

MSD Monthly Financial Update

June 30, 2023



msd

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:

- Preliminary fiscal year 2023 Financial Results
- Customer Statistics
- Employee Headcount
- Investment Summary
- Commercial Paper Program Summary

Fiscal Year 2023 Financial Results

Fiscal Year 2023 Financial Results

Year-end closing activities are underway in General Accounting in preparation for the fiscal year 2023 financial statement audit.

We have preliminary data available for fiscal year 2023 operating revenues as follows:

- Total Wastewater Revenue is \$290.6 million for FY23 compared to a budget of \$282.6 million, which is an increase of \$8.0 million, or 3%. When compared to this same period one year ago, Total Wastewater Revenue has increased by \$20.6 million, or 8%. The largest increase in Wastewater Revenue was in the commercial customer class and was driven by higher volume charges year-over year.
- Total Drainage Revenue is \$94.4 million for FY23 compared to a budget of \$91.6 million, which is an increase of \$2.9 million, or 3%. When compared to this same period one year ago, Total Drainage Revenue has increased by \$7.6 million, or 9%.
- Total Other Operating Revenue is \$6.8 million for FY23 compared to a budget of \$4.4 million, which is an increase of \$2.4 million, or 54%. When compared to this same period one year ago, Total Other Revenue is lower by \$1.6 million, or 19%.
- Total Operating Revenues for FY23 are \$392 million compared to a budget of \$378.7 million, which is an increase of \$13.3 million, or 4%. When compared to one year ago, Total Revenues are \$26.7 million, or 7% higher.

We anticipate publishing unaudited financial statements for Fiscal Year 2023 in our August Monthly Executive Report

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

Operating Income - Jefferson County			
<i>Dollars in 000's</i>			
	FY23 Budget	FY23 Forecast	FY23 Budget
Wastewater Service Charges	\$ 272,179	\$ 276,103	\$ 279,683
Drainage Service Charges	91,599	91,931	94,466
Other Operating Income	4,000	5,945	6,261
Total Operating Income	\$ 367,778	\$ 373,979	\$ 380,410

Operating Income - Oldham County

Dollars in 000's

	FY23 Budget	FY23 Forecast	FY23 Budget
Wastewater Service Charges	\$ 6,468	\$ 6,697	\$ 6,800
Other Operating Income	350	362	243
Total Operating Income	\$ 6,818	\$ 7,059	\$ 7,043

Operating Income - Bullitt County

Dollars in 000's

	FY23 Budget	FY23 Forecast	FY23 Budget
Wastewater Service Charges	\$ 3,996	\$ 4,240	\$ 4,213
Other Operating Income	150	213	211
Total Operating Income	\$ 4,146	\$ 4,453	\$ 4,424

Supplemental Financial Reporting

Revenue by Customer Class

	Number of Customers		Revenue by Customer Class		Budget By Customer Class	
	Jun-2023	Jun-2022	Jun-2023	Jun-2022	Jun-2023	Jun-2022
Wastewater						
Residential	236,020	234,362	15,078,196	13,347,497	13,489,682	13,520,402
Commercial	21,919	21,851	7,511,849	6,665,910	7,745,809	5,519,199
Industrial	394	394	2,209,942	1,852,013	2,207,366	2,044,942
Sub-Total	258,333	256,607	24,799,988	21,865,420	23,442,857	21,084,543
Drainage						
Residential	210,242	209,335	3,201,554	2,831,692	2,464,411	2,923,241
Commercial	13,950	14,040	4,543,453	4,143,217	3,874,448	3,944,745
Industrial	279	274	582,191	529,884	444,207	460,299
Sub-Total	224,471	223,649	8,327,199	7,504,793	6,783,066	7,328,285
Grand Total			\$ 33,127,187	\$ 29,370,213	\$ 30,225,923	\$ 28,412,828

Wastewater Revenue by County

	Number of Customers		Revenue by Customer Class		Budget by Customer Class	
	Jun-2023	Jun-2022	Jun-2023	Jun-2022	Jun-2023	Jun-2022
Jefferson County						
Residential	224,522	224,166	14,328,563	12,551,905	12,760,442	12,786,707
Commercial	21,529	21,512	7,361,270	6,508,997	7,591,493	5,440,599
Industrial	392	392	2,207,366	1,850,531	2,204,706	2,044,852
Sub-Total	246,443	246,070	23,897,200	20,911,434	22,556,641	20,272,158
Bullitt County						
Residential	4,577	3,801	287,812	198,252	243,863	231,695
Commercial	165	115	89,546	104,924	104,523	26,000
Industrial	1	1	2,485	1,391	2,588	-
Sub-Total	4,743	3,917	379,843	304,567	350,974	257,695
Oldham County						
Residential	6,921	6,395	461,821	597,340	485,377	502,000
Commercial	225	224	61,034	51,989	49,793	52,600
Industrial	1	1	90	90	72	90
Sub-Total	7,147	6,620	522,945	649,419	535,242	554,690
Grand Total			\$ 24,799,988	\$ 21,865,420	\$ 23,442,857	\$ 21,084,543

Headcount

The approved fiscal year 2023 operating budget fully funded 665 staffed positions, provided full funding for 40 vacant positions and provided partial funding for 92 vacant positions. There were 2 vacant positions that were not funded at all in the budget which brought the total Budget Approved positions to 797.

The Currently Authorized column includes any positions that have been added or moved since the budget was adopted.

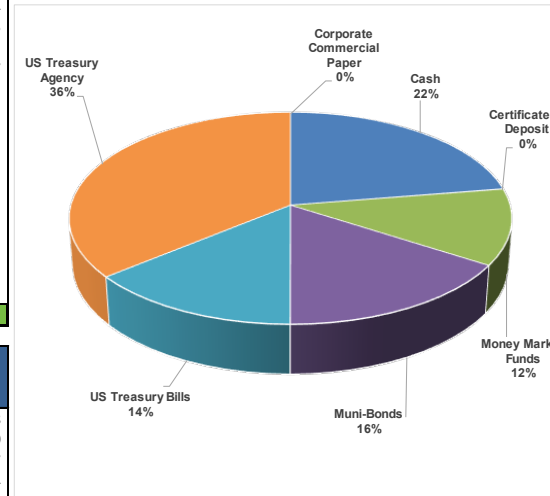
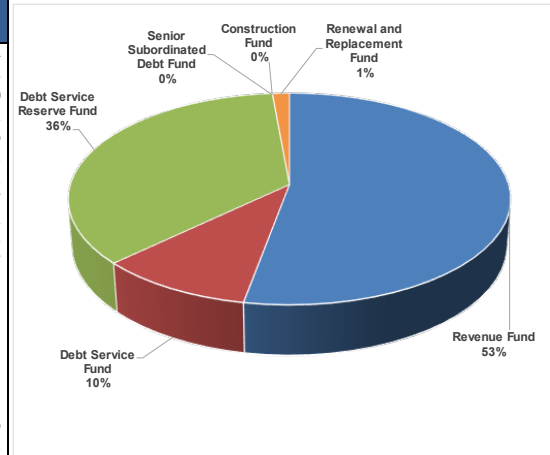
The chart below shows staffing level by division as of June 30, 2023.

FY23 Headcount by Division			
	Budget Approved	Current Authorized	Filled
Administration			
Community Benefits & Partnerships	5	8	5
Customer Relations	22	21	14
Executive Offices	3	2	2
Government & Public Affairs	6	6	6
Innovation	3	4	3
Internal Audit	4	4	3
Records and Information Governance	9	9	8
Corporate	1	1	1
Engineering	101	98	90
Facilities, Safety & Security	30	36	28
Finance	19	20	18
Human Resources	21	21	19
Information Technology	32	33	29
Legal	12	10	9
Operations	502	502	438
Supply Chain & Economic Inclusion	27	27	23
Total Authorized Positions	797	802	696
*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 Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
2008A	-	-	961,154	-	-	-	961,154
2009A	-	-	1,750,395	-	-	-	1,750,395
2009B	-	-	13,749,340	-	-	-	13,749,340
2009C	-	1,551,029	11,789,643	-	-	-	13,340,672
2010A	-	1,931,043	17,670,513	-	-	-	19,601,556
2013A	-	-	28,037,991	-	-	-	28,037,991
2013B	-	635,151	-	-	-	-	635,151
2013C	-	2,612	99,795	-	-	-	102,407
2014A	-	527,711	-	-	-	-	527,711
2015A	-	899,637	154,796	-	-	-	1,054,433
2015B	-	584,567	-	-	-	-	584,567
2016A	-	588,000	-	-	-	-	588,000
2016B	-	254,736	-	-	-	-	254,736
2016C	-	387,749	-	-	-	-	387,749
2017A	-	1,259,092	1,492,256	-	-	-	2,751,348
2017B	-	1,556,166	-	-	-	-	1,556,166
2018A	-	247,378	-	-	-	-	247,378
2019A	-	537,698	-	-	-	-	537,698
2020A	-	728,865	2,191,971	-	-	-	2,920,836
2020C	-	488,531	-	-	-	-	488,531
2021A	-	1,784,384	-	-	-	-	1,784,384
2022A	-	1,642,439	-	-	20,596	-	1,663,035
2021 BAN	-	-	-	-	-	-	-
2022 BAN	-	6,341,527	-	-	-	-	6,341,527
2023A	-	-	-	-	-	-	-
2023B	-	-	-	-	-	-	-
Renewal & Replacement	-	-	-	-	-	-	-
CP 2018 A-1 & A-2	-	-	-	-	9,779	-	9,779
Cash	49,068,358	-	-	-	-	-	49,068,358
Certificate of Deposit	100,000	-	-	-	-	-	100,000
Money Market Funds	255,994	-	-	-	-	19,119	275,113
Muni-Bonds	-	-	-	-	-	-	-
US Treasury Bills	27,635,833	-	-	-	-	3,063,469	30,699,302
US Treasury Agency	38,618,345	-	-	-	-	-	38,618,345
Corporate Commercial Paper	-	-	-	-	-	-	-
	\$ 115,678,531	\$ 21,948,315	\$ 77,897,854	\$ -	\$ 30,375	\$ 3,082,588	\$ 218,637,663



Asset Description	Revenue Fund	Debt Service Fund	Debt Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
Cash	49,068,358	-	-	-	-	-	49,068,358
Certificate of Deposit	100,000	-	-	-	-	-	100,000
Money Market Funds	255,994	21,948,315	3,067,184	-	30,375	19,119	25,320,987
Muni-Bonds	-	-	34,875,704	-	-	-	34,875,704
US Treasury Bills	27,635,833	-	-	-	-	3,063,469	30,699,302
US Treasury Agency	38,618,345	-	39,954,966	-	-	-	78,573,311
Corporate Commercial Paper	-	-	-	-	-	-	-
	\$ 115,678,531	\$ 21,948,315	\$ 77,897,854	\$ -	\$ 30,375	\$ 3,082,588	\$ 218,637,663

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	Purchase	United States Treasury Note	3,484,175.30
Fifth Third Securities	Redemption	Cedar Springs Disc Commercial Paper	3,200,000.00

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. BofA Securities and JP Morgan Securities are dealers for the program. In June, we had 11 notes mature and were replaced with seven new notes with an average rate of 3.59% and average terms of 42 days. In June, we issued two new notes, one at \$20 million and one at \$15 million with an average rate of 3.55% and average term of 60 days. In July, we have three notes maturing totaling \$60 million.

The CP Construction Fund balance as of June 30th was \$0.38. Outstanding CP notes are currently split 51.5% with JP Morgan and 48.5% with Bank of America.

MSD's existing agreements with JP Morgan Chase and Bank of America terminated on June 21, 2023. MSD agreed to renew the CP Program of \$500 million, with continuing support from both JP Morgan Chase and Bank of America, under new three-year agreements with an optional two-year renewal.

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
6/21/2023	54660FAA2	20,000,000	3.70%	21	7/12/2023	BAML	42,575.34	Roll	3.23%	0.47%
6/21/2023	54660FAB0	20,000,000	3.70%	28	7/19/2023	BAML	56,767.12	Roll	3.23%	0.47%
6/21/2023	54660FAC8	20,000,000	3.70%	35	7/26/2023	BAML	70,958.90	Roll	3.23%	0.47%
6/21/2023	54660HAA8	20,000,000	3.50%	42	8/2/2023	JPM	80,547.95	Roll	3.04%	0.46%
6/21/2023	54660HAB6	20,000,000	3.50%	49	8/9/2023	JPM	93,972.60	Roll	2.81%	0.69%
6/21/2023	54660HAD2	20,000,000	3.53%	56	8/16/2023	JPM	108,317.81	Roll	3.86%	-0.33%
6/21/2023	54660HAE0	10,000,000	3.53%	63	8/23/2023	JPM	60,928.77	Roll	3.86%	-0.33%
6/26/2023	54660FAD6	20,000,000	3.60%	88	9/22/2023	BAML	173,589.04	New	4.18%	-0.58%
6/30/2023	54660HAF7	15,000,000	3.50%	32	8/1/2023	JPM	46,027.40	New	4.01%	-0.51%
Currently Outstanding: \$ 165,000,000							\$ 733,685			

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.

