

# MSD Monthly Financial Update

As of June 30, 2024



## 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 2024 Financial Results
- Investment Summary
- Commercial Paper Summary
- Customer Statistics
- Employee Headcount

### Fiscal Year 2024 Financial Results

#### Fiscal Year 2024 Financial Results

Year-end closing activities are underway in General Accounting in preparation for the fiscal year 2024 financial statement audit.

We have preliminary data available for fiscal year 2024 operating revenues as follows:

- Total Wastewater Revenue is \$313.8 million for FY24 compared to a budget of \$303.8 million. When compared to this same period one year ago, Total Wastewater Revenue increased by \$23.1 million, or 8%.
- Total Drainage Revenue is \$100.4 million for FY24 compared to a budget of \$98.5 million. When compared to this same period one year ago, Total Drainage Revenue has increased by \$5.9 million, or 6%.
- Total Other Operating Revenue is \$11.9 million for FY24 compared to a budget of \$4.5 million. When compared to this same period one year ago, Total Other Revenue has increased by \$5 million, or 74%. This is largely driven by increased Capacity Charges along with Inflow & Infiltration Fees.
- Total Operating Revenues for FY24 are \$426.1 million compared to a budget of \$406.8 million. When compared to one year ago, Total Revenues are \$34.1 million, or 8% higher.

We anticipate publishing unaudited financial statements for Fiscal Year 2024 in our August Monthly Executive Report

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

<b>Operating Income - Jefferson County</b>		
<i>Dollars in 000's</i>		
	<b>FY24 Budget</b>	<b>FY24 Forecast</b>
Wastewater Service Charges	\$ 292,061	\$ 301,829
Drainage Service Charges	98,524	100,365
Other Operating Income	4,000	11,720
<b>Total Operating Income</b>	<b>\$ 394,585</b>	<b>\$ 413,914</b>

<b>Operating Income - Oldham County</b>		
<i>Dollars in 000's</i>		
	<b>FY24 Budget</b>	<b>FY24 Forecast</b>
Wastewater Service Charges	\$ 7,025	\$ 7,260
Other Operating Income	350	18
<b>Total Operating Income</b>	<b>\$ 7,375</b>	<b>\$ 7,278</b>

<b>Operating Income - Bullitt County</b>		
<i>Dollars in 000's</i>		
	<b>FY24 Budget</b>	<b>FY24 Forecast</b>
Wastewater Service Charges	\$ 4,749	\$ 4,757
Other Operating Income	150	211
<b>Total Operating Income</b>	<b>\$ 4,899</b>	<b>\$ 4,968</b>

## MONTHLY INVESTMENT REPORT

### Investment Compliance Summary

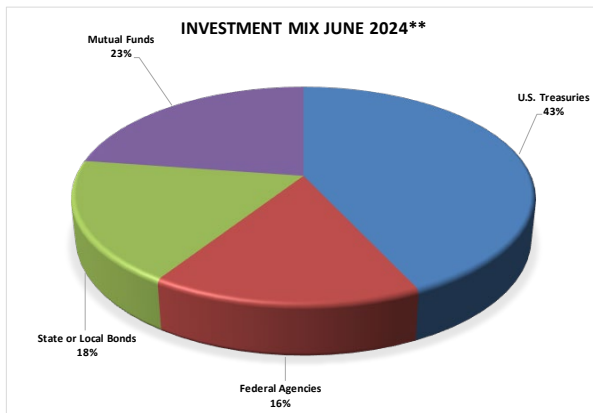
MSD is authorized by Kentucky's statute, KRS 66.480, to make certain investments. MSD maintains unrestricted reserve investments sufficient to cover at least 150 days of operating and maintenance expenses and to support MSD's long-term bond rating.

Investments of restricted funds consist of debt service sinking funds and debt reserves required to be held by MSD's General Bond Resolution.

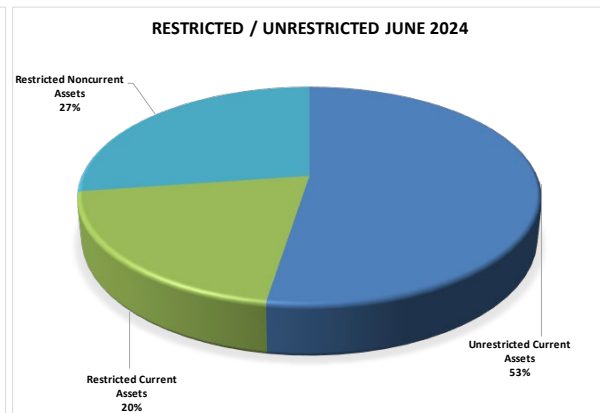
All investments are in compliance with our Investment Policy and Kentucky Statutes.

Louisville MSD Investment Statistics								
Month ended, June 30, 2024								
Investment Type	Market Value	Face / Par Value	Cost / Book Value	Weighted Average Maturity Days	Weighted Average Yield	Percentage of Total Portfolio	Compliance Limit for Total Portfolio*	Compliant
<b>Unrestricted Current Assets</b>								
U.S. Treasuries	73,438,694	74,435,000	72,702,778	406.72	4.83%	30.82%	100%	Yes
Federal Agencies	20,848,445	21,030,000	20,833,714	239.44	4.60%	8.75%	100%	Yes
Certificates of Deposit	100,000	100,000	100,000	225	3.73%	0.04%	100%	Yes
Mutual Funds	30,764,106	30,764,106	30,764,106	1	5.13%	12.91%	40%	Yes
<b>Subtotal</b>	<b>125,151,245</b>	<b>126,329,106</b>	<b>124,400,599</b>	<b>278.23</b>	<b>4.86%</b>	<b>52.52%</b>		
<b>Restricted Current Assets</b>								
U.S. Treasuries	23,035,267	23,120,000	22,791,508	30.39	5.19%	9.67%	100%	Yes
Federal Agencies	2,000,820	2,000,000	1,996,100	439	4.98%	0.84%	100%	Yes
Cash	1,037,696	1,037,696	1,037,696	-	0.00%	0.44%	100%	Yes
Mutual Funds	22,078,607	22,078,607	22,078,607	1	5.09%	9.26%	40%	Yes
<b>Subtotal</b>	<b>48,152,390</b>	<b>48,236,303</b>	<b>47,905,911</b>	<b>33.48</b>	<b>2.74%</b>	<b>20.21%</b>		
<b>Restricted Noncurrent Assets</b>								
U.S. Treasuries	4,438,618	4,440,000	4,467,342	645	4.48%	1.86%	100%	Yes
Federal Agencies	14,959,317	14,992,000	15,102,637	824	4.34%	6.28%	100%	Yes
Commercial Paper	2,361,862	2,407,000	2,328,905	124	5.29%	0.99%	20%	Yes
State or Local Bonds	42,621,629	43,542,000	43,984,751	210	2.95%	17.88%	20%	Yes
Cash	318,979	318,979	318,979	-	0.00%	0.13%	100%	Yes
Mutual Funds	309,703	309,703	309,703	1	4.91%	0.13%	40%	Yes
<b>Subtotal</b>	<b>65,010,108</b>	<b>66,009,682</b>	<b>66,512,318</b>	<b>370.90</b>	<b>3.28%</b>	<b>27.28%</b>		
<b>Total</b>	<b>238,313,743</b>	<b>240,575,092</b>	<b>238,816,828</b>	<b>257.06</b>	<b>4.53%</b>	<b>100.00%</b>		

\* Per Commonwealth of Kentucky government code, KRS66.480



\*\* Graph illustrates issuers held at 5% or more









**Investment Risk Summary**

MSD's Investment Policy sets parameters for portfolio diversification, credit rating, and maturity. Additionally, MSD assesses portfolio yield by comparing to a selected benchmark.

Error corrections:

- Actual Portfolio Rating was reported incorrectly in the March, April and May Monthly Financial Updates and has been corrected in this report.
- Portfolio Weighted Average Yield was calculated incorrectly in the March, April and May Monthly Financial Updates and has been corrected in this report.

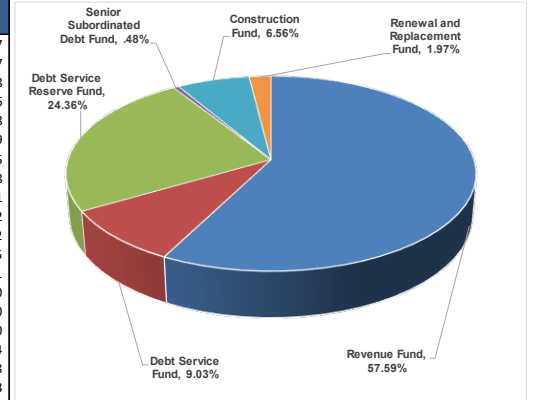
<b>Louisville MSD Investment Risk Summary</b>			
Month ended, June 30, 2024			
<b>Diversification</b>		<b>Limit</b>	<b>Actual</b>
Certificate of Deposit, Bankers Acceptance, Commercial Paper, Equity Securities, Corporate Bonds		20%	16.90% 
Equity Securities, Corporate Bonds, Mutual Funds		40%	0.00% 
<b>Rating</b>		<b>Minimum</b>	<b>Actual</b>
Unrestricted		Aa2 / AA	Aaa / AA+ 
Restricted		Aa1 / AA+	Aa1 / AA+ 
<b>Interest Rate Risk</b>		<b>Limit</b>	<b>Actual</b>
Weighted Average Maturity Portfolio		< 1095 days	257.06 
<b>Return on Investment</b>		<b>Index</b>	<b>Portfolio</b>
Weighted Average Yield vs Market Yield on U.S. Treasury Securities at Two Year		4.71%*	4.53% 

\* Federal Reserve Bank of St. Louis - 6/28/2024

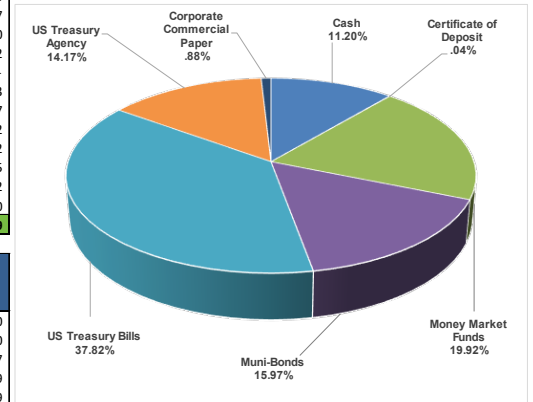
**Current Investment Model**

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

Account / Series	Revenue Fund	Debt Service Fund	Debt Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
2008A	-	-	1,007,217	-	-	-	1,007,217
2009A	-	-	1,821,917	-	-	-	1,821,917
2009B	-	-	8,906,698	-	-	-	8,906,698
2009C	-	4,352,361	3,991,556	-	-	-	8,343,916
2010A	-	1,834,988	16,065,420	-	-	-	17,900,408
2013A	-	-	26,301,499	-	-	-	26,301,499
2013B	-	316,715	-	-	-	-	316,715
2013C	-	-	107,588	-	-	-	107,588
2014A	-	526,081	-	-	-	-	526,081
2015A	-	842,502	930	-	-	-	843,432
2015B	-	533,572	-	-	-	-	533,572
2016A	-	519,375	-	-	-	-	519,375
2016B	-	518,321	-	-	-	-	518,321
2017A	-	1,036,067	1,475,783	-	-	-	2,511,850
2017B	-	1,476,070	-	-	-	-	1,476,070
2018A	-	214,790	-	-	-	-	214,790
2020A	-	811,747	1,177,357	-	-	-	1,989,104
2020C	-	106,388	-	-	-	-	106,388
2021A	-	1,763,473	-	-	-	-	1,763,473
2022A	-	786,705	-	-	-	-	786,705
2023A	-	230,227	-	-	-	-	230,227
2023B	-	186,340	-	-	-	-	186,340
2023C	-	8,050,716	4,154,143	-	17,506,053	-	29,710,912
CP 2023 A-1 & A-2	-	-	-	-	-	-	-
CP Note Payment Fund	-	-	-	1,277,783	-	-	1,277,783
BNY Mellon	-	-	-	-	-	5,262,117	5,262,117
Fifth Third Rate Stabilization Fund	15,187,312	-	-	-	-	-	15,187,312
Fifth Third Securities	79,600,772	-	-	-	-	-	79,600,772
JP Morgan Chase Bank, N.A.	28,524,625	-	-	-	-	-	28,524,625
JP Morgan Securities	30,263,162	-	-	-	-	-	30,263,162
Liberty Bank	100,000	-	-	-	-	-	100,000
	<b>\$ 153,675,871</b>	<b>\$ 24,106,438</b>	<b>\$ 65,010,108</b>	<b>\$ 1,277,783</b>	<b>\$ 17,506,053</b>	<b>\$ 5,262,117</b>	<b>\$ 266,838,369</b>



Asset Description	Revenue Fund	Debt Service Fund	Debt Service Reserve Fund	Senior Subordinated Debt Fund	Construction Fund	Renewal and Replacement Fund	Total
Cash	28,524,625	1,037,696	318,979	-	-	-	29,881,300
Certificate of Deposit	100,000	-	-	-	-	-	100,000
Money Market Funds	30,764,106	16,951,434	309,703	1,277,783	3,522,033	327,357	53,152,417
Muni-Bonds	-	-	42,621,629	-	-	-	42,621,629
US Treasury Bills	73,438,694	6,117,307	4,438,618	-	13,984,020	2,933,940	100,912,579
US Treasury Agency	20,848,445	-	14,959,317	-	-	2,000,820	37,808,582
Corporate Commercial Paper	-	-	2,361,862	-	-	-	2,361,862
	<b>\$ 153,675,871</b>	<b>\$ 24,106,438</b>	<b>\$ 65,010,108</b>	<b>\$ 1,277,783</b>	<b>\$ 17,506,053</b>	<b>\$ 5,262,117</b>	<b>\$ 266,838,369</b>



**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	Bank	Securities	Qualified Broker	Amount
2010A Debt Reserve	Purchase	Bank of New York Mellon	Federal Farm Credit Banks Funding Corp	Arbitrage Management Group	1,558,081.52
2010A Debt Reserve	Redemption	Bank of New York Mellon	Federal Farm Credit Banks Funding Corp	Arbitrage Management Group	1,551,994.14
Fifth Third Securities	Purchase	Fifth Third	United States Treasury Note	Fifth Third Securities INC	3,469,563.27
Fifth Third Securities	Purchase	Fifth Third	United States Treasury Note	Fifth Third Securities INC	3,450,186.82
Fifth Third Securities	Redemption	Fifth Third	Federal Home Loan Bank	Fifth Third Securities INC	(4,000,000.00)
Fifth Third Securities	Redemption	Fifth Third	Federal Home Loan Bank	Fifth Third Securities INC	(3,000,000.00)

MSD's qualified brokers are Arbitrage Management Group, Cantor Fitzgerald L.P., Fifth Third Securities INC, JP Morgan Securities LLC & Wells Fargo Bank, N.A.

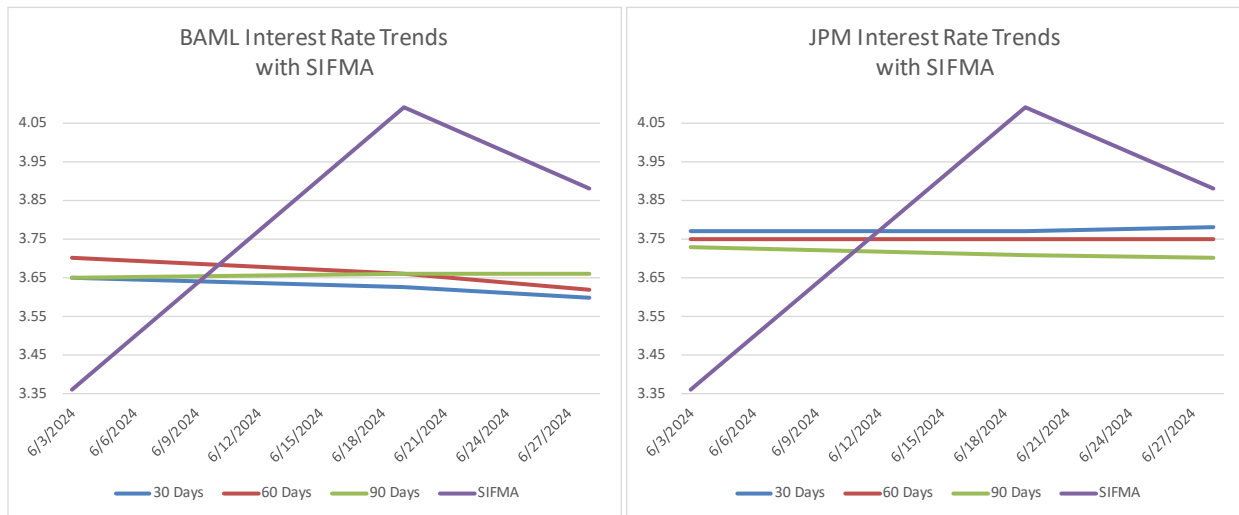
**Commercial Paper Program Summary**

MSD operates a \$500 million Commercial Paper (CP) program as part of its overall capital financing program. Liquidity support is provided by JPMorgan Chase Bank and Bank of America, NA. JP Morgan Securities and BofA Securities are dealers for the CP program. In June, we had two notes mature and were replaced with new notes with an average rate of 3.69% and average terms of 30 days. In July, we have two notes maturing totaling \$212,195,000.

The CP Construction Fund balance as of June 30, 2024, was \$0.00. Outstanding CP notes are currently split 50% with JPMorgan Chase Bank and 50% with Bank of America, NA.

CP Issuance Details										
Currently Outstanding										
Issuance Date	CUSIP	CP Principal	MSD Rate	Term (# of days)	Maturity Date	Dealer (JPM/BAML)	Interest Cost	New Issuance or Roll?	SIFMA Index	Spread over (under) SIFMA
6/3/2024	54660FBC7	106,098,000	3.61%	30	7/3/2024	BAML	314,805.85	Roll	3.36%	0.25%
6/3/2024	54660HBB5	106,097,000	3.77%	30	7/3/2024	JPM	328,755.36	Roll	3.36%	0.41%
<b>Currently Outstanding: \$ 212,195,000</b>							<b>\$ 643,561</b>			

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.



## Supplemental Financial Reporting

### Revenue by Customer Class

	Number of Customers		Revenue by Customer Class		Budget By Customer Class	
	Jun-2024	Jun-2023	Jun-2024	Jun-2023	Jun-2024	Jun-2023
<b>Wastewater</b>						
Residential	237,147	236,020	16,669,296	15,078,196	14,343,907	13,489,682
Commercial	22,443	21,919	8,662,867	7,511,849	7,205,346	7,745,809
Industrial	404	394	3,662,247	2,209,942	1,996,589	2,207,366
<b>Sub-Total</b>	259,994	258,333	28,994,409	24,799,988	23,545,842	23,442,857
<b>Drainage</b>						
Residential	211,432	210,242	3,622,353	3,201,554	3,092,356	2,464,411
Commercial	13,853	13,950	4,914,690	4,543,453	4,524,609	3,874,448
Industrial	283	279	599,958	582,191	578,661	444,207
<b>Sub-Total</b>	225,568	224,471	9,137,001	8,327,199	8,195,625	6,783,066
<b>Grand Total</b>			<b>\$ 38,131,410</b>	<b>\$ 33,127,187</b>	<b>\$ 31,741,468</b>	<b>\$ 30,225,923</b>

### Wastewater Revenue by County

	Number of Customers		Revenue by Customer Class		Budget by Customer Class	
	Jun-2024	Jun-2023	Jun-2024	Jun-2023	Jun-2024	Jun-2023
<b>Jefferson County</b>						
Residential	225,618	224,522	15,707,726	14,328,563	13,514,201	12,760,442
Commercial	22,031	21,529	8,408,474	7,361,270	7,029,347	7,591,493
Industrial	402	392	3,659,563	2,207,366	1,994,852	2,204,706
<b>Sub-Total</b>	248,051	246,443	27,775,764	23,897,200	22,538,400	22,556,641
<b>Bullitt County</b>						
Residential	4,595	4,577	363,777	287,812	234,188	243,863
Commercial	165	165	114,852	89,546	124,149	104,523
Industrial	1	1	2,589	2,485	1,646	2,588
<b>Sub-Total</b>	4,761	4,743	481,217	379,843	359,983	350,974
<b>Oldham County</b>						
Residential	6,934	6,921	597,793	461,821	595,519	485,377
Commercial	247	225	139,541	61,034	51,850	49,793
Industrial	1	1	95	90	90	72
<b>Sub-Total</b>	7,182	7,147	737,429	522,945	647,459	535,242
<b>Grand Total</b>			<b>\$ 28,994,409</b>	<b>\$ 24,799,988</b>	<b>\$ 23,545,842</b>	<b>\$ 23,442,857</b>



**Headcount**

The approved fiscal year 2024 operating budget fully funded 679 staffed positions, provided partial funding for 152 vacant positions, bringing the total Budget Approved positions to 831.

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, 2024.

FY24 Headcount by Division			
	Budget Approved	Current Authorized	Filled
Administration			
Community Benefits & Partnerships	8	8	7
Customer Relations	21	19	17
Executive Offices	2	4	4
Government & Public Affairs	7	7	7
Innovation	5	6	5
Internal Audit	4	4	4
Records and Information Governance	9	10	7
Corporate	1	1	1
Engineering	102	102	93
Facilities, Safety & Security	39	40	34
Finance	21	23	21
Human Resources	21	22	21
Information Technology	33	33	31
Legal	12	11	9
Operations	519	521	470
Supply Chain & Economic Inclusion	27	27	24
<b>Total Authorized Positions</b>	<b>831</b>	<b>838</b>	<b>755</b>
*Excludes temporary & seasonal staff			

**END OF REPORT**