

MSD Monthly Financial Update

June 30, 2022



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Safe, clean waterways

Section 1: Financial Report

The Financial Report is prepared monthly to provide readers with a high-level understanding of MSD's financial position. This report contains information on the following:

- Fiscal Year 2022 Financial Results
- Customer Statistics
- Employee Headcount
- Investment Summary
- Commercial Paper Program Summary

Fiscal Year 2022 Financial Results

Year-end closing activities are underway in General Accounting in preparation for the fiscal year 2022 financial statement audit.

We have preliminary data available for fiscal year 2022 operating revenues as follows:

- Total Wastewater Revenue is \$270.1 million for FY22 compared to a budget of \$257.2 million, which is an increase of \$12.6 million, or 4.9%. When compared to this same period one year ago, Total Wastewater Revenue has increased by \$24.3 million, or 9.9%. MSD enacted a 6.9% rate increase to Wastewater Service Charges on August 1, 2021. The largest increase in Wastewater Revenue was in the commercial customer class and was driven by higher volume charges year-over year. Wastewater Late Charge Revenue was \$3.6 million more in FY22 than one year ago. Late Charges were suspended for 10 months of FY21 due to the pandemic.
- Total Drainage Revenue is \$86.8 million for FY22 compared to a budget of \$85.2 million, which is an increase of \$1.5 million, or 1.8%. When compared to this same period one year ago, Total Drainage Revenue has increased by \$6.8 million, or 8.6%. MSD enacted a 6.9% rate increase to Drainage Service Charges on August 1, 2021. Drainage Late Charge Revenue was \$1.0 million more in FY22 than one year ago. Late Charges were suspended for 10 months of FY21 due to the pandemic.
- Total Other Operating Revenue is \$8.4 million for FY22 compared to a budget of \$4.4 million, which is an increase of \$3.9 million, or 88.8%. When compared to this same period one year ago, Total Other Revenue has increased by \$4.8 million, or 129.5%. The largest increases in Other Operating Revenue came in Inflow and Infiltration fees (\$982 thousand more than one year ago) and Capacity Charges (\$2.8 million more than one year ago).
- Total Operating Revenues for FY22 are \$365.4 million compared to a budget of \$347.2 million, which is an increase of \$18.1 million, or 5.2%. When compared to one year ago, Total Revenues are \$36.0 million, or 10.9% higher.

We anticipate publishing unaudited financial statements for Fiscal Year 2022 in our August Monthly Financial Update.

Following is a summary of budget versus actual results for operating revenues by county.

FY22 Revenue Summary - Unaudited

Dollars in 000's

	FY 2022 Budget		FY2022 Forecast		FY 2022 Actual	Budget Variance
Jefferson County						
Wastewater	\$ 248,998	\$	261,264	\$	260,751	4.7%
Drainage	85,238		86,410		86,804	1.8%
Other Operating Income	4,000		8,200		8,161	104.0%
	\$ 338,236	\$	355,874	\$	355,716	5.2%
Oldham County						
Wastewater	\$ 6,700	\$	7,096	\$	7,159	6.9%
Other Operating Income	350		200		190	-45.7%
	\$ 7,050	\$	7,296	\$	7,349	4.2%
Bullitt County						
Wastewater	\$ 1,823	\$	2,153	\$	2,223	21.9%
Other Operating Income	149		70		135	-9.4%
	\$ 1,972	\$	2,223	\$	2,358	19.6%

Supplemental Financial Reporting

Revenue by Customer Class

	Number of Customers		Revenue by Customer Class		Budget By Customer Class	
	Jun-2022	Jun-2021	Jun-2022	Jun-2021	Jun-2022	Jun-2021
Wastewater						
Residential	234,362	230,149	12,590,144	12,679,936	13,520,402	12,251,126
Commercial	21,851	21,547	6,340,280	4,972,114	5,519,199	5,282,400
Industrial	394	390	1,843,437	1,696,173	2,044,942	1,805,122
Sub-Total	256,607	252,086	20,773,861	19,348,224	21,084,543	19,338,648
Drainage						
Residential	209,335	208,060	2,688,918	2,639,289	2,923,241	2,755,527
Commercial	14,040	14,062	3,906,554	3,603,532	3,944,745	3,726,181
Industrial	274	269	515,387	433,034	460,299	418,199
Sub-Total	223,649	222,391	7,110,860	6,675,854	7,328,285	6,899,907
Grand Total			\$ 27,884,721	\$ 26,024,078	\$ 28,412,828	\$ 26,238,555

*June 2022 includes acquired Bullitt County Sanitation District customers.

Wastewater Revenue by County

	Number of Customers		Revenue by Customer Class		Budget by Customer Class	
	Jun-2022	Jun-2021	Jun-2022	Jun-2021	Jun-2022	Jun-2021
Jefferson County						
Residential	224,166	223,807	11,748,685	12,094,507	12,786,707	11,842,457
Commercial	21,512	21,391	6,187,545	4,883,511	5,440,599	5,269,520
Industrial	392	389	1,841,955	1,696,083	2,044,852	1,805,027
Sub-Total	246,070	245,587	19,778,185	18,674,101	20,272,158	18,917,004
Bullitt County						
Residential	3,801	0	252,858	-	231,695	-
Commercial	115	0	104,924	-	26,000	-
Industrial	1	0	1,391	-	-	-
Sub-Total	3,917	0	359,173	-	257,695	-
Oldham County						
Residential	6,395	6,342	588,601	585,429	502,000	408,669
Commercial	224	156	47,811	88,603	52,600	12,880
Industrial	1	1	90	90	90	95
Sub-Total	6,620	6,499	636,502	674,123	554,690	421,644
Grand Total			\$ 20,773,861	\$ 19,348,224	\$ 21,084,543	\$ 19,338,648

Headcount

The approved fiscal year 2022 operating budget fully funded 647 staffed positions and provided partial funding for 88 positions that were vacant at the time of budget development. There were 9 vacant positions that were not funded at all in the budget which brought the total Budget Approved positions to 744. The fiscal year 2022 operating budget was amended in November to provide funding for an additional 11 positions to operate MSD's Bullitt County wastewater system bringing the total Budget Approved positions to 755.

The Currently Authorized column includes any positions that have been added or moved since the budget was adopted. MSD added 15 positions to its headcount in April as it took over operations of the Oldham County service area after the termination of the contract with Veolia.

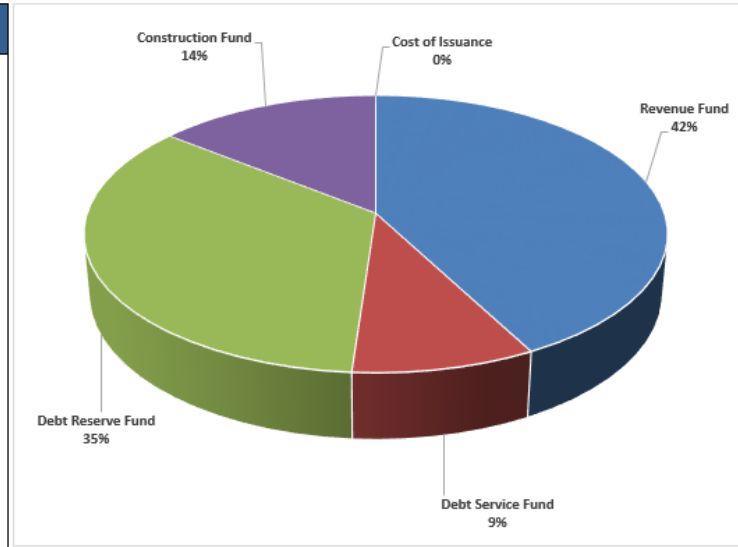
The chart below shows staffing level by division as of June 30, 2022.

FY22 Headcount by Division			
	Budget Approved	Current Authorized	Filled
Administration			
Communications	4	4	3
Community Benefits & Partnerships	7	7	5
Customer Relations	22	22	16
Executive Offices	5	5	5
Facilities	8	8	6
Innovation	3	3	3
Internal Audit	4	4	3
Records and Information Governance	9	9	8
Safety & Security	15	18	15
Corporate	1	1	1
Engineering	96	96	88
Finance	19	19	17
Human Resources	19	18	17
Information Technology	33	32	29
Legal	10	10	8
Operations	476	493	429
Supply Chain & Economic Inclusion	24	24	21
Total Authorized Positions	755	773	674
*Excludes temporary & seasonal staff			

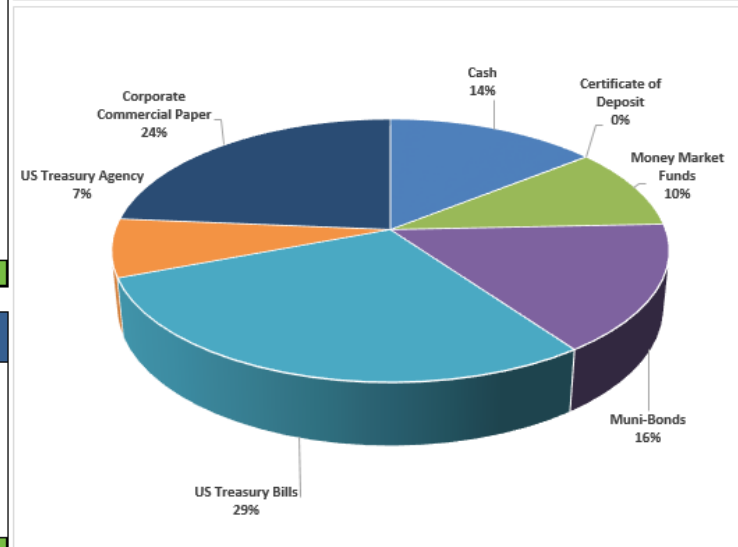
Current Investment Model

MSD's Investment Policy requires distribution of a monthly investment report with an analysis of the status of the portfolio.

Series	Revenue Fund	Debt Service Fund	Debt Reserve Fund	Construction Fund	Cost of Issuance	Total
2008A	-	-	954,865	-	-	954,865
2009A	-	-	4,323,942	-	-	4,323,942
2009B	-	-	13,647,737	-	-	13,647,737
2009C	-	1,459,509	13,312,128	-	-	14,771,637
2010A	-	1,787,235	18,056,971	-	-	19,844,206
2013A	-	430,525	26,149,984	-	-	26,580,509
2013B	-	572,152	-	-	-	572,152
2013C	-	11,268	96,770	-	-	108,037
2014A	-	313,809	-	-	-	313,809
2015A	-	692,957	150,103	-	-	843,060
2015B	-	514,212	-	-	-	514,212
2016A	-	531,464	-	-	-	531,464
2016B	-	290,035	-	-	-	290,035
2016C	-	1,290,436	-	-	-	1,290,436
2017A	-	1,191,622	1,476,130	-	-	2,667,752
2017B	-	211,778	-	-	-	211,778
2018A	-	228,166	-	-	-	228,166
2019A	-	1,146,241	-	-	-	1,146,241
2020A	-	618,277	2,152,044	-	-	2,770,321
2020C	-	301,695	-	-	-	301,695
2021A	-	1,513,308	-	-	-	1,513,308
2021 BAN	-	5,946,382	-	-	-	5,946,382
2022A	-	1,525,228	-	33,157,204	10,050	34,692,482
CP 2018 A-1 & A-2	-	-	-	1,524	-	1,524
Cash	33,119,488	-	-	-	-	33,119,488
Certificate of Deposit	100,000	-	-	-	-	100,000
Money Market Funds	273,240	-	-	-	-	273,240
Muni-Bonds	-	-	-	-	-	-
US Treasury Bills	22,074,629	-	-	-	-	22,074,629
Corporate Commercial Paper	42,584,527	-	-	-	-	42,584,527
Total	\$ 98,151,883	\$ 20,576,299	\$ 80,320,674	\$ 33,158,729	\$ 10,050	\$ 232,217,635



Asset Description	Revenue Fund	Debt Service Fund	Debt Reserve Fund	Construction Fund	Cost of Issuance	Total
Cash	33,119,488	-	-	-	-	33,119,488
Certificate of Deposit	100,000	-	-	-	-	100,000
Money Market Funds	273,240	20,576,299	2,180,924	211,954	10,050	23,252,467
Muni-Bonds	-	-	36,692,660	-	-	36,692,660
US Treasury Bills	22,074,629	-	22,418,013	23,040,550	-	67,533,191
US Treasury Agency	-	-	16,593,684	-	-	16,593,684
Corporate Commercial Paper	42,584,527	-	2,435,393	9,906,225	-	54,926,145
Total	\$ 98,151,883	\$ 20,576,299	\$ 80,320,674	\$ 33,158,729	\$ 10,050	\$ 232,217,635



Monthly Investment Activity

Following is a list of individual investment transactions executed over the last month. Unless otherwise noted, redemptions represent maturities of investments.

Account	Transaction Type	Category	Amount
Fifth Third Securities	Redemption	Milwaukee Wis Area Technical College	(2,990,000.00)
Fifth Third Securities	Redemption	Societe Generale Disc Commercial Paper	(5,000,000.00)
Fifth Third Securities	Purchase	Cedar Springs Disc Commercial Paper	3,108,936.89
Fifth Third Securities	Purchase	Toronto Dominion BK Disc Commercial Paper	4,861,233.33

Commercial Paper Program Summary

MSD operates a \$500 million Commercial Paper (CP) program to provide interim financing for its capital program. Liquidity support is provided by JP Morgan Chase and Bank of America, NA. Merrill Lynch, Pierce, Fenner & Smith Inc and JP Morgan Securities are dealers for the program. In June, we had one \$10M note mature that was replaced with a new note with a rate of 1.37% and 90 day terms. In June, we issued one new note with a rate of 1.59% and a term of 96 days. In July, we have one \$10M note maturing.

The CP Construction Fund balance as of June 30th was \$1,524.00. Outstanding CP notes are currently split 60% with JP Morgan and 40% with Bank of America.

CP Issuance Details										
Currently Outstanding										
Issuance Date	CUSIP	Principal	Rate	Term (# of days)	Maturity Date	Dealer (JPM/BAML)	Interest Cost	New Issuance or Roll?	SIFMA Index	Spread over (under) SIFMA
3/16/2022	54658NDA6	10,000,000	0.77%	120	7/14/2022	BAML	25,315.07	New	0.24%	0.53%
4/25/2022	54658QDB7	10,000,000	1.15%	120	8/23/2022	JPM	37,808.22	New	0.46%	0.69%
5/20/2022	54658QDC5	10,000,000	1.50%	119	9/16/2022	JPM	48,904.11	New	0.82%	0.68%
6/24/2022	54658NDB4	10,000,000	1.37%	90	9/22/2022	BAML	33,780.82	Roll	0.98%	0.39%
6/29/2022	54658NDC2	10,000,000	1.59%	96	10/3/2022	JPM	41,819.18	New	0.98%	0.61%
Currently Outstanding: \$ 50,000,000							\$ 187,627			

The Securities Industry and Financial Markets Association (SIFMA) publishes a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics. The Index is calculated and published by Bloomberg and is overseen by SIFMA's Municipal Swap Index Committee. The SIFMA is a short-term interest rate index that MSD uses to gauge the interest rates we receive on our CP placements.

