCP and SSDP projects required by the amended consent decree to reprioritize capital dollars for rehabilitation of MSD's aging biosolids systems, failing sewer interceptors and flood protection system rehabilitation. MSD, along with KEPPC and EPA, negotiated the second amended consent decree which grants a time extension for completing the remaining LTCP and SSDP projects to 2035. In exchange, MSD agreed to invest a minimum of \$25,000,000 annually for asset management projects through 2035. Additionally, MSD agreed to incorporate \$70,000,000 for critical sewer rehabilitation in its 5-year capital improvement plan. These financial commitments are achievable within the MSD Board's rate increase authority. The United States District Court granted final approval of the second amended consent decree on September 14, 2022. MSD estimates total capital expenditures associated with complying with the requirements of the second amended consent decree could range from \$2,000,000,000 to \$2,200,000,000. As with any estimate, the actual costs incurred could differ materially.

Claims and Litigation:

MSD is a defendant in various active lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the MSD's management that resolution of these matters will not have a material adverse effect on the financial statements of MSD. All material claims and litigation settlements that are both probable and reasonably measurable are recorded in accounts payable.

Other Commitments:

MSD is committed under various contracts for completion of construction or acquisition of utility plant and equipment. Outstanding contractual commitments related to the capital improvement program as of June 30, 2025, were \$395,940,542. These commitments will be paid for with bond proceeds, commercial paper, grants, and future pay-as-you-go revenues.

On January 1, 2022, MSD entered into an agreement with Louisville Water Company to provide customer billing services through December 31, 2027. The remaining cost of the contract including the portion of the contract treated as a SBITA at June 30, 2025, is \$20,080,980.

NOTE 9 - SUBSEQUENT EVENTS

KIA Loan A23-007:

On July 1, 2025, MSD entered into a Second Amended Assistance Agreement (A23-007) with the Kentucky Infrastructure Authority for the Paddy's Run Flood Pumping Station Capacity project. The total amount of the loan increased from \$54,006,047 to \$74,006,047. The terms of the loan remain unchanged.

KIA Loan A20-040:

On July 1, 2025, MSD entered into a loan Assistance Agreement (A20-040) with the Kentucky Infrastructure Authority for the Oldham County Lift Station Rehab, Renovation and Replacement project. The total amount of the loan is \$2,944,345. Interest is payable semi-annually at a fixed rate of 1.0% per annum commencing after funds are first drawn on the loan. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.

Albright v. MSD

MSD resolved the matter of Albright v. MSD on August 14, 2025, at mediation for \$12,199,288. MSD's \$300,000 self-insured retention with LAGIT was completely eroded by defense fees and costs and the settlement was completely paid by MSD's insurers. Of the settlement, LAGIT and its excess provider, Safety

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National, contributed \$6,288,000. MSD's excess liability policies that were in effect at the time of the accident contributed the remainder of the settlement with Nationwide/Scottsdale making payment of \$5,000,000.00 and Gemini/Berkely making payment of \$831,288.

Series 2025A Bonds

On August 19, 2025, MSD issued \$287,010,000 of its tax-exempt sewer and drainage system revenue and refunding bonds, Series 2025A. The proceeds of the Series 2025A bonds were used, together with other available funds, to finance the cost of construction and acquisition of improvements to the system in an amount not to exceed \$150,000,000, to refund senior subordinate commercial paper notes, and to refund portions of the outstanding series 2015A, 2015B and 2016A bonds. The final maturity of Series 2025A bonds is in 2055. The refunded bonds reduce debt service payments over the next ten years by \$5,092,955 which is a net present value savings of \$4,353,747.

Rate Increase:

On September 1, 2025, MSD's rates for wastewater and drainage service charges increased by 3.9% for Jefferson County customers. Wastewater volume rates increased 2.0% for Oldham County customers.

KIA Loan A21-022:

On September 17, 2025, MSD received a final draw of \$1,261,394 on KIA Loan A21-022. The loan is fully drawn. The first interest and principal payment is due December 1, 2025.

Heaven Hill Billing Agreement

On October 1, 2025, MSD received formal notification from Heaven Hill stating their intention to terminate their wastewater billing contract due to operational modifications. MSD originally entered into an agreement with Heaven Hill Distilleries, Inc. in 2022, under which Heaven Hill agreed to pay a fixed monthly fee for wastewater services. The contract has a term of 60 months with price escalations every six months. Heaven Hill retained the option to terminate the agreement with 30 days' notice if they either improve the discharge quality or reduce the volume discharged into MSD's system. Upon termination, Heaven Hill will revert to standard industrial rates for service charge, flow, and quality at their Bernheim Distillery. Based on current available information, the potential revenue loss in fiscal year 2026 may reach \$4,400,000.

Series 2020B Bonds

On October 14, 2025, MSD received a draw of \$16,150,747 on the Series 2020B bonds. As of October 14, 2025, MSD has expended \$93,815,747 in eligible project costs for the 2020B bonds. The full amount of the bonds has not been drawn, and the project is still under construction.

Commercial Paper Program:

Commercial paper notes of \$319,870,000 are outstanding as of October 28, 2025, in accordance with the respective Revolving Credit Agreements. Interest rates on the notes outstanding range from 2.67% to 2.85% and maturities range from 29 to 120 days. \$80,000,000 of commercial paper notes will be paid down at maturity on November 17, 2025, with proceeds from the Series 2025A bonds. MSD intends to reissue the remaining commercial paper notes at maturity in accordance with the refinancing terms of the Revolving Credit Agreements.

NOTE 10 - DEFINED BENEFIT PENSION AND OTHER POST-EMPLOYMENT BENEFITS PLAN – COST SHARING

General Information about the Pension and OPEB Plan:

All full-time and eligible part-time employees of MSD participate in County Employee Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority (KPPA, the system), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute § 78.782 and § 61.645, the Board of Trustees (the Board) of KPPA administers CERS, Kentucky Employee Retirement System, and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are accounted for separately; invested according to plan-specific asset allocation goals; and are used only for the payment of benefits to the

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members of that plan and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute § 78.632, 613571, and 16.555.

The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances. Under the provisions of Kentucky Revised Statute § 61.701, the Board of KPPA also administers the Kentucky Retirement System's Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KPPA. The assets of the insurance fund are invested as a whole. KPPA and the Commonwealth have statutory authority to determine Plan benefits and employer contributions.

KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Public Pension Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KPPA website at www.kyret.ky.gov.

Basis of Accounting:

For purposes of measuring the net pension and other post-employment benefits plan (OPEB) liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. 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.

Pension Benefits Provided:

The information below summarizes the major retirement benefit provisions of CERS-nonhazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Members whose participation began before 8/1/2004:

Age and Service Requirement: Age 65 with at least one month of nonhazardous duty service credit, or at any age with 27 or more years of service credit.

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.20% times final average compensation times years of service depending on participation and retirement dates. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Members whose participation began on or after 8/1/2004, but before 9/1/2008:

Age and Service Requirement: Age 65 with at least one month of nonhazardous duty service credit, or at any age with 27 or more years of service credit.

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.00% multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Members whose participation began on or after 9/1/2008, but before 1/1/2014:

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Age and Service Requirement: Age 65 with 60 months of nonhazardous duty service credit, or age 57 if age plus service equals at least 87.

Benefit: The monthly benefit is the following benefit factor based on service credit at retirement plus 2.00% for each year of service greater than 30 years, multiplied by final average compensation, multiplied by years of service.

<u>Service Credit</u>	<u>Benefit Factor</u>
10 years or less	1.10%
10+ - 20 years	1.30%
20+ - 26 years	1.50%
26+ - 30 years	1.75%

Final compensation is calculated by taking the average of the last (not highest) five (5) complete fiscal years of salary. Each fiscal year used to determine final compensation must contain twelve (12) months of service credit.

Members whose participation began on or after 1/1/2014:

Age and Service Requirement: Age 65 with 60 months of nonhazardous duty service credit, or age 57 if age plus service equals at least 87.

Benefit: Each year that a member is an active contributing member to the System, the member contributes 5% of creditable compensation, and the member's employer contributes 4.00% of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4%. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the prior year. Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the System as a lump sum or annuitized into a single life annuity option.

OPEB Benefits Provided:

The information below summarizes the major retirement benefit provisions of CERS-nonhazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

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Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Contributions:

MSD is required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute § 78.545(33) normal contribution and past service contribution rates shall be determined by the KPPA Board based on an annual valuation last preceding July 1 of a new biennium. The KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined based on a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KPPA Board.

For the fiscal year ended June 30, 2025, participating CERS employers contributed 19.71% (19.71 % allocated to pension and 0.00% allocated to OPEB) of each nonhazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investments earnings.

MSD has met 100% of the contribution funding requirement for the fiscal year ended June 30, 2024. Total contributions recognized by the Plan were \$13,302,741 (\$13,302,741 related to pension and \$0 related to OPEB). The OPEB contribution amount does not include the implicit subsidy reported in the amount of \$861,280.

Members whose participation began before 9/1/2008:

Nonhazardous member contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Members are entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008, but before 1/1/2014:

Nonhazardous member contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KPPA 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Members are entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Members whose participation began on or after 1/1/2014:

Nonhazardous member contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KPPA 401(h) Account. Members are entitled to a full refund of contributions and interest on the member's portion of the hypothetical account, however, the 1% contributed to the insurance fund is non-refundable.

Pension Plan Information:

Total Pension Liability: The total pension liability (TPL) was determined by an actuarial valuation as of June 30, 2024. The TPL was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

Assumptions:

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NOTES TO THE FINANCIAL STATEMENTS

The CERS and KRS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and June 5, 2023, respectively. Based on the June 30, 2021, actuarial valuation report, the actuarial methods and assumptions used to calculate these contributions rates are:

Investment return	6.25%
Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth	2.00%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Discount rate assumptions:

- (a) **Discount Rate:** A single discount rate of 6.50% was used to determine the TPL for the fiscal year ending June 30, 2024. The single discount rate was based on the expected rate of return on pension plan investments. Based on the stated assumption and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employee contributions made each future year. Except where noted below, future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan future year, calculated in accordance with the current funding policy. The assumed future employer contributions for the CERS plans reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increase to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculation, the provision of House Bill 362 do not impact the projected employer contributions.
- (c) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic 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
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core fixed income	10.00%	2.85%
Specialty credit	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KPPA

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NOTES TO THE FINANCIAL STATEMENTS

Board of Trustees at 6.35% based on a blending of the factors described above.

- (d) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability (NPL) to changes in the discount rate. The following table presents MSD's allocated portion of the NPL of the System, calculated using the discount rate of 6.50%, as well as what MSD's allocated portion of the NPL would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate.

<i>(dollars in thousands)</i>			
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
MSD's net pension liability	\$ 141,490	\$ 109,754	\$ 83,420

Employer's Portion of the Collective NPL: MSD's proportionate share of the NPL, as indicated in the prior table, is \$109,753,514 or approximately 1.84%, an decrease of 0.03% from fiscal year 2024. The NPL was distributed based on 2024 actual employer contributions to the plan.

Measurement Date: The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

Changes in Assumptions and Benefit Terms: The CERS and KRS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and June 5, 2023, respectively.

Changes Since Measurement Date: There were no changes that would materially impact the TPL between the measurement date of the collective NPL and the employer's reporting date.

Pension Expense: MSD was allocated pension expense of (\$9,318,644) related to the CERS for the year ending June 30, 2025.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the measurement date include:

<i>(dollars in thousands)</i>		
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 5,312	\$ -
Change of assumptions	-	4,959
Differences between expected and actual investment experience	-	7,056
Changes in proportion and differences between contributions	704	1,813
	6,016	13,828
Contributions subsequent to the measurement date	13,303	-
Total	\$ 19,319	\$ 13,828

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Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$13,302,741 will be recognized as a reduction of NPL in the year ending June 30, 2026. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

<i>(dollars in thousands)</i>	
Year Ending June 30:	
2025	\$ (4,853)
2026	1,326
2027	(2,713)
2028	(1,573)
	<u>\$ (7,813)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued pension plan financial reports.

OPEB Information:

Total OPEB Liability: The total other post-employment benefits plan (OPEB) was determined by an actuarial valuation as of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial principles.

Assumptions:

The actuarially determined contribution rates effective for fiscal year ended 2024 were calculated as of June 30, 2023. Based on the June 30, 2023, actuarial valuation reports, the actuarial methods and assumptions used to calculate the required contributions are:

Investment return	6.50%
Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth	2.00%
Mortality	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.80 % at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

Discount rate assumptions:

- (a) **Discount Rate:** The single discount rate used to measure the total OPEB liability for the fiscal year ending June 30, 2024, was 5.99%, which increased from the prior year rate of 5.93%.
- (b) **Municipal Bond Rate:** The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected and were sufficient to finance the future benefit payments of the

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

- (c) **Projected Cash Flows:** The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employee contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by the plan each future year, calculated in accordance with the current funding policy.
- (d) **Long-Term Rate of Return:** The long-term (10-year) expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (e) **Assumed Asset Allocations:** The target asset allocation and best estimates of arithmetic 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
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core fixed income	10.00%	2.85%
Specialty credit	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KPPA Board of Trustees at 6.50% based on a blending of the factors described above.

- (f) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net OPEB liability (asset) to changes in the discount rate and changes in the healthcare cost trend rate.

The following table presents MSD's allocated portion of the net OPEB liability (asset) of the System, calculated using the discount rate of 5.99%, as well as what the MSD's allocated portion of the System's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate for nonhazardous.

<i>(dollars in thousands)</i>	1% Decrease (4.99%)	Current Discount Rate (5.99%)	1% Increase (6.99%)
MSD's net OPEB liability (asset)	\$ 4,296	\$ (3,177)	\$ (9,461)

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The following table presents the MSD's allocated portion of the net OPEB liability (asset) of the System, calculated using the healthcare cost trend rate of percent, as well as what the MSD's allocated portion of the System's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for nonhazardous.

<i>(dollars in thousands)</i>			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
MSD's net OPEB liability (asset)	\$ (7,644)	\$ (3,177)	\$ 2,026

Employer's Portion of the Collective OPEB Liability (asset): MSD's proportionate share of the net OPEB liability (asset), as indicated in the prior table, is (\$3,177,301) or approximately 1.84%, or a decrease of 0.03% from fiscal year 2023. The net OPEB liability (asset) was distributed based on 2024 actual employer contributions to the plan.

Measurement Date: The total OPEB liability, net OPEB liability (asset), and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%.

Changes Since Measurement Date: There were no material changes between the measurement date of the collective net OPEB liability (asset) and the employer's reporting date.

OPEB Expense: MSD was allocated OPEB expense of (\$8,017,045) related to the CERS for the year ending June 30, 2025.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled as deferred inflows. If they will increase OPEB expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the measurement date include:

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

<i>(dollars in thousands)</i>	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,763	\$ 24,999
Change of assumptions	2,879	2,243
Differences between expected and actual investment experience	-	2,899
Changes in proportion and differences between contributions	900	1,542
	<u>5,542</u>	<u>31,683</u>
Contributions subsequent to the measurement date	861	-
Total	<u>\$ 6,403</u>	<u>\$ 31,683</u>

There were no deferred outflows of resources resulting from employer contributions subsequent to the measurement date. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

<i>(dollars in thousands)</i>	
Year Ending June 30:	
2025	\$ (10,325)
2026	(8,411)
2027	(7,025)
2028	(379)
	<u>\$ (26,140)</u>

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB plan financial reports.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Louisville and Jefferson County Metropolitan Sewer District Schedule of Proportionate Share of the Net Pension Liability For the Years Ended June 30, (dollars in thousands)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
MSD's proportion of the net pension liability	1.60%	1.51%	1.60%	1.72%	1.80%	1.82%	1.95%	1.83%	1.87%	1.87%
MSD's proportionate share of the net pension liability	\$68,653	\$ 74,132	\$ 93,517	\$ 104,511	\$ 126,866	\$ 139,401	\$ 124,564	\$ 132,407	\$ 119,970	\$ 109,754
MSD's covered payroll	37,900	39,596	43,084	45,859	48,391	49,808	52,828	54,678	59,356	64,927
MSD's proportion of the net pension liability as a percentage of its covered payroll	181.1%	187.2%	217.1%	227.9%	262.2%	279.9%	235.8%	242.2%	202.1%	169.0%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%	61.61%

Notes:

- 1) The amounts presented for each fiscal year were determined as of the prior year end.

Changes in Assumptions and Benefit Terms:

2015: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described in Schedule D of the CERS actuary report. The changes are noted below:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2016: There were no changes in assumptions and benefit terms since the prior measurement date.

2017: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

2018: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 was determined using these updated benefit provisions.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

2019: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updates as follows:

- Salary increases were increased from 3.05% to a range of 3.30% - 10.30%.
- The Mortality Table was changed from RP-2000 to PUB-2010.

2020: Since the prior measurement date, there were no changes in assumptions, however benefit terms were updated as follows, which did not have a material impact on the total pension liability:

- The monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse was reduced.
- Benefits were increased for a small number of beneficiaries.

2021: There were no changes in assumptions and benefit terms since the prior measurement date.

2022: There were no changes in assumptions and benefit terms since the prior measurement date.

2023: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was increased from 6.25% to 6.50%.

2024: There were no changes in assumptions and benefit terms since the prior measurement date.

Louisville and Jefferson County Metropolitan Sewer District Schedule of Employer Contributions - Pension For the Years Ended June 30, (dollars in thousands)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorily required contribution for pension	\$ 4,767	\$ 5,279	\$ 6,196	\$ 7,534	\$ 9,133	\$ 9,850	\$ 11,009	\$ 13,055	\$ 13,947	\$ 13,303
Contribution in relation to the statutorily required contribution	(4,767)	(5,279)	(6,196)	(7,534)	(9,133)	(9,850)	(11,009)	(13,055)	(13,947)	(13,303)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MSD contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MSD covered payroll	\$39,596	\$43,084	\$45,859	\$ 48,391	\$ 49,808	\$ 52,828	\$ 54,678	\$ 59,356	\$ 64,927	\$ 73,082
Contributions as a percentage of MSD's covered payroll	12.04%	12.25%	13.51%	15.57%	18.34%	18.65%	20.13%	21.99%	21.48%	18.20%

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

Louisville and Jefferson County Metropolitan Sewer District Schedule of Proportionate Share of the Net OPEB Liability (Asset) For the Years Ended June 30, (dollars in thousands)								
	2018	2019	2020	2021	2022	2023	2024	2025
MSD's proportion of the net OPEB liability (asset)	1.60%	1.72%	1.80%	1.82%	1.95%	1.83%	1.87%	1.84%
MSD's proportionate share of the net OPEB liability (asset)	\$32,119	\$30,470	\$30,343	\$ 43,904	\$37,395	\$36,145	\$(2,581)	\$(3,177)
MSD's covered payroll	43,084	45,859	48,391	49,808	52,828	54,678	59,356	64,927
MSD's proportion of the net OPEB liability (asset) as a percentage of its covered payroll	74.55%	66.44%	62.70%	88.15%	70.79%	66.11%	-4.35%	-4.89%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%	104.89%

Notes:

- 1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years that information is available.

Changes in Assumptions and Benefit Terms:

2017: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The assumed rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.0% to 3.05%.

2018: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018 was determined using these updated benefit provisions.

2019: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updates as follows:

- Salary increases were increased from 3.05% to a range of 3.30% - 10.30%.
- The Mortality Table was changed from RP-2000 to PUB-2010.

2020: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34%.
- The assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.
- Actuarial information has been updated to reflect anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee" which occurred in December 2019.

2021: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability decreased from 5.34% to 5.20%.

LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

- The assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

2022: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70%.

2023: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93%.

2024: *Since* the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%.
- The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

Louisville and Jefferson County Metropolitan Sewer District Schedule of Employer Contributions - OPEB For the Years Ended June 30, (dollars in thousands)								
	2018	2019	2020	2021	2022	2023	2024	2025
Statutorily required contribution	\$ 2,011	\$ 2,443	\$ 2,252	\$ 2,429	\$ 3,006	\$ 1,891	\$ -	\$ -
Contributions in relation to the statutorily required contribution	(2,011)	(2,443)	(2,252)	(2,429)	(3,006)	(1,891)	-	-
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MSD contributions as a percentage of statutorily required contribution for OPEB	100%	100%	100%	100%	100%	100%	100%	100%
MSD covered payroll	\$45,859	\$48,391	\$49,808	\$52,828	\$54,678	\$59,356	\$64,927	\$73,082
Contributions as a percentage of MSD's covered payroll	4.39%	5.05%	4.52%	4.60%	5.50%	3.19%	0.00%	0.00%

Notes:

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years that information is available.



**STATISTICAL SECTION
(Unaudited)**



MSD's Paddy's Run Flood Pumping Station Construction

**LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT
STATISTICAL SECTION
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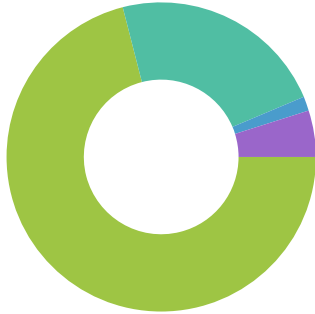
Demographic and Economic Information

These schedules present information on local economic statistics and employers.

Schedule 25 Demographic and Economic Statistics	94
Schedule 26 Jefferson County Principal Employers	95

Louisville and Jefferson County Metropolitan Sewer District
Schedule 1 - Comparative Revenue and Expense Highlights
Fiscal Years Ended June 30, 2025 and 2024
Dollars in Thousands

2025 Revenues - \$493,056



Wastewater Charges	\$ 350,099	71.0%
Drainage Charges	\$ 111,615	22.6%
Other Operating Income	\$ 7,428	1.5%
Investment Income	\$ 23,914	4.9%

2024 Revenues - \$449,226



Wastewater Charges	\$ 313,827	69.9%
Drainage Charges	\$ 100,365	22.3%
Other Operating Income	\$ 12,083	2.7%
Investment Income	\$ 22,951	5.1%

2025 Expenses - \$436,505



Salaries & Labor Related Overhead	\$ 87,825	20.1%
Operating & Maintenance Expenses	\$ 91,243	20.9%
Depreciation & Amortization	\$ 140,584	32.2%
Interest Expense	\$ 116,763	26.8%

2024 Expenses - 415,126



Salaries & Labor Related Overhead	\$ 83,882	20.2%
Operating & Maintenance Expenses	\$ 84,847	20.4%
Depreciation & Amortization	\$ 131,336	31.6%
Interest Expense	\$ 115,061	27.7%

Louisville and Jefferson County Metropolitan Sewer District
Schedule 2 - Comparative Schedule of Net Position
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current assets:										
Unrestricted cash and cash equivalents	\$ 69,481	\$ 42,449	\$ 50,276	\$ 43,728	\$ 99,973	\$ 79,281	\$ 48,875	\$ 66,305	\$ 55,863	\$ 104,160
Unrestricted investments	100	10,095	25,080	36,744	100	28,124	69,754	69,417	60,002	55,185
Restricted cash and cash equivalents	5,379	19,454	29,987	22,348	17,776	21,181	20,788	22,414	23,366	18,610
Restricted investments	14,999	22,675	-	30,172	-	-	12,947	-	11,052	-
Accounts receivable	26,696	23,480	26,332	27,915	27,227	24,664	26,242	28,963	44,148	42,332
Inventories	4,210	4,184	4,407	4,623	4,977	5,086	5,262	5,811	6,264	5,416
Prepaid expenses and other current assets	3,184	2,877	3,845	3,918	4,147	6,386	3,290	826	1,167	1,543
Total current assets	124,049	125,214	139,927	169,448	154,200	164,722	187,158	193,736	201,862	227,246
Noncurrent assets:										
Unrestricted noncurrent assets	29,235	37,642	1,399	13,730	12,776	10,478	7,138	5,271	52,992	47,617
Restricted noncurrent assets	120,212	86,550	151,039	76,678	79,555	82,930	80,331	77,898	65,010	76,812
Capital assets										
Utility plant in service	2,812,333	2,943,414	3,047,458	3,580,741	3,697,720	3,849,047	4,291,770	4,625,654	4,795,037	4,909,287
Less: accumulated depreciation	(979,405)	(1,046,707)	(1,109,966)	(1,208,329)	(1,221,668)	(1,305,547)	(1,418,965)	(1,507,858)	(1,621,545)	(1,722,131)
Net utility plant in service	1,832,928	1,896,707	1,937,492	2,372,412	2,476,052	2,543,500	2,872,805	3,117,796	3,173,492	3,187,156
Construction in progress	487,674	581,222	711,655	460,501	538,013	625,113	420,200	309,372	438,652	647,237
Prepaid regulatory assets, net of amortization	252,659	264,108	276,834	285,745	288,692	290,293	287,023	283,043	284,728	280,185
Subscription assets, net of amortization	-	-	-	-	-	-	-	6,093	6,882	7,742
Net capital assets	2,573,261	2,742,037	2,925,981	3,118,658	3,302,757	3,458,906	3,580,028	3,716,304	3,903,754	4,122,320
Other noncurrent assets	29,316	32,768	32,222	17,915	17,023	15,883	15,347	14,956	17,787	18,032
Total noncurrent assets	2,752,024	2,898,997	3,110,641	3,226,981	3,412,111	3,568,197	3,682,844	3,814,429	4,039,543	4,264,781
Total assets	2,876,073	3,024,211	3,250,568	3,396,429	3,566,311	3,732,919	3,870,002	4,008,165	4,241,405	4,492,027
Deferred outflow of resources	23,708	35,911	54,267	52,018	79,767	80,984	72,110	59,456	42,363	48,522
Total assets and deferred outflows	\$ 2,899,781	\$ 3,060,122	\$ 3,304,835	\$ 3,448,447	\$ 3,646,078	\$ 3,813,903	\$ 3,942,112	\$ 4,067,621	\$ 4,283,768	\$ 4,540,549
Liabilities:										
Current liabilities:										
Accounts payable and accrued expenses	\$ 17,420	\$ 16,550	\$ 16,342	\$ 18,168	\$ 24,176	\$ 29,099	\$ 20,395	\$ 17,940	\$ 36,314	\$ 24,607
Early retirement incentive plan payable	-	-	-	-	-	-	-	-	-	-
Total current liabilities	17,420	16,550	16,342	18,168	24,176	29,099	20,395	17,940	36,314	24,607
Current liabilities:										
Accounts payable and accrued expenses	33,271	30,764	47,472	31,945	39,860	46,237	30,464	38,706	48,188	86,784
Accrued interest	17,533	15,935	18,455	17,819	17,315	20,093	16,622	17,895	13,316	13,294
Refundable deposits	2,557	2,300	2,861	2,928	2,954	2,757	1,920	2,142	1,689	1,571
Revenue bonds payable	31,825	33,655	40,190	42,200	43,460	47,565	52,880	52,375	53,985	53,560
Bond anticipation note	-	-	-	-	-	-	-	14,145	-	-
Bank notes	-	-	-	100	100	-	-	-	-	-
Other subordinate debt	-	-	105	545	2,167	1,817	2,038	3,095	10,800	11,236
Subscription asset liability	-	-	-	-	-	-	-	1,616	2,353	2,387
Total current liabilities	85,186	82,654	109,083	95,537	105,856	118,469	103,924	129,974	130,331	168,832
Noncurrent liabilities:										
Revenue bonds payable, net	1,722,745	1,831,605	1,956,540	1,914,340	1,868,455	2,057,555	2,228,405	2,151,935	2,395,482	2,371,123
Unamortized debt premium/discount	67,462	74,328	90,628	80,421	74,458	74,817	88,050	98,019	110,885	121,135
Bond anticipation note, net	226,340	226,340	226,340	226,340	226,340	226,340	226,340	212,195	-	-
Commercial paper notes	-	-	-	120,000	255,000	150,000	50,000	165,000	204,870	267,195
Other subordinated debt, net	2,072	1,973	1,766	2,113	28,284	44,304	50,604	48,296	50,079	104,911
Investment derivative asset liability	-	-	59,443	73,040	72,228	63,431	40,914	27,247	21,204	22,516
At-market derivative asset liability	-	-	-	-	20,822	8,541	-	-	-	-
Net Pension liability and Net OPEB liability	68,653	74,132	125,636	134,981	157,209	183,305	161,959	168,552	119,970	109,754
Other long-term liabilities	690	-	-	-	-	-	-	-	-	-
Subscription asset liability, net	-	-	-	-	-	-	-	3,336	3,675	4,037
Total long-term debt	2,087,962	2,208,378	2,460,353	2,551,235	2,702,796	2,808,293	2,846,272	2,874,580	2,906,165	3,000,671
Total liabilities	2,190,568	2,307,582	2,585,778	2,664,940	2,832,828	2,955,861	2,970,591	3,022,494	3,072,810	3,194,110
Deferred inflow of resources	108,633	84,052	10,383	12,955	16,520	10,277	48,489	40,848	77,862	72,054
Net position:										
Net investment in capital assets	501,675	562,784	528,377	672,304	684,412	762,848	850,316	955,494	1,034,296	1,110,357
Restricted	84,639	150,386	156,425	81,207	80,421	84,429	84,607	82,418	86,112	82,142
Unrestricted	14,266	(44,682)	23,872	17,041	31,897	488	(11,891)	(33,633)	12,688	81,886
Total net position	600,580	668,488	708,674	770,552	796,730	847,765	923,032	1,004,279	1,133,096	1,274,385
Total liabilities, deferred inflows and net position	\$ 2,899,781	\$ 3,060,122	\$ 3,304,835	\$ 3,448,447	\$ 3,646,078	\$ 3,813,903	\$ 3,942,112	\$ 4,067,621	\$ 4,283,768	\$ 4,540,549

Louisville and Jefferson County Metropolitan Sewer District
Schedule 3 - Comparative Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenue:										
Wastewater service charges	\$ 183,592	\$ 194,965	\$ 210,636	\$ 219,467	\$ 237,807	\$ 245,802	\$ 270,066	\$ 290,697	\$ 313,827	\$ 350,099
Drainage service charges	54,888	58,978	63,868	69,706	75,052	79,915	86,804	94,466	100,365	111,615
Other operating income	4,810	5,691	4,645	5,195	6,198	3,701	8,497	6,863	12,083	7,428
Total operating revenue	243,290	259,634	279,149	294,368	319,057	329,418	365,367	392,026	426,275	469,142
Operating expenses:										
Service and administrative costs	121,674	122,098	142,711	154,325	167,771	170,073	169,869	167,924	168,729	179,067
Capitalization/recovery of cost	(30,516)	(31,949)	(38,147)	(38,383)	(39,643)	(41,785)	(42,166)	(41,151)	(40,786)	(37,291)
Capitalized overhead (over) under applied	-	-	88	-	-	-	-	-	-	-
Depreciation and amortization	62,820	77,156	77,954	87,882	98,872	97,874	103,964	114,562	131,336	140,583
Total operating expenses	153,978	167,305	182,606	203,824	227,000	226,162	231,667	241,335	259,279	282,359
Income (loss) from operations	89,312	92,329	96,543	90,544	92,057	103,256	133,700	150,691	166,996	186,783
Non-operating revenue (expense):										
Gain/loss disposal of assets	-	-	-	15	(15,008)	(21)	124	(14,320)	(111)	(1,392)
Investment income	7,559	4,047	6,280	8,338	5,275	1,777	(1,467)	7,253	13,618	13,201
Build America bond refund	10,332	10,226	10,249	10,339	10,325	10,398	10,344	11,350	9,444	10,713
Interest expense - bonds	(86,818)	(90,117)	(95,041)	(94,831)	(92,274)	(93,067)	(86,792)	(91,736)	(98,705)	(102,471)
Interest expense - swaps	(9,514)	(8,926)	(7,724)	(6,468)	(8,027)	(9,793)	(9,502)	(3,988)	(1,706)	(2,598)
Interest expense - other	(8,601)	(9,317)	(9,873)	(13,497)	(13,129)	(13,104)	(12,873)	(15,337)	(14,650)	(11,684)
Amortization of debt discount/premium	12,052	13,701	15,198	14,344	12,688	17,429	17,172	13,189	7,312	7,736
Amortization of loss on refunding	(1,949)	(3,070)	(3,147)	(2,817)	(2,404)	(3,107)	(3,768)	(3,631)	(1,442)	(1,380)
Capitalized interest	21,051	20,074	21,859	18,582	13,043	12,049	7,464	6,961	12,749	6,873
Change in fair values - swaps	(22,951)	26,072	16,317	(13,597)	812	8,796	11,293	7,614	5,009	4,383
Total non-operating revenue (expenses), net	(78,839)	(37,310)	(45,882)	(79,592)	(88,699)	(68,643)	(68,005)	(82,645)	(68,482)	(76,619)
Net income / (loss) before contributions	10,473	55,019	50,661	10,952	3,358	34,613	65,695	68,046	98,514	110,164
Contributions										
Property owner assessments	-	2,376	-	-	-	-	-	-	-	-
All other	5,037	10,513	12,726	50,926	9,085	16,422	9,572	13,201	30,303	31,125
Increase (decrease) in net position	15,510	67,908	63,387	61,878	12,443	51,035	75,267	81,247	128,817	141,289
Net position, beginning of year	585,070	600,580	668,488	708,674	770,552	796,730	847,765	923,032	1,004,279	1,133,096
Net position, OCEA merger	-	-	-	-	13,735	-	-	-	-	-
Restatement for GASB 68 implementation	-	-	-	-	-	-	-	-	-	-
Restatement for GASB 75 implementation	-	-	(23,201)	-	-	-	-	-	-	-
Net Position, beginning of year, as restated	585,070	600,580	645,287	708,674	784,287	796,730	847,765	923,032	1,004,279	1,133,096
Net position, end of year	\$ 600,580	\$ 668,488	\$ 708,674	\$ 770,552	\$ 796,730	\$ 847,765	\$ 923,032	\$ 1,004,279	\$ 1,133,096	\$ 1,274,385

Louisville and Jefferson County Metropolitan Sewer District
Schedule 4 - Comparative Statements of Cash Flows
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash flows from operating activities:										
Cash received from customers	\$ 240,202	\$ 262,055	\$ 276,711	\$ 292,791	\$ 319,701	\$ 331,767	\$ 362,992	\$ 392,004	\$ 424,067	\$ 462,693
Cash paid to suppliers and employees	(85,202)	(88,300)	(95,150)	(103,173)	(105,649)	(107,122)	(166,818)	(166,086)	(160,877)	(207,236)
Net cash provided by operating activities	155,000	173,755	181,561	189,618	214,052	224,645	196,174	225,918	263,190	255,457
Cash flows from capital and related financing activities:										
Proceeds from issuance of revenue bonds	175,000	150,000	175,000	-	-	233,133	248,821	-	127,575	44,717
Proceeds from issuance of bond anticipation note	226,340	226,340	226,340	230,334	230,079	237,295	232,924	229,468	-	-
Proceeds from issuance of commercial paper	-	-	-	319,112	770,000	365,000	375,000	595,000	2,498,755	2,844,365
Proceeds from issuance of notes	-	-	-	100	90,200	-	-	-	-	-
Proceeds from issuance of other subordinate debt	-	-	-	-	-	-	-	-	-	-
Premium from sale of bonds	16,887	15,715	21,894	-	-	17,788	7,824	1,282	5,316	58,392
Payments for retirement of revenue bonds	-	-	-	(40,190)	(43,120)	(48,033)	(55,497)	(57,455)	(52,877)	(54,556)
Payments for retirement of bond anticipation note	-	-	-	(226,340)	(226,340)	(226,340)	(226,340)	(226,340)	(226,340)	-
Payments for retirement of commercial paper	-	-	-	(200,000)	(635,000)	(470,000)	(475,000)	(480,000)	(2,251,560)	(2,781,690)
Payments for retirement of notes	-	-	-	-	(90,200)	(100)	-	-	-	-
Payments for retirement of other subordinate debt	-	-	-	(317)	(2,120)	(2,119)	(1,926)	(2,533)	(3,153)	(3,475)
Principal paid on debt	(255,291)	(271,064)	(263,395)	-	-	-	-	-	-	-
Payments for interest expense	(92,246)	(103,919)	(102,394)	(108,511)	(106,312)	(103,393)	(103,136)	(105,800)	(117,933)	(112,754)
Payments for interest on swaps	(9,514)	(8,926)	(7,724)	(6,468)	(7,622)	(9,793)	(9,502)	(3,988)	(1,706)	(2,598)
Build America bond refund	10,332	10,226	10,248	10,339	10,325	10,398	10,344	10,360	10,360	10,360
Proceeds from capital grants	91	6,386	7,183	9,373	1,786	1,914	2,610	(88)	3,912	20,301
Proceeds from sale of capital assets	614	10	3	15	-	-	124	-	21	-
Payments for capital assets	(213,996)	(220,892)	(216,503)	(233,360)	(224,418)	(219,909)	(182,495)	(190,945)	(241,621)	(257,027)
Proceeds from assessments	2,329	1,254	1,621	780	1,169	2,465	3,378	1,956	704	553
Assessments extended	-	(2,376)	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(139,454)	(197,246)	(147,727)	(245,133)	(231,573)	(211,694)	(172,871)	(229,083)	(248,547)	(233,412)
Cash flows from investing activities:										
Change in investments	(15,047)	15,990	(56,798)	34,428	86,661	(55,205)	(55,638)	17,574	(36,905)	14,909
Investment income	5,626	2,951	5,081	6,238	6,864	1,423	2,203	5,523	10,334	10,679
Net cash provided (used) by investing activities	(9,421)	18,941	(51,717)	40,666	93,525	(53,782)	(53,435)	23,097	(26,571)	25,588
Net increase (decrease) in cash and cash equivalents	6,125	(4,550)	(17,883)	(14,849)	76,004	(40,831)	(30,132)	19,932	(11,928)	47,633
Cash and cash equivalents, beginning of year	97,970	104,095	99,545	81,662	66,813	142,817	101,986	71,854	91,786	79,858
Cash and cash equivalents, end of year	\$ 104,095	\$ 99,545	\$ 81,662	\$ 66,813	\$ 142,817	\$ 101,986	\$ 71,854	\$ 91,786	\$ 79,858	\$ 127,491

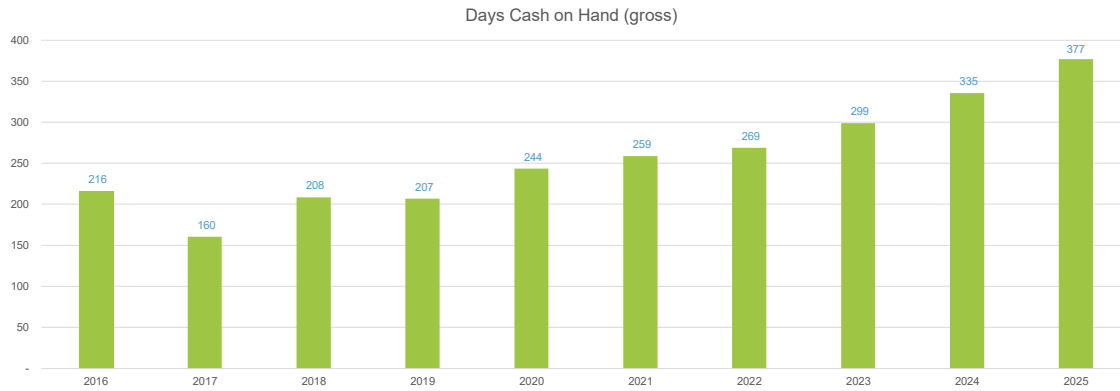
Presentation and classification of items in the Statements of Cash Flows from capital and related financing activities section was changed to provide better clarity beginning with the 2017 ACFR. Prior years were not reclassified and are shown as originally presented.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 5 - Comparative Schedule of Days Cash on Hand
Years Ended June 30
Dollars in Thousands

	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Unrestricted Cash and Investments	\$ 69,581	\$ 52,544	\$ 75,356	\$ 80,473	\$ 100,073	\$ 107,405	\$ 118,629	\$ 135,722	\$ 164,234	\$ 202,855		
Gross Operating & Maintenance Expenses ¹	\$ 117,671	\$ 119,586	\$ 131,948	\$ 142,082	\$ 149,945	\$ 151,527	\$ 161,144	\$ 165,792	\$ 178,716	\$ 196,403		
Days Cash on Hand (gross)	216	160	208	207	244	259	269	299	335	377		
Unrestricted Cash and Investments	\$ 69,581	\$ 52,544	\$ 75,356	\$ 80,473	\$ 100,073	\$ 107,405	\$ 118,629	\$ 135,722	\$ 164,234	\$ 202,855		
Net Operating & Maintenance Expenses ¹	\$ 87,155	\$ 87,637	\$ 93,800	\$ 103,699	\$ 110,302	\$ 109,741	\$ 118,978	\$ 124,641	\$ 137,929	\$ 159,112		
Days Cash on Hand (net)	291	219	293	283	331	357	364	397	435	465		
Unrestricted Cash and Investments less RSF ²	\$ 69,581	\$ 52,544	\$ 75,356	\$ 80,473	\$ 100,073	\$ 107,405	\$ 118,629	\$ 135,722	\$ 149,047	\$ 171,593		
Net Operating & Maintenance Expenses ¹	\$ 87,155	\$ 87,637	\$ 93,800	\$ 103,699	\$ 110,302	\$ 109,741	\$ 118,978	\$ 124,641	\$ 137,929	\$ 159,112		
Days Cash on Hand (excluding RSF)	291	219	293	283	331	357	364	397	394	394		

¹Excludes the actuarial portion of changes to GASB 68 pension expense and GASB 75 OPEB for the year.

²RSF stands for Rate Stabilization Fund



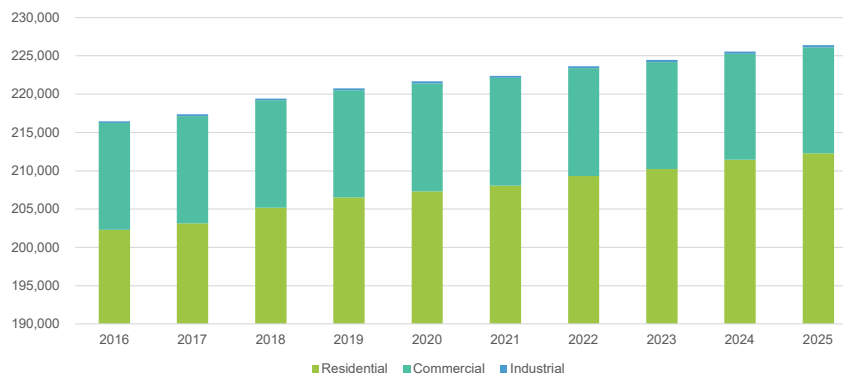
Louisville and Jefferson County Metropolitan Sewer District
Schedule 6 - Comparative Schedule of Number of Customer Connections
Years Ended June 30

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wastewater										
Jefferson										
Residential	216,177	217,363	218,656	220,134	221,796	223,807	224,166	224,522	225,183	226,341
Commercial	20,918	21,184	21,229	21,214	21,331	21,391	21,512	21,526	22,030	21,729
Industrial	370	373	374	380	385	389	392	392	402	407
Total Jefferson	237,465	238,920	240,259	241,728	243,512	245,587	246,070	246,440	247,615	248,477
Oldham										
Residential	-	-	-	-	-	6,342	6,395	6,921	6,934	6,617
Commercial	-	-	-	-	-	156	224	225	247	191
Industrial	-	-	-	-	-	1	1	1	1	2
Total Oldham	-	-	-	-	-	6,499	6,620	7,147	7,182	6,810
Bullitt										
Residential	-	-	-	-	-	-	3,801	4,577	4,595	4,608
Commercial	-	-	-	-	-	-	115	165	165	165
Industrial	-	-	-	-	-	-	1	1	1	1
Total Bullitt	-	-	-	-	-	-	3,917	4,743	4,761	4,774
Total Wastewater	237,465	238,920	240,259	241,728	243,512	252,086	256,607	258,330	259,558	260,061
Drainage										
Jefferson										
Residential	202,288	203,113	205,185	206,499	207,317	208,060	209,335	210,242	211,432	212,268
Commercial	13,950	14,006	14,011	14,024	14,087	14,062	14,040	13,950	13,853	13,857
Industrial	235	242	247	257	271	269	274	279	283	286
Total Drainage	216,473	217,361	219,443	220,780	221,675	222,391	223,649	224,471	225,568	226,411

Wastewater Accounts by Customer Class



Drainage Accounts by Customer Class



Louisville and Jefferson County Metropolitan Sewer District
Schedule 7 - Comparative Schedule of Average Residential Rates
Years Ended June 30

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jefferson County										
Wastewater service charges:										
Service charge	\$ 12.89	\$ 13.78	\$ 14.73	\$ 15.75	\$ 16.83	\$ 17.68	\$ 18.90	\$ 19.85	\$ 21.22	\$ 22.68
Volume charge ¹	14.08	15.04	16.08	17.20	18.40	19.32	20.64	21.67	23.17	24.28
Consent decree surcharge	10.53	11.26	12.04	12.87	13.76	14.45	15.45	16.22	17.34	18.54
Total wastewater service charges	37.50	40.08	42.85	45.82	48.99	51.45	54.99	57.74	61.73	65.50
Drainage service charges:										
Service charge	8.10	8.66	9.26	9.90	10.58	11.11	11.88	12.47	13.33	14.25
Total drainage service charges	8.10	8.66	9.26	9.90	10.58	11.11	11.88	12.47	13.33	14.25
Total MSD bill	\$ 45.60	\$ 48.74	\$ 52.11	\$ 55.72	\$ 59.57	\$ 62.56	\$ 66.87	\$ 70.21	\$ 75.06	\$ 79.75
Bill as a % of MHI	1.07%	1.12%	1.14%	1.20%	1.21%	1.21%	1.32%	1.30%	1.39%	1.47%
Oldham County (former OCEA)²										
Wastewater service charges:										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ 47.92	\$ 47.92	\$ 47.92	\$ 47.92	\$ 50.32	\$ 52.84
Volume charge ¹	-	-	-	-	31.20	31.20	31.20	23.20	24.36	25.58
Total MSD bill	\$ -	\$ -	\$ -	\$ -	\$ 79.12	\$ 79.12	\$ 79.12	\$ 71.12	\$ 74.68	\$ 78.42
Bill as a % of MHI					0.94%	0.90%	0.87%	0.73%	0.74%	0.75%
Bullitt County (former BCSD)³										
Wastewater service charges:										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35.58	\$ 39.85	\$ 44.63	\$ 49.99
Volume charge ¹	-	-	-	-	-	-	20.70	23.18	25.97	29.08
Total MSD bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56.28	\$ 63.03	\$ 70.60	\$ 79.07
Bill as a % of MHI							0.98%	0.98%	1.12%	1.29%
Bullitt County (former HH and BV)³										
Wastewater service charges:										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26.83	\$ 31.66	\$ 37.36	\$ 45.58
Volume charge ¹	-	-	-	-	-	-	8.00	11.60	16.82	23.88
Total MSD bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34.83	\$ 43.26	\$ 54.18	\$ 69.46
Bill as a % of MHI							0.61%	0.67%	0.86%	1.13%

¹Average residential volume charge is based on 4,000 gallons/month of water use.

²MSD acquired the Oldham County Environmental Authority (OCEA) on June 30, 2020.

³MSD acquired the Bullitt County Sanitation District (BCSD) including Hunters Hollow (HH) and Big Valley (BV) on November 30, 2021.

Jefferson County MHI	51,230	52,008	54,977	55,860	59,025	62,067	60,636	64,719	64,977	65,236
Oldham County MHI	84,415	92,454	97,960	102,136	101,152	105,897	109,181	116,173	120,818	125,649
Bullitt County MHI	54,755	63,570	62,550	61,022	66,335	71,835	68,630	77,192	75,402	73,654

Median Household Income (MHI) Source: <https://fred.stlouisfed.org/series/MHIKY21185A052NCEN>. 2023 (FY24) is the last year with published MHI data. 2025 is projected at the prior year's rate of growth.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 8 - Comparative Schedule of Monthly Residential Rates, Rentals and Charges
Years Ended June 30

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jefferson County Wastewater:										
Service charge by meter size:										
5/8-3/4	\$ 12.89	\$ 13.78	\$ 14.73	\$ 15.75	\$ 16.84	\$ 17.68	\$ 18.90	\$ 19.85	\$ 21.22	\$ 22.68
1	\$ 25.89	\$ 27.68	\$ 29.59	\$ 31.63	\$ 33.81	\$ 35.50	\$ 37.95	\$ 39.85	\$ 42.60	\$ 45.54
1 1/2	\$ 43.08	\$ 46.05	\$ 49.23	\$ 52.62	\$ 56.25	\$ 59.06	\$ 63.14	\$ 66.30	\$ 70.87	\$ 75.76
2	\$ 59.07	\$ 63.15	\$ 67.51	\$ 72.17	\$ 77.15	\$ 81.01	\$ 86.60	\$ 90.93	\$ 97.20	\$ 103.91
3	\$ 131.70	\$ 140.78	\$ 150.49	\$ 160.88	\$ 171.98	\$ 180.58	\$ 193.04	\$ 202.69	\$ 216.68	\$ 231.63
4	\$ 212.93	\$ 227.62	\$ 243.33	\$ 260.12	\$ 278.07	\$ 291.97	\$ 312.12	\$ 327.73	\$ 350.34	\$ 374.51
Volume charge per 1,000 gallons	\$ 3.52	\$ 3.76	\$ 4.02	\$ 4.30	\$ 4.60	\$ 4.83	\$ 5.16	\$ 5.42	\$ 5.79	\$ 6.07
Consent decree surcharge	\$ 10.53	\$ 11.26	\$ 12.04	\$ 12.87	\$ 13.76	\$ 14.45	\$ 15.45	\$ 16.22	\$ 17.34	\$ 18.54
Jefferson County Drainage:										
Service charge	\$ 8.10	\$ 8.66	\$ 9.26	\$ 9.90	\$ 10.58	\$ 11.11	\$ 11.88	\$ 12.47	\$ 13.33	\$ 14.25
Oldham County Wastewater:¹										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ 47.92	\$ 47.92	\$ 47.92	\$ 47.92	\$ 50.32	\$ 52.84
Volume charge	\$ -	\$ -	\$ -	\$ -	\$ 7.80	\$ 7.80	\$ 7.80	\$ 5.80	\$ 6.10	\$ 6.39
Bullitt County (former BCSD)										
Wastewater:²										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35.58	\$ 39.85	\$ 44.63	\$ 49.99
Volume charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.35	\$ 11.59	\$ 12.98	\$ 14.54
Bullitt County (former HH and BV)										
Wastewater:²										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26.83	\$ 31.66	\$ 37.36	\$ 45.58
Volume charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.00	\$ 11.60	\$ 16.82	\$ 23.88

¹MSD acquired the Oldham County Environmental Authority (OCEA) on June 30, 2020.

²MSD acquired the Bullitt County Sanitation District (BCSD) including Hunters Hollow (HH) and Big Valley (BV) on November 30, 2021.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 9 - Comparative Schedule of Monthly Commercial and Industrial Rates, Rentals and Charges
Years Ended June 30

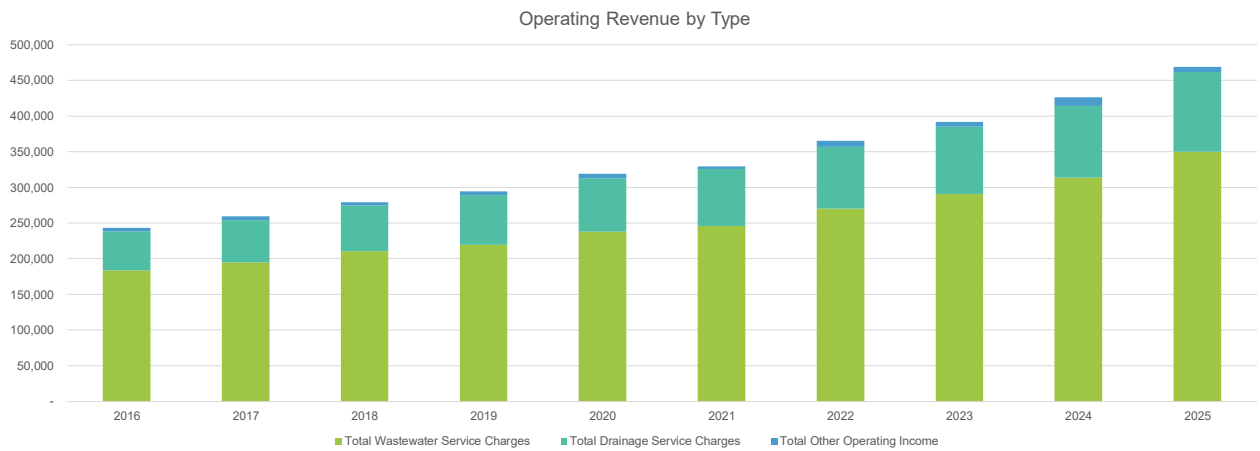
	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jefferson County Wastewater:										
Service charge by meter size:										
5/8-3/4	\$ 19.79	\$ 21.16	\$ 22.62	\$ 24.18	\$ 16.84	\$ 17.68	\$ 18.90	\$ 19.85	\$ 21.22	\$ 22.68
1	\$ 34.51	\$ 36.89	\$ 39.44	\$ 42.16	\$ 33.81	\$ 35.50	\$ 37.95	\$ 39.85	\$ 42.60	\$ 45.54
1 1/2	\$ 51.78	\$ 55.35	\$ 59.18	\$ 63.26	\$ 56.25	\$ 59.06	\$ 63.14	\$ 66.30	\$ 70.87	\$ 75.76
2	\$ 66.49	\$ 71.08	\$ 75.98	\$ 81.22	\$ 77.15	\$ 81.01	\$ 86.60	\$ 90.93	\$ 97.20	\$ 103.91
3	\$ 140.63	\$ 150.33	\$ 160.70	\$ 171.79	\$ 171.98	\$ 180.58	\$ 193.04	\$ 202.69	\$ 216.68	\$ 231.63
4	\$ 221.59	\$ 236.88	\$ 253.22	\$ 270.69	\$ 278.07	\$ 291.97	\$ 312.12	\$ 327.73	\$ 350.34	\$ 374.51
6	\$ 425.78	\$ 455.16	\$ 486.57	\$ 520.14	\$ 546.39	\$ 573.71	\$ 613.30	\$ 643.97	\$ 688.40	\$ 735.90
8	\$ 639.94	\$ 684.10	\$ 731.30	\$ 781.76	\$ 819.60	\$ 860.58	\$ 919.96	\$ 965.96	\$ 1,032.61	\$ 1,103.86
10	\$ 836.80	\$ 894.54	\$ 956.26	\$ 1,022.24	\$ 1,076.77	\$ 1,130.61	\$ 1,208.62	\$ 1,269.05	\$ 1,356.61	\$ 1,450.22
12	\$ 1,214.90	\$ 1,298.73	\$ 1,388.34	\$ 1,484.14	\$ 1,586.55	\$ 1,665.88	\$ 1,780.83	\$ 1,869.87	\$ 1,998.89	\$ 2,136.81
16	\$ 1,472.62	\$ 1,574.23	\$ 1,682.85	\$ 1,798.97	\$ 1,923.05	\$ 2,019.20	\$ 2,158.52	\$ 2,266.45	\$ 2,422.84	\$ 2,590.02
Commercial regular volume charge per 1,000 gallons	\$ 4.07	\$ 4.35	\$ 4.65	\$ 4.97	\$ 5.31	\$ 5.58	\$ 5.97	\$ 6.27	\$ 6.70	\$ 7.20
Industrial regular volume charge per 1,000 gallons	\$ 4.24	\$ 4.53	\$ 4.84	\$ 5.17	\$ 5.53	\$ 5.81	\$ 6.21	\$ 6.52	\$ 6.97	\$ 7.66
Consent decree surcharge (greater of)										
Commercial regular volume base	\$ 10.53	\$ 11.26	\$ 12.04	\$ 12.87	\$ 13.76	\$ 14.45	\$ 15.45	\$ 16.22	\$ 17.34	\$ 18.54
Commercial usage per 1,000 gallons	\$ 1.26	\$ 1.35	\$ 1.44	\$ 1.54	\$ 1.65	\$ 1.78	\$ 1.85	\$ 1.94	\$ 2.07	\$ 2.21
Industrial regular volume base	\$ 10.53	\$ 11.26	\$ 12.04	\$ 12.87	\$ 13.76	\$ 14.45	\$ 15.45	\$ 16.22	\$ 17.34	\$ 18.54
Industrial usage per 1,000 gallons	\$ 1.31	\$ 1.40	\$ 1.50	\$ 1.60	\$ 1.71	\$ 1.80	\$ 1.92	\$ 2.02	\$ 2.16	\$ 2.31
Jefferson County Drainage:										
Service charge per ESU	\$ 8.10	\$ 8.66	\$ 9.26	\$ 9.90	\$ 10.58	\$ 11.11	\$ 11.88	\$ 12.47	\$ 13.33	\$ 14.25
Oldham County Wastewater:¹										
Service charge by meter size:										
5/8-3/4	\$ -	\$ -	\$ -	\$ -	\$ 90.19	\$ 90.19	\$ 90.19	\$ 90.19	\$ 94.70	\$ 99.44
1	\$ -	\$ -	\$ -	\$ -	\$ 117.90	\$ 117.90	\$ 117.90	\$ 117.90	\$ 123.80	\$ 129.99
1 1/2	\$ -	\$ -	\$ -	\$ -	\$ 193.66	\$ 193.66	\$ 193.66	\$ 193.66	\$ 203.34	\$ 213.51
2	\$ -	\$ -	\$ -	\$ -	\$ 238.66	\$ 238.66	\$ 238.66	\$ 238.66	\$ 250.59	\$ 263.12
3	\$ -	\$ -	\$ -	\$ -	\$ 307.48	\$ 307.48	\$ 307.48	\$ 307.48	\$ 322.85	\$ 338.99
4	\$ -	\$ -	\$ -	\$ -	\$ 370.57	\$ 370.57	\$ 370.57	\$ 370.57	\$ 389.10	\$ 408.56
Volume charge	\$ -	\$ -	\$ -	\$ -	\$ 7.80	\$ 7.80	\$ 7.80	\$ 5.80	\$ 6.10	\$ 6.39
Bullitt County (former BCSD)										
Wastewater:²										
Service charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26.83	\$ 31.66	\$ 37.36	\$ 45.48
Volume charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.00	\$ 11.60	\$ 16.82	\$ 23.88

¹MSD acquired the Oldham County Environmental Authority (OCEA) on June 30, 2020.

²MSD acquired the Bullitt County Sanitation District (BCSD) on November 30, 2021.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 10 - Comparative Summaries of Operating Revenue
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service charges:										
Wastewater service charges:										
Residential	\$ 101,405	\$ 108,809	\$ 116,458	\$ 122,830	\$ 140,125	\$ 148,091	\$ 156,764	\$ 167,136	\$ 177,021	\$ 194,302
Commercial	58,343	61,860	66,651	71,054	74,134	74,459	86,009	94,538	100,777	113,378
Industrial	19,878	21,218	24,439	23,171	21,758	23,080	23,558	24,938	32,590	38,930
Other - net	8,186	6,853	7,517	6,803	5,997	2,588	7,840	9,156	8,284	9,084
Metro Government	(4,220)	(3,775)	(4,429)	(4,391)	(4,207)	(2,416)	(4,105)	(5,071)	(4,845)	(5,595)
Total wastewater service charges	183,592	194,965	210,636	219,467	237,807	245,802	270,066	290,697	313,827	350,099
Drainage service charges:										
Residential	20,439	22,111	23,811	25,716	27,684	29,413	31,497	34,340	37,203	41,035
Commercial	32,971	35,372	35,778	38,775	41,960	45,220	48,525	52,462	54,441	60,076
Industrial	3,219	3,445	3,864	4,373	4,815	5,239	5,671	6,277	6,870	7,606
Other - net	-	-	2,533	2,834	2,999	2,576	3,802	4,274	4,904	6,203
Metro Government	(1,741)	(1,950)	(2,118)	(1,992)	(2,406)	(2,533)	(2,691)	(2,887)	(3,053)	(3,304)
Total stormwater service charges	54,888	58,978	63,868	69,706	75,052	79,915	86,804	94,466	100,365	111,616
Total service charges	238,480	253,943	274,504	289,173	312,859	325,717	356,870	385,163	414,192	461,715
Other operating income:										
Capacity charges	2,087	3,318	3,132	3,552	4,151	2,309	5,072	3,204	6,856	4,208
Connection fees	1,118	(723)	76	14	363	135	151	-	5	42
Inflow & infiltration fees	-	-	-	1,162	1,155	628	1,610	1,092	1,756	1,094
Regional facilities fees	16	-	-	-	-	-	-	-	630	207
Wastewater miscellaneous	1,589	3,096	1,437	467	529	629	1,664	2,567	2,836	1,112
Drainage miscellaneous	-	-	-	-	-	-	-	-	-	764
Total other operating income	4,810	5,691	4,645	5,195	6,198	3,701	8,497	6,863	12,083	7,427
Total operating revenue	\$ 243,290	\$ 259,634	\$ 279,149	\$ 294,368	\$ 319,057	\$ 329,418	\$ 365,367	\$ 392,026	\$ 426,275	\$ 469,142



Louisville and Jefferson County Metropolitan Sewer District
Schedule 11 - Comparative Schedule of Wastewater Volume billed by Type of Customer and County
Years Ended June 30

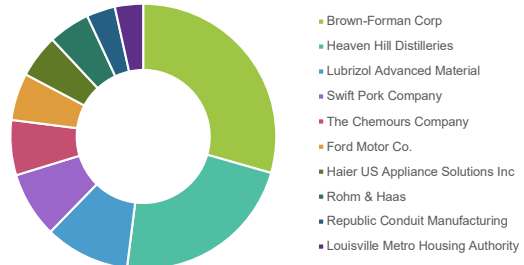
	Fiscal Year									
Customer Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential										
Number of Billings	-	-	-	-	-	1,609,488	2,022,296	2,022,303	2,138,099	2,533,577
Consumption (CON) Billed	-	-	-	-	-	12,203,034	12,128,262	12,128,338	11,910,089	12,227,535
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,956	\$ 57,825	\$ 61,458	\$ 65,633	\$ 72,150
Commercial										
Number of Billings	-	-	-	-	-	139,448	178,173	178,172	188,856	218,626
Consumption (CON) Billed	-	-	-	-	-	9,714,608	11,047,202	11,047,202	10,772,781	10,837,964
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,407	\$ 54,301	\$ 59,823	\$ 63,182	\$ 71,062
Industrial										
Number of Billings	-	-	-	-	-	3,572	4,021	4,011	4,100	4,412
Consumption (CON) Billed	-	-	-	-	-	2,910,202	3,195,925	3,195,925	3,066,077	2,938,804
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,388	\$ 14,625	\$ 15,908	\$ 17,860	\$ 19,871
Total Number of Accounts	-	-	-	-	-	1,752,508	2,204,490	2,204,486	2,331,055	2,756,615
Total Consumption Billed	-	-	-	-	-	24,827,844	26,371,389	26,371,465	25,748,946	26,004,303
Total Billings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,751	\$ 126,750	\$ 137,189	\$ 146,675	\$ 163,083
Bullitt County										
Number of Billings	-	-	-	-	-	-	36,888	36,888	35,224	34,836
Consumption (CON) Billed	-	-	-	-	-	-	210,342	210,342	216,344	208,640
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,095	\$ 2,125	\$ 2,306	\$ 2,616
Jefferson County										
Number of Billings	-	-	-	-	-	1,701,563	2,109,091	2,109,088	2,238,436	2,661,230
Consumption (CON) Billed	-	-	-	-	-	24,546,170	25,858,502	25,858,578	25,221,133	25,479,939
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,405	\$ 123,332	\$ 133,027	\$ 142,307	\$ 158,314
Oldham County										
Number of Billings	-	-	-	-	-	50,945	58,510	58,510	57,395	60,549
Consumption (CON) Billed	-	-	-	-	-	281,674	302,544	302,544	311,469	315,724
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,347	\$ 2,324	\$ 2,038	\$ 2,062	\$ 2,153
Total Number of Accounts	-	-	-	-	-	1,752,508	2,204,489	2,204,486	2,331,055	2,756,615
Total Consumption Billed	-	-	-	-	-	24,827,844	26,371,389	26,371,465	25,748,946	26,004,303
Total Billings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,751	\$ 126,750	\$ 137,189	\$ 146,675	\$ 163,083

Complete historical data is not available.
Con equals 1,000 gallons.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 12 - Ten Largest Wastewater Customers - Jefferson County
Current Year and Nine Years Ago

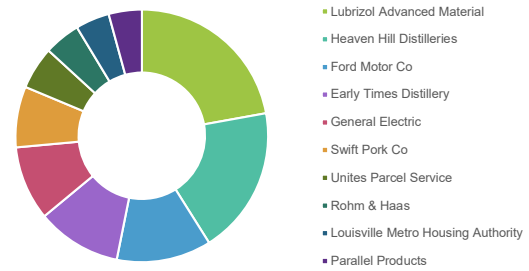
Rank	Customer Name	FY 25 Wastewater Billed	Percent Total Wastewater Revenue
1	Brown-Forman Corp	\$ 8,313,728	2.47%
2	Heaven Hill Distilleries	6,367,925	1.89%
3	Lubrizol Advanced Material	2,919,635	0.87%
4	Swift Pork Company	2,269,244	0.67%
5	The Chemours Company	1,894,018	0.56%
6	Ford Motor Co.	1,615,992	0.48%
7	Haier US Appliance Solutions Inc	1,489,544	0.44%
8	Rohm & Haas	1,435,391	0.43%
9	Republic Conduit Manufacturing	984,112	0.29%
10	Louisville Metro Housing Authority	971,065	0.29%
Total		28,260,654	8.39%
Total FY 25 Jefferson Wastewater Revenue:		\$ 337,035,181	

FY25 Ten Largest Wastewater Customers - Jefferson County



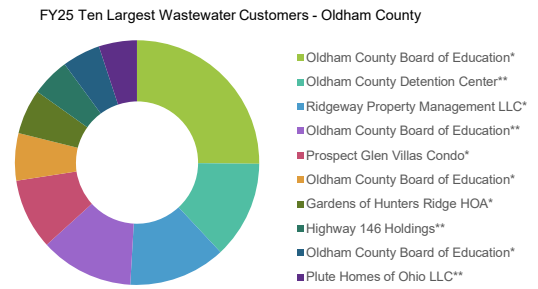
Rank	Customer Name	FY 16 Wastewater Billed	Percent Total Wastewater Revenue
1	Lubrizol Advanced Material	\$ 2,619,739	1.43%
2	Heaven Hill Distilleries	2,238,317	1.22%
3	Ford Motor Co	1,437,109	0.78%
4	Early Times Distillery	1,280,739	0.70%
5	General Electric	1,126,387	0.61%
6	Swift Pork Co	921,314	0.50%
7	Unites Parcel Service	646,401	0.35%
8	Rohm & Haas	550,815	0.30%
9	Louisville Metro Housing Authority	513,223	0.28%
10	Parallel Products	499,133	0.27%
Total		11,833,178	6.45%
Total FY 16 Jefferson Wastewater Revenue:		\$ 183,592,113	

FY16 Ten Largest Wastewater Customers - Jefferson County



Louisville and Jefferson County Metropolitan Sewer District
Schedule 13 - Ten Largest Wastewater Customers - Oldham County
Current Year and Nine Years Ago

Rank	Customer Name	FY 25 Wastewater Billed	Percent Total Wastewater Revenue
1	Oldham County Board of Education*	\$ 102,389	1.33%
2	Oldham County Detention Center**	52,564	0.68%
3	Ridgeway Property Management LLC*	52,179	0.68%
4	Oldham County Board of Education**	50,388	0.65%
5	Prospect Glen Villas Condo*	38,210	0.50%
6	Oldham County Board of Education*	25,324	0.33%
7	Gardens of Hunters Ridge HOA*	24,284	0.32%
8	Highway 146 Holdings**	20,610	0.27%
9	Oldham County Board of Education*	20,592	0.27%
10	Plute Homes of Ohio LLC**	20,538	0.27%
Total		407,078	5.28%
Total FY 25 Oldham Wastewater Revenue:		\$ 7,709,122	



MSD acquired the Oldham County Environmental Authority on June 30, 2020. Information for nine years ago is unavailable.

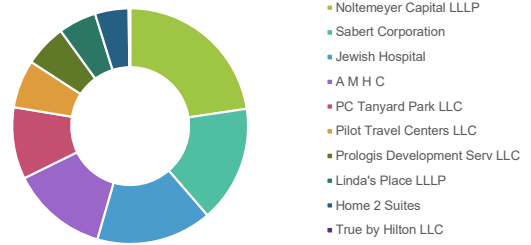
*Louisville Water Company customer

**Oldham County Water customer

Louisville and Jefferson County Metropolitan Sewer District
Schedule 14 - Ten Largest Wastewater Customers - Bullitt County
Current Year and Nine Years Ago

Rank	Customer Name	FY 25 Wastewater Billed	Percent Total Wastewater Revenue
1	Noltemeyer Capital LLLP	\$ 386,650	7.22%
2	Sabert Corporation	272,922	5.10%
3	Jewish Hospital	271,070	5.06%
4	A M H C	226,110	4.22%
5	PC Tanyard Park LLC	167,907	3.14%
6	Pilot Travel Centers LLC	112,996	2.11%
7	Prologis Development Serv LLC	98,861	1.85%
8	Linda's Place LLLP	88,885	1.66%
9	Home 2 Suites	78,969	1.47%
10	True by Hilton LLC	3,422	0.06%
Total		1,707,793	31.89%
Total FY 25 Bullitt Wastewater Revenue:		\$ 5,354,776	

FY25 Ten Largest Wastewater Customers - Bullitt County

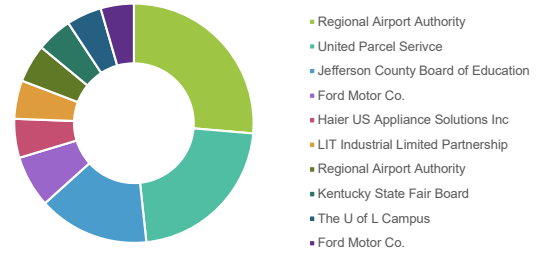


MSD acquired the Bullitt County Sanitation District on November 30, 2021. Information for nine years ago is unavailable.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 15 - Ten Largest Drainage Customers - Jefferson County
Current Year and Nine Years Ago

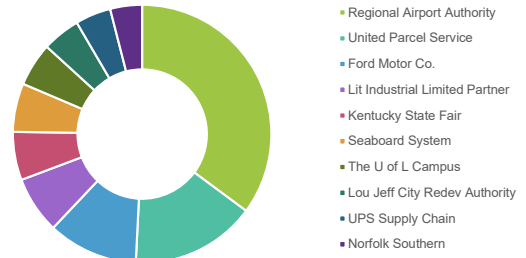
Rank	Customer Name	FY 25 Drainage Billed	Percent Total Drainage Revenue
1	Regional Airport Authority	\$ 2,061,338	1.85%
2	United Parcel Service	1,719,277	1.54%
3	Jefferson County Board of Education	1,175,008	1.05%
4	Ford Motor Co.	543,266	0.49%
5	Haier US Appliance Solutions Inc	412,077	0.37%
6	LIT Industrial Limited Partnership	406,134	0.36%
7	Regional Airport Authority	401,936	0.36%
8	Kentucky State Fair Board	381,372	0.34%
9	The U of L Campus	369,420	0.33%
10	Ford Motor Co.	351,421	0.31%
Total		7,821,248	7.01%
Total FY 25 Jefferson Drainage Revenue:		\$ 111,615,215	

FY25 Ten Largest Drainage Customers - Jefferson County



Rank	Customer Name	FY 16 Drainage Billed	Percent Total Drainage Revenue
1	Regional Airport Authority	\$ 1,282,627	2.00%
2	United Parcel Service	571,955	1.63%
3	Ford Motor Co.	412,279	1.03%
4	Lit Industrial Limited Partner	260,106	0.51%
5	Kentucky State Fair	221,565	0.40%
6	Seaboard System	220,606	0.39%
7	The U of L Campus	199,824	0.36%
8	Lou Jeff City Redev Authority	172,925	0.33%
9	UPS Supply Chain	163,223	0.32%
10	Norfolk Southern	145,622	0.31%
Total		3,650,733	6.65%
Total FY 16 Jefferson Drainage Revenue:		\$ 54,888,331	

FY16 Ten Largest Drainage Customers - Jefferson County



Louisville and Jefferson County Metropolitan Sewer District
Schedule 16 - Debt Service Coverage Overview

MSD's Sewer Revenue Bond Resolution adopted on December 7, 1992 and amended on March 4, 1993, June 30, 1993, December 14, 1994, January 25, 1996, and February 24, 2003 (the Amended Resolution), and its supplements, requires MSD to fix, establish, maintain, and collect rates and charges for the services of the system sufficient to produce Available Revenues, as defined in the Amended Resolution, to pay for each fiscal year the sum of 110% of Aggregate Net Debt Service, any amount required to be paid into the reserve account, all Operating Expenses, an amount equal to the debt service on senior subordinated and subordinated debt, and any amounts necessary to pay and discharge all charges or liens.

Available Revenues, as used only for purposes of the above rate covenant, means all revenues and other amounts received by MSD and pledged as security for payment of bonds issued pursuant to the Amended Resolution, but excludes any interest income which is capitalized in accordance with generally accepted accounting principles.

Operating Expenses includes all reasonable, ordinary, usual or necessary current expenses of maintenance, repair and operation determined in accordance with generally accepted accounting principles and the enterprise basis of accounting. Operating Expenses does not include reserves for extraordinary maintenance and repair, nor does it include administrative and engineering expenses of MSD which are necessary or incidental to capital improvements for which debt has been issued and which may be paid from the proceeds of such debt.

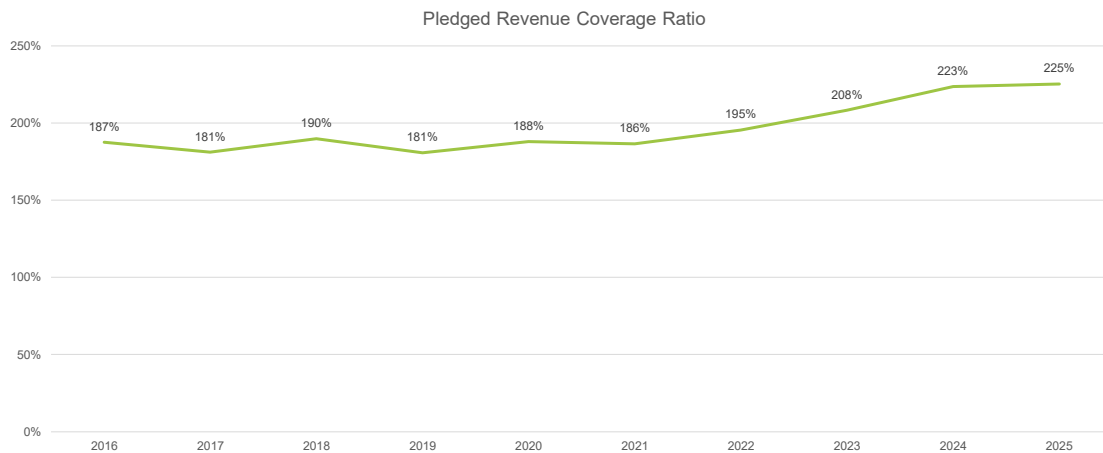
Bonds issued under the Amended Resolution and its supplements are special and limited obligations of MSD payable solely from pledged property. Pledged property includes the proceeds of the sale of bonds, all revenues, all amounts on deposit in the funds or accounts established under the amended resolution and such other amounts as may be pledged by MSD. The coverage ratio for pledged property uses operating expenses as defined above and excludes all subordinate debt service.

Debt service coverage ratios are presented both for pledged revenue and for total debt.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 16a - Comparative Schedule of Pledged Revenue Coverage
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Service charges	\$ 238,480	\$ 253,943	\$ 274,504	\$ 289,173	\$ 312,859	\$ 325,717	\$ 356,870	\$ 385,163	\$ 414,192	\$ 461,714
Other operating income	4,810	5,691	4,645	5,195	6,198	3,701	8,497	6,863	12,083	7,428
Assessments	9,457	1,375	1,232	1,258	909	799	583	429	293	184
Investment income	17,278	14,273	16,531	18,692	15,600	12,175	8,877	18,603	23,063	23,914
Total revenues	270,025	275,282	296,912	314,318	335,566	342,392	374,827	411,058	449,631	493,240
Operating expenses:										
Service and administrative costs ¹	117,671	119,586	131,948	142,082	149,945	151,527	161,144	165,792	178,716	196,403
Less: capitalized overhead	(30,516)	(31,949)	(38,148)	(38,383)	(39,643)	(41,785)	(42,166)	(41,151)	(40,786)	(37,291)
Capitalization rate	26%	27%	29%	27%	26%	28%	26%	25%	23%	19%
Net operating expenses	87,155	87,637	93,800	103,699	110,302	109,742	118,978	124,641	137,930	159,112
Net revenues	182,870	187,645	203,112	210,619	225,264	232,650	255,849	286,417	311,701	334,128
Senior lien debt service:										
Current maturities - senior lien	31,825	33,655	33,906	40,358	40,637	43,802	51,597	52,838	53,511	52,675
Interest expense - senior lien	86,818	90,117	95,041	94,831	92,274	93,067	86,792	91,736	98,705	102,471
Less: capitalized interest expense	(21,051)	(20,074)	(21,859)	(18,582)	(13,043)	(12,050)	(7,464)	(6,961)	(12,749)	(6,873)
Net senior lien debt service	\$ 97,592	\$ 103,698	\$ 107,088	\$ 116,607	\$ 119,868	\$ 124,819	\$ 130,925	\$ 137,613	\$ 139,467	\$ 148,273
Pledged revenue coverage ratio	187%	181%	190%	181%	188%	186%	195%	208%	223%	225%

¹Excludes the actuarial portion of changes to GASB 68 pension expense and GASB 75 OPEB expense for the year.
Fiscal Year 2024 Assessments and Current maturities - senior lien have been corrected.

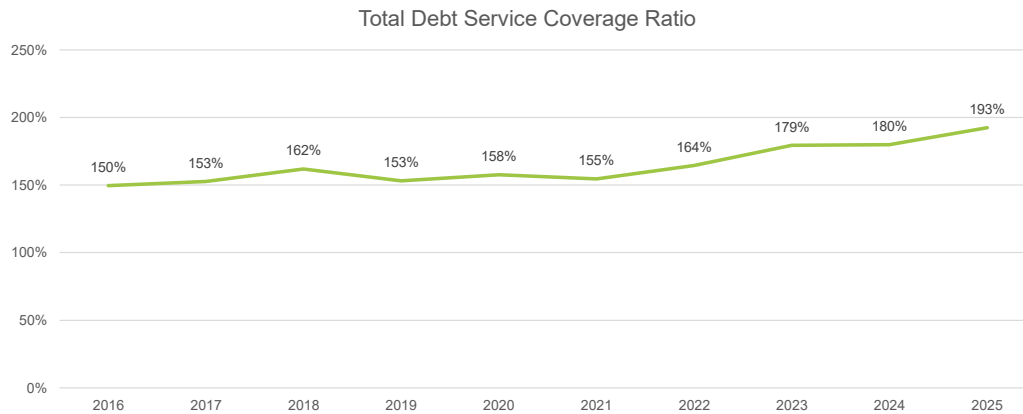


Louisville and Jefferson County Metropolitan Sewer District
Schedule 16b - Comparative Schedule of Total Debt Service Coverage
Years Ended June 30
Dollars in Thousands

	2016	2017	2018	2019	Fiscal Year		2020	2021	2022	2023	2024	2025
Revenues:												
Service charges	\$ 238,480	\$ 253,943	\$ 274,504	\$ 289,173	\$ 312,859	\$ 325,717	\$ 356,870	\$ 385,163	\$ 414,192	\$ 461,714		
Other operating income	4,810	5,691	4,645	5,195	6,198	3,701	8,497	6,863	12,083	7,428		
Investment income	17,278	14,273	16,531	18,692	15,600	12,175	8,877	18,603	23,063	23,914		
Total revenues	260,568	273,907	295,680	313,060	334,657	341,593	374,244	410,629	449,338	493,056		
Total operating expenses ¹	117,671	119,586	131,948	142,082	149,945	151,527	161,144	165,792	178,716	196,403		
Less: capitalized overhead	(30,516)	(31,949)	(38,148)	(38,383)	(39,643)	(41,785)	(42,166)	(41,151)	(40,786)	(37,291)		
Net operating expenses	87,155	87,637	93,800	103,699	110,302	109,742	118,978	124,641	137,930	159,112		
Net revenues	173,413	186,270	201,880	209,361	224,355	231,851	255,266	285,988	311,408	333,944		
Debt service:												
Current maturities - senior lien	31,825	33,655	33,906	40,358	40,637	43,802	51,597	52,880	53,511	52,675		
Current maturities - subordinate	96	99	102	105	1,202	2,190	1,927	2,532	17,298	10,800		
Interest expense - senior lien	86,818	90,117	95,041	94,831	92,274	93,067	86,792	91,736	98,705	102,471		
Interest expense - subordinate	18,115	18,243	17,598	19,966	21,154	22,896	22,375	19,325	16,356	14,292		
Less: capitalized interest expense	(21,051)	(20,074)	(21,859)	(18,582)	(13,043)	(12,050)	(7,464)	(6,961)	(12,749)	(6,873)		
Net debt service	\$ 115,803	\$ 122,040	\$ 124,788	\$ 136,678	\$ 142,224	\$ 149,905	\$ 155,227	\$ 159,512	\$ 173,121	\$ 173,365		
Total debt service coverage ratio	150%	153%	162%	153%	158%	155%	164%	179%	180%	193%		

¹Excludes the actuarial portion of changes to GASB 68 pension expense and GASB 75 OPEB expense for the year.

Fiscal Year 2024 Current maturities - senior lien have been corrected.

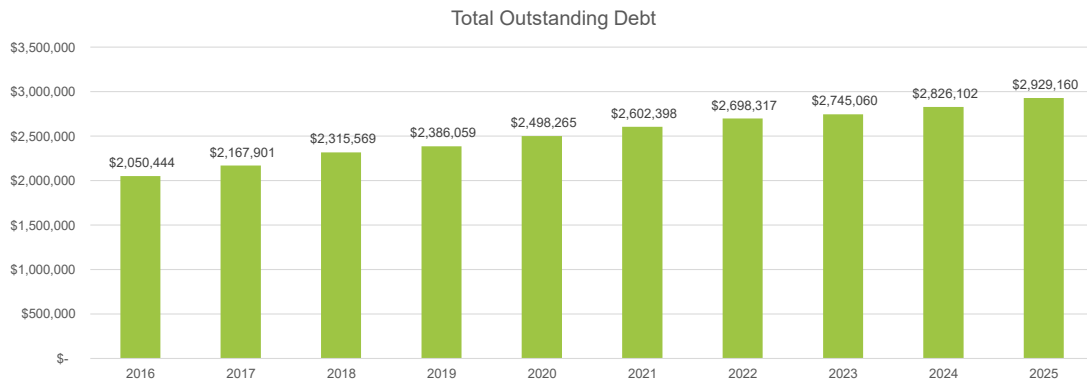


Louisville and Jefferson County Metropolitan Sewer District
Schedule 17 - Comparative Schedule of Credit Rating History
Years Ended June 30

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
S&P Global										
Long-term	AA Positive	AA Positive	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable
Short-term (BAN)	SP-1+	SP-1+	SP-1+	SP-1+	SP-1+	SP-1+	SP-1+	SP-1+	Not Rated	Not Rated
Short-term (CP)	Not Rated	Not Rated	A-1+ Stable	A-1+ Stable	A-1+ Stable	A-1+ Stable	A-1+ Stable	A-1+ Stable	A-1+ Stable	A-1+ Stable
Moody's										
Long-term	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable	Aa3 Stable
Short-term (BAN)	MIG 1	MIG 1	MIG 1	MIG 1	MIG 1	MIG 1	MIG 1	MIG 1	Not Rated	Not Rated
Short-term (CP)	Not Rated	Not Rated	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced	P-1 Enhanced
Fitch										
Long-term	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable	AA- Stable
Short-term (BAN)	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated
Short-term (CP)	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated

Louisville and Jefferson County Metropolitan Sewer District
Schedule 18 - Comparative Schedule of Outstanding Debt
Years Ended June 30
Dollars in Thousands

	2016	2017	2018	2019	Fiscal Year		2020	2021	2022	2023	2024	2025
Senior debt:												
Series 2007A	\$ 44,425	\$ 42,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2008A	97,860	65,520	-	-	-	-	-	-	-	-	-	-
Series 2009A	41,485	13,040	6,640	-	-	-	-	-	-	-	-	-
Series 2009B	136,115	69,725	52,975	35,155	-	-	-	-	-	-	-	-
Series 2009C	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Series 2010A	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Series 2011A	254,590	252,610	250,565	248,440	246,225	243,910	-	-	-	-	-	-
Series 2013A	115,790	115,790	115,790	115,790	115,790	117,480	115,790	-	-	-	-	-
Series 2013B	118,255	116,940	115,550	114,100	112,575	109,280	109,280	107,515	89,300	-	-	-
Series 2013C	99,750	99,625	99,500	99,375	99,250	250	125	-	-	-	-	-
Series 2014A	79,950	79,900	79,850	79,800	79,750	79,700	79,650	79,600	77,280	43,970	-	-
Series 2015A	175,000	174,280	173,735	173,360	173,160	172,175	171,395	170,845	168,525	166,120	-	-
Series 2015B	81,350	79,085	76,685	74,160	71,515	68,815	65,975	62,995	59,865	56,565	-	-
Series 2016A	-	150,000	149,760	149,530	149,290	148,415	147,500	146,540	145,470	144,290	-	-
Series 2016B	-	28,095	28,095	25,825	23,915	21,960	19,910	17,830	16,585	11,235	-	-
Series 2016C	-	67,685	73,415	67,685	50,515	32,305	12,995	-	-	-	-	-
Series 2017A	-	-	169,270	169,270	161,895	155,790	149,390	143,280	138,035	132,565	-	-
Series 2017B	-	-	34,520	33,670	32,885	32,055	31,210	30,245	13,505	-	-	-
Series 2018A	-	-	60,380	60,380	60,380	60,380	60,380	60,380	60,380	60,380	-	-
Series 2019A	-	-	-	-	24,770	17,065	8,845	-	-	-	-	-
Series 2020A	-	-	-	-	-	224,750	224,000	223,000	221,355	218,655	-	-
Series 2020B	-	-	-	-	-	-	-	-	33,137	79,278	-	-
Series 2020C	-	-	-	-	-	110,790	109,605	108,415	37,790	37,790	-	-
Series 2021A	-	-	-	-	-	-	240,485	227,720	214,665	201,290	-	-
Series 2022A	-	-	-	-	-	-	224,750	224,250	223,500	222,500	-	-
Series 2023A	-	-	-	-	-	-	-	49,745	49,745	49,745	-	-
Series 2023B	-	-	-	-	-	-	-	41,950	41,950	41,950	-	-
Series 2023C	-	-	-	-	-	-	-	-	348,060	345,060	-	-
Series 2024A	-	-	-	-	-	-	-	-	-	103,290	-	-
Total senior debt	1,754,570	1,865,260	1,996,730	1,956,540	1,911,915	2,105,120	2,281,285	2,204,310	2,449,467	2,424,683		
Subordinate debt:												
Bond anticipation note	226,340	226,340	226,340	226,340	226,340	226,340	226,340	226,340	-	-	-	-
Commercial paper	-	-	-	120,000	255,000	150,000	50,000	165,000	212,195	274,870	-	-
Notes payable	-	-	-	100	100	-	-	-	-	-	-	-
Series 2009 GO bonds	-	-	-	-	1,155	785	400	-	-	-	-	-
Series 2014 GO bonds	-	-	-	-	7,865	7,445	7,010	6,565	6,105	5,630	-	-
Series 2017 GO bonds	-	-	-	-	3,433	3,399	3,364	3,329	2,882	2,427	-	-
Financing lease	-	-	-	-	2,180	2,030	1,870	1,700	1,525	1,340	-	-
Loan A09-41	2,072	1,973	1,871	1,767	1,659	1,548	1,433	1,315	1,193	1,068	-	-
Loan A10-04	-	-	-	-	1,974	1,840	1,702	1,563	1,420	1,274	-	-
Loan A10-05	-	-	-	-	715	670	622	574	524	472	-	-
Loan A10-06	-	-	-	-	81	76	70	64	-	-	-	-
Loan A10-07	-	-	-	-	1,821	1,703	1,581	1,457	1,332	1,203	-	-
Loan A11-15	-	-	-	-	466	434	402	369	335	301	-	-
Loan A12-29	-	-	-	-	5,520	5,228	4,932	4,630	4,323	4,011	-	-
Loan A17-028	-	-	-	-	2,013	2,084	2,084	2,084	7,400	7,088	-	-
Loan A18-010	-	-	-	-	1,116	1,092	1,045	996	948	898	-	-
Loan A98-04	-	-	-	891	454	-	-	-	-	-	-	-
Loan A19-015	-	-	-	-	-	-	2,640	2,528	2,414	2,298	-	-
Loan A19-028	-	-	-	-	-	17,788	22,918	23,705	22,700	21,675	-	-
Loan A21-002	-	-	-	-	-	-	-	-	-	7,009	-	-
Loan A23-007	-	-	-	-	-	-	-	-	-	51,384	-	-
Loan B10-01	-	-	-	-	-	-	236	210	182	154	-	-
Loan B10-04	-	-	-	-	-	-	262	236	210	182	-	-
Loan B15-006	-	-	-	-	-	-	70	66	62	58	-	-
Total subordinate debt	228,412	228,313	228,211	349,098	511,891	422,461	328,982	442,731	265,750	383,342		
Total senior and subordinate debt	1,982,982	2,093,573	2,224,941	2,305,638	2,423,806	2,527,581	2,610,267	2,647,041	2,715,217	2,808,025		
Unamortized bond premiums	(1,431)	(1,011)	(963)	(916)	(868)	(1,101)	(1,052)	(1,004)	(955)	(906)		
Unamortized bond discounts	68,893	75,339	91,591	81,337	75,326	75,918	89,102	99,023	111,840	122,041		
Total debt	\$ 2,050,444	\$ 2,167,901	\$ 2,315,569	\$ 2,386,059	\$ 2,498,265	\$ 2,602,398	\$ 2,698,317	\$ 2,745,060	\$ 2,826,102	\$ 2,929,160		
Total debt as percentage of personal income	4.8%	4.9%	5.0%	4.9%	4.7%	4.5%	4.5%	4.3%	4.2%	4.1%		
Debt Per Capita	\$ 2.25	\$ 2.36	\$ 2.53	\$ 2.60	\$ 2.68	\$ 2.80	\$ 2.90	\$ 2.93	\$ 2.97	\$ 3.04		



Louisville and Jefferson County Metropolitan Sewer District
Schedule 19 - Schedule of Estimated Future Principal and Interest Payments
Dollars in Thousands

	Senior Revenue Bonds¹			Senior Subordinate Debt²			Subordinate Debt³			All
Fiscal Year	Principal	Interest	Total	Principal	Interest*	Total	Principal	Interest	Total	Total Debt Service
Ending										
2026	53,560,000	100,529,782	154,089,782	7,675,000	9,039,889	16,714,889	3,903,859	1,251,731	5,155,590	175,960,260
2027	72,225,000	98,335,126	170,560,126	8,030,000	8,701,229	16,731,229	3,996,285	1,158,895	5,155,179	192,446,534
2028	70,750,000	94,776,747	165,526,747	8,385,000	8,346,906	16,731,906	6,572,068	1,450,464	8,022,532	190,281,185
2029	73,110,000	92,565,555	165,675,555	8,630,000	7,976,918	16,606,918	6,683,259	1,334,044	8,017,303	190,299,776
2030	54,433,716	91,512,463	145,946,180	8,970,000	7,596,119	16,566,119	6,790,141	1,214,899	8,005,039	170,517,338
2031	33,870,954	90,949,960	124,820,914	51,670,000	7,200,318	58,870,318	6,360,786	1,098,004	7,458,790	191,150,021
2032	34,839,163	89,565,246	124,404,409	54,300,000	4,920,379	59,220,379	6,160,832	990,457	7,151,288	190,776,076
2033	35,737,518	88,155,638	123,893,156	57,210,000	2,524,391	59,734,391	6,174,812	890,248	7,065,060	190,692,607
2034	105,637,024	86,850,048	192,487,072	-	-	-	5,826,740	793,215	6,619,955	199,107,027
2035	95,255,684	83,651,631	178,907,315	-	-	-	5,832,519	702,580	6,535,100	185,442,415
2036	102,740,503	79,290,560	182,031,062	-	-	-	5,250,866	621,639	5,872,506	187,903,568
2037	117,949,482	74,584,362	192,533,845	-	-	-	5,121,960	549,927	5,671,887	198,205,731
2038	123,213,627	69,491,802	192,705,430	-	-	-	4,986,427	482,191	5,468,618	198,174,048
2039	128,371,942	64,341,831	192,713,773	-	-	-	5,043,408	415,188	5,458,596	198,172,369
2040	133,969,430	57,670,420	191,639,850	-	-	-	5,103,945	347,178	5,451,123	197,090,973
2041	139,024,095	50,674,560	189,698,655	-	-	-	5,132,297	278,119	5,410,416	195,109,071
2042	144,444,942	43,184,043	187,628,985	-	-	-	5,078,706	208,866	5,287,572	192,916,557
2043	150,081,975	35,395,912	185,477,887	-	-	-	4,319,530	141,304	4,460,834	189,938,721
2044	127,445,198	27,298,968	154,744,167	-	-	-	3,620,410	95,719	3,716,129	158,460,296
2045	131,753,616	22,988,537	154,742,153	-	-	-	2,957,499	58,910	3,016,409	157,758,562
2046	136,177,234	18,569,151	154,746,385	-	-	-	2,721,683	35,831	2,757,513	157,503,899
2047	103,406,056	13,840,376	117,246,432	-	-	-	2,735,308	15,392	2,750,701	119,997,133
2048	71,955,087	10,290,455	82,245,542	-	-	-	-	-	-	82,245,542
2049	35,145,332	7,691,800	42,837,132	-	-	-	-	-	-	42,837,132
2050	36,324,796	6,378,900	42,703,697	-	-	-	-	-	-	42,703,697
2051	31,002,485	5,014,896	36,017,380	-	-	-	-	-	-	36,017,380
2052	30,128,403	3,753,022	33,881,425	-	-	-	-	-	-	33,881,425
2053	28,308,556	2,492,954	30,801,510	-	-	-	-	-	-	30,801,510
2054	7,066,950	1,259,089	8,326,039	-	-	-	-	-	-	8,326,039
2055	7,234,590	1,091,603	8,326,192	-	-	-	-	-	-	8,326,192
2056	7,405,482	920,143	8,325,625	-	-	-	-	-	-	8,325,625
2057	7,580,633	744,633	8,325,265	-	-	-	-	-	-	8,325,265
2058	7,761,047	564,972	8,326,019	-	-	-	-	-	-	8,326,019
2059	7,944,733	381,035	8,325,768	-	-	-	-	-	-	8,325,768
2060	8,132,695	192,745	8,325,440	-	-	-	-	-	-	8,325,440
	2,453,987,949	1,514,998,964	3,968,986,913	204,870,000	56,306,148	261,176,148	110,373,341	14,134,799	124,508,141	4,354,671,202

¹Assumes the WIFIA Series 2020B bonds are fully drawn and includes capitalized interest.

²Assumes commercial paper interest at the swap rate of 4.4125%.

³Includes anticipated repayment schedules for KIA Loans A21-022 and A23-007. Actual repayment dates could vary based on project completion dates.

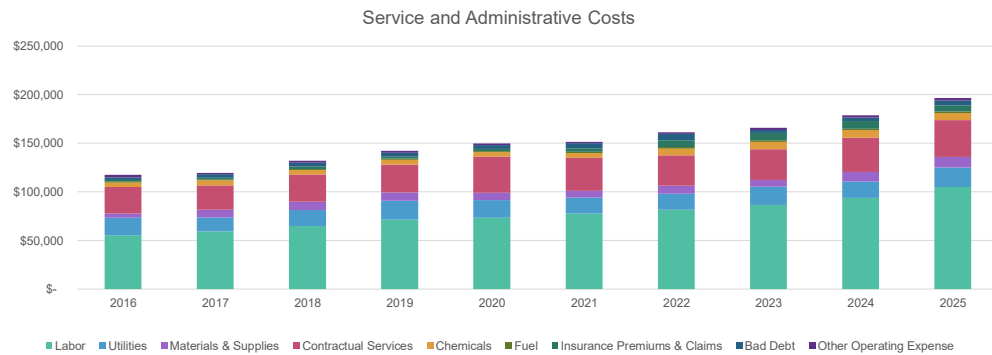
Louisville and Jefferson County Metropolitan Sewer District
Schedule 20 - Comparative Schedule of Capital Assets
Years Ended June 30
Dollars in Thousands

	2016	2017	2018	2019	2020	Fiscal Year 2021	2022	2023	2024	2025
Capital assets										
Sewer lines	\$ 1,379,153	\$ 1,440,360	\$ 1,497,090	\$ 1,648,891	\$ 1,727,371	\$ 1,761,425	\$ 2,070,342	\$ 2,172,413	\$ 2,205,672	\$ 2,275,840
Wastewater treatment facilities	629,083	638,047	648,503	669,041	604,855	641,414	696,900	754,084	893,115	896,876
Drainage facilities	515,898	542,271	561,341	839,159	902,894	1,019,492	1,033,710	1,167,937	1,126,990	1,144,718
Pumping and lift stations	139,651	166,158	183,795	240,963	248,390	260,231	286,975	298,862	319,598	320,020
Administrative facilities	49,342	50,817	50,818	51,734	52,297	52,348	52,471	53,173	69,387	72,073
Maintenance facilities	8,504	8,504	8,504	12,074	12,074	14,301	14,576	20,572	16,623	25,811
Machinery and equipment	60,043	66,171	66,322	87,253	89,137	88,493	100,862	99,152	104,000	119,303
Miscellaneous	30,659	31,086	31,086	31,627	32,593	33,375	35,935	59,461	59,652	54,646
Prepaid regulatory assets	343,362	363,437	385,294	403,876	416,919	428,969	436,432	443,393	456,142	463,016
Intangible subscription assets	-	-	-	-	-	-	-	8,934	11,398	14,407
Total capital assets	3,155,695	3,306,851	3,432,753	3,984,618	4,086,530	4,300,048	4,728,203	5,077,981	5,262,577	5,386,710
Less accumulated depreciation & amortization	(1,070,108)	(1,146,036)	(1,218,427)	(1,326,461)	(1,358,640)	(1,466,255)	(1,568,375)	(1,671,050)	(1,797,474)	(1,911,627)
Total capital assets - net	2,085,587	2,160,815	2,214,326	2,658,157	2,727,890	2,833,793	3,159,828	3,406,931	3,465,103	3,475,083
Total construction in progress	487,674	581,222	711,655	460,501	574,867	625,113	420,200	309,372	438,651	647,237
Total net capital assets	\$ 2,573,261	\$ 2,742,037	\$ 2,925,981	\$ 3,118,658	\$ 3,302,757	\$ 3,458,906	\$ 3,580,028	\$ 3,716,303	\$ 3,903,754	\$ 4,122,320

Louisville and Jefferson County Metropolitan Sewer District
Schedule 21 - Comparative Schedule of Service and Administrative Costs
Years Ended June 30
Dollars in Thousands

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service and administrative costs:										
Labor ¹	\$ 55,229	\$ 59,183	\$ 64,718	\$ 71,379	\$ 73,476	\$ 77,789	\$ 81,552	\$ 86,469	\$ 93,868	\$ 105,160
Utilities	18,256	14,427	16,640	19,520	17,923	16,265	16,595	18,838	16,618	19,814
Materials & supplies	4,183	7,976	8,647	8,639	7,591	6,840	8,012	6,826	10,115	10,824
Contractual services	27,448	25,021	27,864	28,604	37,326	34,084	31,288	31,691	34,951	37,888
Chemicals	4,372	5,298	4,429	4,761	4,649	5,017	6,905	7,599	8,015	7,475
Fuel	1,326	1,077	1,276	1,393	1,069	1,083	1,658	1,694	1,498	1,386
Insurance premiums & claims	1,316	1,669	2,423	2,057	2,249	3,624	7,216	7,597	7,828	6,353
Bad debt	2,603	3,495	3,938	3,748	4,009	5,501	6,422	3,046	3,578	4,894
Other operating expense	2,939	1,440	2,012	1,981	1,654	1,323	1,496	2,032	2,245	2,609
Total service and administrative costs	117,671	119,586	131,947	142,082	149,945	151,526	161,144	165,792	178,716	196,403
Less: capitalized overhead										
Capitalized project cost	(30,516)	(31,949)	(38,147)	(38,383)	(39,643)	(41,785)	(42,166)	(41,151)	(40,786)	(37,291)
Net service and administrative costs	\$ 87,155	\$ 87,637	\$ 93,800	\$ 103,699	\$ 110,302	\$ 109,741	\$ 118,978	\$ 124,641	\$ 137,930	\$ 159,112

¹Excludes the actuarial portion of changes to GASB 68 pension expense and GASB 75 OPEB expense for the year.



Louisville and Jefferson County Metropolitan Sewer District
Schedule 22 - Fiscal Year 2025 Budgetary Comparison Schedule
Dollars in Thousands

	<u>Approved Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Salaries & wages	73,933	74,351	(418)
Labor related overhead	29,575	30,809	(1,234)
Utilities	18,566	19,814	(1,248)
Materials & supplies	10,161	10,824	(663)
Contractual services	40,512	37,888	2,624
Chemicals	10,574	7,475	3,099
Fuel	2,028	1,386	642
Insurance premiums & claims	7,978	6,353	1,625
Bad debt	3,526	4,894	(1,368)
Other operating expense	2,586	2,610	(24)
Interest expense	113,844	110,396	3,448
	<u>313,283</u>	<u>306,800</u>	<u>6,483</u>

Reconciliation between total budgetary basis expenditures and total expenses reported in statements of revenues, expenses and changes in net position:

Actual budget expenditures	306,800
Capitalized overhead	(37,291)
Depreciation and amortization expense	140,557
GASB 68 pension expense	(9,319)
GASB 75 OPEB expense	(8,017)
Capitalized interest	(6,873)
Change in fair value - derivative instruments	(4,383)
Total expenses reported in statements of revenues, expenses and changes in net position	<u>381,474</u>

Expenses reported in statements of revenues, expenses and changes in net position:

Total operating expenses	282,333
Interest expense - bonds	102,471
Interest expense - swaps	2,598
Interest expense - other	11,684
Amortization of debt discount / premium	(7,736)
Amortization of loss on refunding	1,380
Capitalized interest	(6,873)
Change in fair value - derivative instruments	(4,383)
Total expenses reported in statements of revenues, expenses and changes in net position	<u>381,474</u>

Louisville and Jefferson County Metropolitan Sewer District
Schedule 23 - Comparative Schedule of Number of Employees by Division
Years Ended June 30

	Fiscal Year									
Division	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration ¹	26	34	40	41	45	65	64	41	51	31
Corporate ²	-	-	-	-	-	1	1	1	1	-
Engineering	83	86	87	86	85	88	88	90	93	100
Facilities, Safety and Security ³	-	-	-	-	-	-	-	28	34	38
Finance	22	32	41	23	26	17	17	18	21	22
Human Resources	21	15	15	17	16	17	17	19	21	23
Information Technology	29	29	26	28	28	30	29	29	31	32
Legal	8	6	6	7	8	8	8	9	9	10
Operations ⁴										
Union	281	288	285	285	287	287	288	283	306	-
Non-Union	136	139	132	137	137	127	141	155	164	-
Wastewater Treatment										
Union	-	-	-	-	-	-	-	-	-	98
Non-Union	-	-	-	-	-	-	-	-	-	76
Wastewater Conveyance, Drainage and Flood Protection										
Union	-	-	-	-	-	-	-	-	-	225
Non-Union	-	-	-	-	-	-	-	-	-	118
Supply Chain and Economic Inclusion ⁵	-	-	-	19	21	18	21	23	24	25
	606	629	632	643	653	658	674	696	755	798

Excludes temporary positions

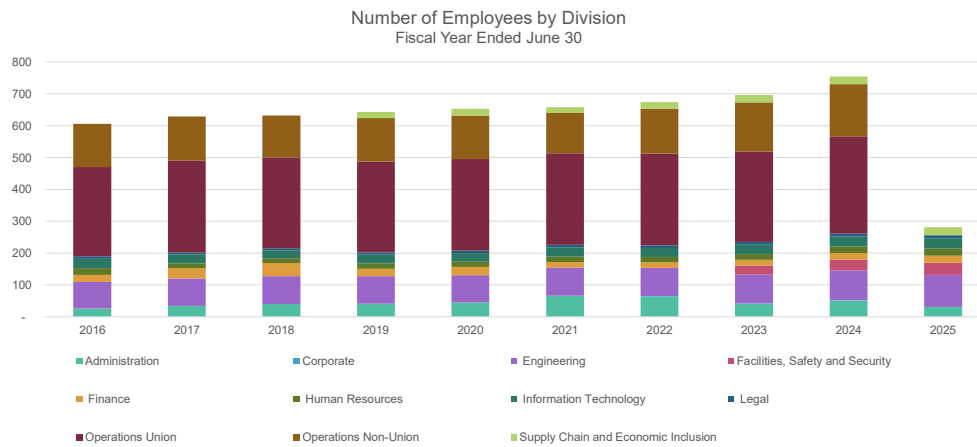
¹Administration division growth in 2021 was due to the creation of the Records & Information Governance department in Administration by moving staff from Finance and Engineering. Administration reduction in 2025 was due to moving the Customer Relations and Innovation departments to Operations.

²Corporate division headcount occurred with the addition of a Chief Strategy Officer. The Chief Strategy Officer moved to the Administration division 2025.

³Facilities, Safety and Security division was created by moving staff in Facilities, Safety and Security from the Administration division.

⁴Operations division divided into Wastewater Treatment and Wastewater Conveyance, Drainage and Flood Protection divisions in 2025.

⁵Supply Chain and Economic Inclusion division was created by moving the Warehouse department from Operations and the Procurement and Supplier Diversity departments from Finance.



Louisville and Jefferson County Metropolitan Sewer District
Schedule 24 - Comparative Schedule of Operating Statistics
Years Ended June 30

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jefferson County										
Miles of sewers	3,293	3,322	3,463	3,348	3,488	3,372	3,390	3,404	3,417	3,427
Miles of stormwater mains ¹	-	-	-	-	-	1,160	1,175	1,179	1,186	1,201
Number of wastewater quality treatment centers	5	5	5	5	5	5	5	5	5	5
Daily treatment capacity in millions of gallons/day	170.00	170.00	200.00	200.00	200.00	200.00	200.00	203.00	203.00	203.00
Average daily flow in millions of gallons/day										
Morris Forman average daily flow	75.03	77.16	108.85	112.60	94.44	92.30	97.84	88.44	79.22	79.16
Derek R. Guthrie average daily flow	36.47	36.78	38.57	55.92	43.95	45.38	38.28	31.38	36.18	56.54
Cedar Creek average daily flow	5.02	5.17	5.68	7.15	6.40	7.29	6.06	5.13	5.17	6.31
Floyds Fork average daily flow	3.06	3.11	3.58	4.80	4.12	3.74	3.77	3.89	3.74	4.46
Hite Creek average daily flow	5.10	4.00	4.31	4.84	3.97	4.24	4.37	4.13	4.48	4.74
Total average daily flow in millions of gallons/day	139.00	112.00	150.00	173.00	164.00	157.00	153.00	152.90	128.79	151.21
Oldham County²										
Miles of sewers	-	-	-	-	-	135	145	145	130	129
Number of wastewater treatment plants	-	-	-	-	-	8	8	8	7	6
Daily treatment capacity in millions of gallons/day	-	-	-	-	-	4.30	4.30	4.30	4.00	3.90
Average daily flow in millions of gallons/day										
Ohio River average daily flow	-	-	-	-	-	-	-	0.49	0.49	0.59
KSR average daily flow	-	-	-	-	-	-	0.55	0.52	0.58	0.67
SORF average daily flow	-	-	-	-	-	-	0.32	0.28	0.28	0.32
Lakewood average daily flow	-	-	-	-	-	-	0.06	0.05	0.05	0.03
Mockingbird average daily flow	-	-	-	-	-	-	0.02	0.02	0.02	0.02
Lockwood average daily flow	-	-	-	-	-	-	0.04	0.01	0.03	0.04
Country Village average daily flow	-	-	-	-	-	-	0.00	0.05	0.04	0.05
Total average daily flow in millions of gallons/day	-	-	-	-	-	2.00	2.00	1.41	1.49	1.71
Bullitt County³										
Miles of sewers	-	-	-	-	-	-	54	58	57	59
Number of wastewater treatment plants	-	-	-	-	-	-	7	8	7	8
Daily treatment capacity in millions of gallons/day	-	-	-	-	-	-	2.00	1.70	1.70	1.70
Average daily flow in millions of gallons/day										
Big Valley average daily flow	-	-	-	-	-	-	-	0.02	0.02	0.02
Hillview #1 average daily flow	-	-	-	-	-	-	-	0.11	0.14	0.17
Hillview #2 average daily flow	-	-	-	-	-	-	-	0.23	0.24	0.29
Hillview #3 average daily flow	-	-	-	-	-	-	-	0.19	0.16	0.19
Bullitt Hills average daily flow	-	-	-	-	-	-	-	0.25	0.24	0.25
Willabrook average daily flow	-	-	-	-	-	-	-	0.52	0.58	0.67
Pioneer Village average daily flow	-	-	-	-	-	-	-	0.35	0.36	0.40
Prologis average daily flow	-	-	-	-	-	-	-	0.04	0.03	0.04
Total average daily flow in millions of gallons/day	-	-	-	-	-	-	1	1.70	1.77	2.03

¹Prior historical data is unavailable.

²MSD acquired the Oldham County Environmental Authority on June 30, 2020. Prior historical data is unavailable.

³MSD acquired the Bullitt County Sanitation District on November 30, 2021. Prior historical data is unavailable.

Louisville and Jefferson County Metropolitan Sewer District
Schedule 25 - Comparative Schedule of Demographic and Economic Statistics
Years Ended June 30

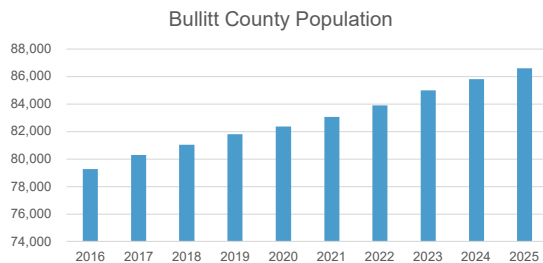
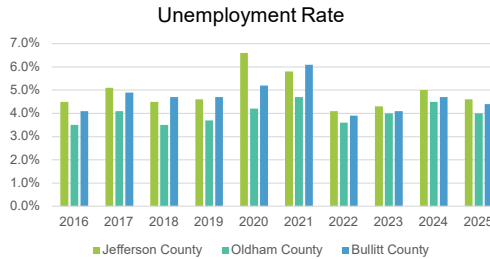
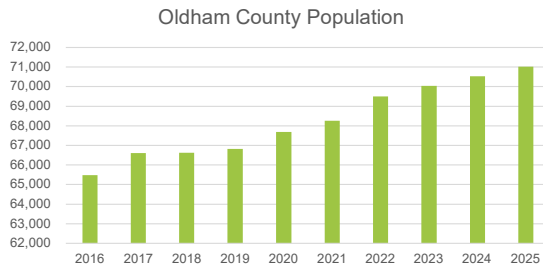
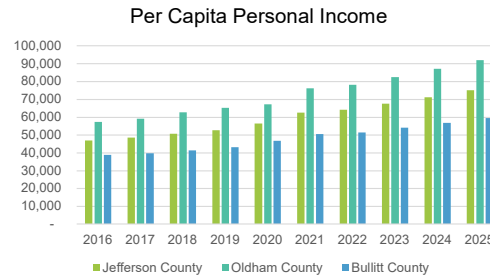
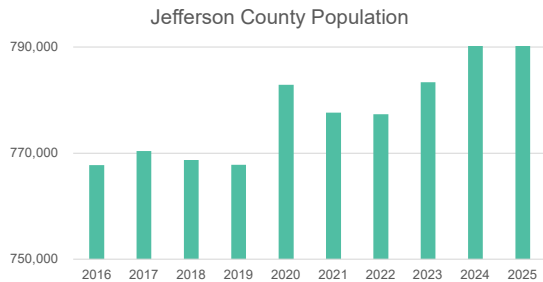
	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jefferson County										
Population ¹	767,770	770,383	768,706	767,785	782,896	777,624	777,329	783,381	793,881	804,522
Per Capita Personal Income ²	47,010	48,637	50,806	52,686	56,476	62,666	64,198	67,663	71,315	75,164
Personal Income ³ (in thousands)	36,092,868	37,469,118	39,054,877	40,451,521	44,214,834	48,730,586	49,902,967	53,005,909	56,615,638	60,471,193
Unemployment Rate ⁴	4.5%	5.1%	4.5%	4.6%	6.6%	5.8%	4.1%	4.3%	5.0%	4.6%
Oldham County										
Population ¹	65,487	66,606	66,632	66,818	67,693	68,251	69,506	70,038	70,525	71,015
Per Capita Personal Income ²	57,444	59,187	62,769	65,218	67,246	76,306	78,161	82,531	87,145	92,018
Personal Income ³ (in thousands)	3,761,835	3,942,209	4,182,424	4,357,736	4,552,083	5,207,961	5,432,658	5,780,306	6,145,924	6,534,669
Unemployment Rate ⁴	3.5%	4.1%	3.5%	3.7%	4.2%	4.7%	3.6%	4.0%	4.5%	4.0%
Bullitt County										
Population ¹	79,283	80,309	81,040	81,803	82,364	83,068	83,901	85,000	85,802	86,612
Per Capita Personal Income ²	38,930	39,907	41,427	43,199	46,772	50,614	51,569	54,121	56,799	59,610
Personal Income ³ (in thousands)	3,086,487	3,204,891	3,357,244	3,533,808	3,852,329	4,204,404	4,326,691	4,600,285	4,873,493	5,162,926
Unemployment Rate ⁴	4.1%	4.9%	4.7%	4.7%	5.2%	6.1%	3.9%	4.1%	4.7%	4.4%
Total										
Population	912,540	917,298	916,378	916,406	932,953	928,943	930,736	938,419	950,208	962,149
Per Capita Personal Income ²	47,057	48,639	50,846	52,753	56,401	62,590	64,102	67,546	71,179	75,008
Personal Income ³ (in thousands)	42,941,190	44,616,219	46,594,545	48,343,065	52,619,247	58,142,950	59,662,316	63,386,500	67,635,055	72,168,787

¹Source: U.S. Census Bureau, Resident Population in Jefferson County, KY [KYJEPOP], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/KYJEPOP>, August 22, 2025. Data has been updated from last year's Annual Comprehensive Financial Report with newly available data. Population for 2025 calculated by multiplying the estimated 2025 population by the 2023 to 2024 population growth rate.

²Source: U.S. Bureau of Labor Statistics, Per Capita Personal Income in Jefferson County, KY [PCPI2111], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCPI2111>, August 22, 2025. Data has been updated from last year's Annual Comprehensive Financial Report with newly available data. Per Capita Personal Income for 2024 and 2025 calculated using the 2022 to 2023 income growth rate.

³Equals (Population * Per Capita Personal Income) / 1,000.

⁴Source: U.S. Bureau of Labor Statistics, Unemployment Rate in Jefferson County, KY [KYJEURN], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/KYJEURN>, August 22, 2025. Data has been updated from last year's Annual Comprehensive Financial Report with newly available data.



Louisville and Jefferson County Metropolitan Sewer District
Schedule 26 - Jefferson County Principal Employers
Current Year and Nine Years Ago

Employer ¹	2016			2025		
	Rank	Employees	Percentage of Total MSA Employment	Rank	Employees	Percentage of Total MSA Employment
United Parcel Service, Inc.	1	22,080	3.4%	1	24,000	3.5%
Norton Healthcare (formerly Alliant Health)	5	11,389	1.8%	2	16,785	2.4%
UofL Health Inc.	-	-	0.0%	3	14,654	2.1%
Jefferson County Public Schools	2	14,739	2.3%	4	13,775	2.0%
Ford Motor Company	3	12,990	2.0%	5	12,531	1.8%
Baptist Healthcare System	10	4,995	0.0%	6	11,085	1.6%
Humana, Inc.	4	12,500	1.9%	7	10,000	1.5%
GE Appliances, a Haier company	9	6,000	0.9%	8	8,400	1.2%
University of Louisville	7	6,375	1.0%	9	7,302	1.1%
Walmart, Inc.	-	-	0.0%	10	7,000	1.0%
Kentucky One Health	9	6,000	0.9%	-	-	0.0%
Amazon.com	6	6,500	1.0%	-	-	0.0%
Louisville-Jefferson County Metro Government	8	6,095	0.9%	-	-	0.0%
Total		109,663	16%		125,532	18%
Total Employment, Louisville MSA ²		642,306			685,692	

¹Source: Business First of Louisville, KY July 12, 2024

²Source: US Bureau of Labor Statistics August 22, 2025

Cover photo:
MSD's Morris Forman Water Quality Treatment
Center Jefferson County, KY



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