

# Annual Comprehensive Financial Report (ACFR)

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*For the Fiscal Years Ended June 30, 2024 and 2023*



**SANITATION DISTRICT NO. 1**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**For the Years Ended June 30, 2024 and 2023**

**Prepared by:**

**Sanitation District No. 1  
Finance Department  
Ft. Wright, Kentucky**

**Ron Schmitt, Jr.  
Director**

**Melissa Lusk  
Accounting Manager**

<p><b>SANITATION DISTRICT NO. 1</b></p> <p><b>ANNUAL COMPREHENSIVE</b></p> <p><b>FINANCIAL REPORT</b></p> <p><b>For the Years Ended June 30, 2024 and 2023</b></p>
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**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
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## **INTRODUCTORY SECTION**



December 17, 2024

To the Citizens Served by Sanitation District No. 1 (SD1) and to SD1's Board of Directors:

SD1 and its Finance Department are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This report follows guidelines set forth by the Government Accounting Standards Board and Generally Accepted Accounting Principles (GAAP).

This report consists of management's representations concerning the finances of SD1. Responsibility for the completeness and reliability of the information presented rests with SD1 Management. SD1 has worked to establish an internal control framework that provides a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

SD1's financial statements have been audited by Chamberlin Owen & Co., Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that SD1's financial statements for the fiscal year ended June 30, 2024 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for issuing an unmodified ("clean") opinion that SD1's financial statements for the fiscal year ended June 30, 2024 are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

SD1 Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is intended to complement the discussion and analysis and should be read in conjunction with it.

### ***Profile of SD1***

SD1 is responsible for the collection and treatment of Northern Kentucky's wastewater, as well as regional storm water management. SD1 is the second largest public sewer utility in Kentucky, serving approximately 347,717 residents throughout Boone, Campbell, and Kenton Counties.

SD1 maintains approximately 1,720 miles of sanitary sewer line, 126 wastewater pumping stations, 15 flood pump stations, six package treatment plants, three major wastewater treatment plants, approximately 505 miles of storm sewer pipe and 35,046 storm sewer structures.

In Fiscal Year 2024, SD1 served a sanitary sewer customer base of 112,868 accounts and a storm water customer base of 87,265 accounts. SD1's sanitary sewer customer base has experienced a 1.15 percent average annual growth rate over the past five years, while SD1's storm water customer base has experienced a 2.40 percent average annual decrease over the past five years due to the City of Covington terminating their Storm Water Interlocal agreement in 2021.

SD1 is governed by a citizen Board of Directors, consisting of eight members that serve four-year staggered terms. County representation is based on the populations of the three counties SD1 serves. Four Board members are appointed by the Kenton County Judge Executive with the Kenton County Fiscal Court's approval, as Kenton County is the most populous county in SD1's service area. Two are appointed by the Campbell County Judge Executive with the Campbell County Fiscal Court's approval, and two are appointed by the Boone County Judge Executive with the Boone County Fiscal Court's approval. SD1's Board was given the full power and authority granted by Kentucky State Statute Chapter 220 and other applicable laws in administering, controlling, and managing the affairs of SD1, including the budgeting process. The Board and County Judges Executive, who appoint the members, are required to review and give final approval of SD1's operating and capital budgets by July 1 of the year to which they apply.

### **Local Economy**

SD1 is located in Northern Kentucky, across the Ohio River from the City of Cincinnati, and is classified as belonging to the Cincinnati Metropolitan Statistical Area (MSA). Per the U.S. 2022 Census 5-year estimates, Northern Kentucky's population was 398,338. SD1 derives strength from the area's diverse economic base of manufacturing, entertainment, retail and commercial facilities. The local economy also benefits from its proximity to Cincinnati and includes the Greater Cincinnati International Airport.

According to the BE NKY Growth Partnership, Northern Kentucky is a key part of the 15-county Greater Cincinnati metropolitan area. Partnerships, collaboration, and innovation have been critical elements for the Northern Kentucky region's success and competitiveness. The Cincinnati MSA unemployment rate had been on a declining trend for the past several years up until April 2020 which was a result of COVID-19 and the subsequent shelter-in-place and stay-at-homes orders. Over the past 12 months, the Cincinnati MSA average unemployment rate was 4.10 percent compared to a high of 13.0 percent in April 2020. The regional average 2024 unemployment rate is equal to the national average unemployment rate of 4.10 percent but is lower than the long-term average of 5.32 percent.

In Northern Kentucky, the housing market continues to experience healthy growth with increasing home values, strong demand, and a rise in new home construction. However, the housing market continues to face challenges such as inadequate housing inventory, higher mortgage rates, economic uncertainty, and elevated construction costs.

### **Long-Term Financial Planning**

SD1 is in the sixth year of its Clean H2O40 Amended Consent Decree, an agreement with federal and state regulators as to how Northern Kentucky will comply with the federal Clean Water Act by reducing sewer overflows and water pollution in local creeks and streams.

SD1 successfully met its Phase 1 5-year milestone goals in July 2023. The plan called for eliminating 20 percent of baseline typical-year sanitary sewer overflows (SSOs) and capturing at least 67 percent of typical-year combined system flow. SD1 managed to eliminate over 60 percent of SSOs and capture nearly 71% of combined system flow, far exceeding its Phase I goals. Phase 2 of Clean H2O40 continues. Over the next five years, SD1 aims to eliminate an additional 40 million gallons of SSOs and 388 million gallons of typical-year combined sewer overflows (CSOs), with projects planned across the region.

Clean H2O40 extends to January 1, 2040, the deadline for SD1's overflow mitigation goal to eliminate all typical-year SSOs and recapture 85 percent of typical-year combined system flow. While the original investment estimate required to reach the goal was \$1.3 billion (in 2016 dollars), SD1's updated strategy of using smart-sewer technology to better manage the flow in its system during rain events has dramatically lowered that number.

SD1 is also in the sixth year of its current residential rate structure, which includes a base rate to help cover fixed costs and a variable rate for higher-volume users. The base rate, which includes the first 2 hundred cubic feet of wastewater treatment, has increased over the past six years as the variable rate has decreased. This has more closely aligned sanitary sewer rates with the actual cost of providing service and has also addressed the continuing trend of declining revenue due to decreasing water consumption. The residential SD1 bill also includes an environmental surcharge to help cover the cost of implementing the Clean H2O40 program. The average SD1 customer pays one penny per gallon of wastewater treatment.

### **Relevant Financial Policies**

In April 1998, SD1's Board of Directors established and approved a trust indenture to assure a strong financial position and to protect SD1's revenue bond rating during periods of fiscal stress. The trust indenture requires SD1 to maintain a rate covenant such that net revenues will cover annual bond debt service of at least 1.25 times; a debt service reserve fund requirement equivalent to maximum annual debt service that is fully cash funded; an Operation and Maintenance fund requirement equivalent to three months of

operating expenses; and a self-insurance fund requirement of maintaining a minimum of \$5 million for the payment of liability claims against SD1.

At the end of the fiscal year, SD1 had total debt outstanding of \$392,040,007. Outstanding bonds of SD1 are rated Aa2 stable by Moody's and AA by Standard & Poor's rating agencies. For the fiscal year ended June 30, 2024, net revenues covered debt service on both revenue bonds and Kentucky Infrastructure Authority (KIA) notes by 3.28 times. SD1 held \$218.4 million in unrestricted cash at fiscal year end, representing 1,728 days' cash on hand.

Cash temporarily idle during the year was invested in insured certificates of deposit, repurchase agreements and obligations of the U.S. Treasury. SD1's investment policy is to minimize credit and market risk, while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

### **Major Initiatives**

#### **SD1 Freezes Connection Fees, Again Reduces Stormwater Fee**

In response to increased efficiencies and lower anticipated revenue needs for storm water capital projects, SD1's fiscal year 2025 budget includes a 5% reduction in the region's stormwater fee—the third such reduction in four years. This adjustment will see monthly stormwater bills decrease from \$4.31 to \$4.10 per equivalent residential unit (ERU), and quarterly nonresidential bills drop from \$12.93 to \$12.30 per ERU.

“SD1 continues to balance environmental leadership with fiscal responsibility,” said SD1 Executive Director Adam Chaney. “We're reducing stormwater fees again while continuing to address regional infrastructure needs.”

In support of Northern Kentucky's income-aligned housing initiative, SD1 elected not to execute a planned capacity connection fee increase. With a freeze on sewer connection fees, SD1 further supports income-aligned housing across Northern Kentucky. Brent Cooper, CEO of the Northern Kentucky Chamber of Commerce, praised the decision, saying, “SD1's proactive approach to connection fees will support housing accessibility while fostering regional growth.”

SD1's sewer rate structure will remain aligned with service costs, raising the base rate from \$30 to \$34 per month in fiscal year 2025 and lowering the variable rate from \$4.18 to \$3.63 per hundred cubic feet. The Clean H2O40 environmental surcharge will remain unchanged at \$8.

### Continuous Improvement

During fiscal year 2024, SD1 achieved substantial cost savings through proactive and innovative staff efforts.

These savings exemplify SD1's ongoing commitment to continuous improvement through fiscal responsibility and efficient service delivery. By encouraging staff to seek out innovative, practical solutions, SD1 can direct its resources toward furthering service quality and supporting the community it serves and underscores the value of SD1's team and their commitment to cost-effective operations, a cornerstone of SD1's mission.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SD1 for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the eleventh consecutive year SD1 has received this prestigious award. In order to be awarded a Certificate of Achievement, SD1 published an easily readable and efficiently organized comprehensive annual financial report. The report satisfied 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 current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all SD1 departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of SD1's finances.

Respectfully Submitted,

*Adam Chaney*

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Adam Chaney  
Executive Director

*Ron Schmitt, Jr.*

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Ron Schmitt, Jr.  
Director of Finance

**SANITATION DISTRICT NO. 1**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**For the Years Ended June 30, 2024 and 2023**

**Board of Directors**  
(As of June 30, 2024)

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Jack Scott, President  
Campbell County

Katie Nolan, Vice-President  
Boone County

Beth Germann, Treasurer  
Kenton County

Jason Finch, Secretary  
Kenton County

Bob Boswell, Director  
Boone County

Robert Horine, Director  
Campbell County

Russ Horsley, Director  
Kenton County

Rick Wessels, Director  
Kenton County

**Management**

Adam Chaney  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sanitation District No. 1  
Kentucky**

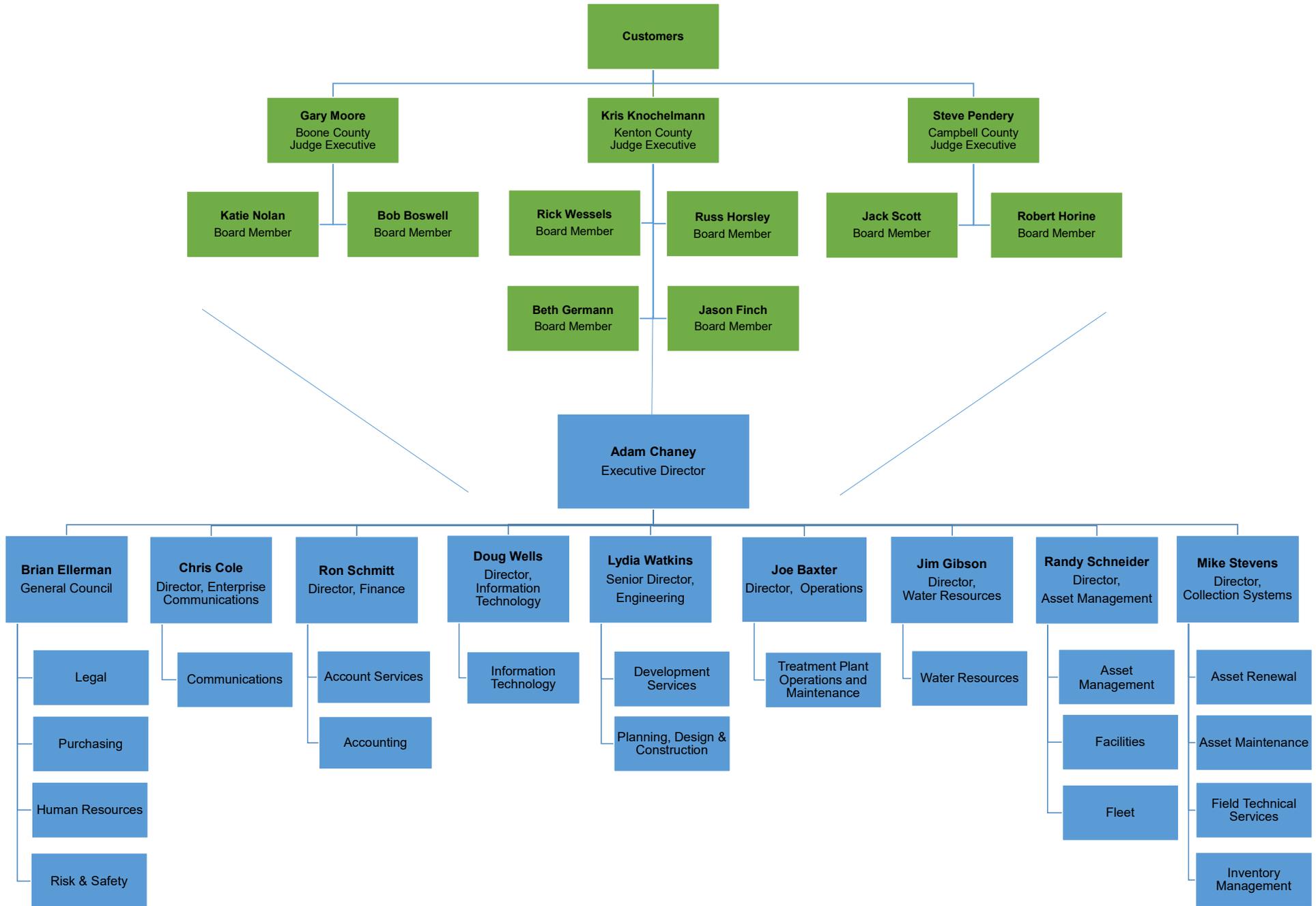
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

**SANITATION DISTRICT NO. 1**  
**ORGANIZATION CHART**  
as of June 30, 2024



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Sanitation District No. 1  
Fort Wright, Kentucky**

### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Sanitation District No. 1, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Sanitation District No. 1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sanitation District No. 1 as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. 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 Sanitation District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 20 to the financial statements, in the year ended June 30, 2024 Sanitation District No. 1 adopted new accounting guidance, *GASBS No. 96, Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

### **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 Sanitation District No. 1'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.

### **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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Sanitation District No. 1'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 Sanitation District No. 1'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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures 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 the 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sanitation District No. 1's basic financial statements. The accompanying Budgetary Comparison Schedule – Budget to Actual is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Budget to Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **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 opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our 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 December 17, 2024, on our consideration of the Sanitation District No. 1'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 Sanitation District No. 1'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 Sanitation District No. 1's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**

Erlanger, Kentucky  
December 17, 2024

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## **SANITATION DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

The following is a narrative overview and analysis of the financial activities of Sanitation District No. 1 for fiscal year ended June 30, 2024 and 2023. The information below should be considered in conjunction with additional information that was furnished in the letter of transmittal and the audited financial statements that follow this section.

### **2024 Financial Highlights**

- SD1's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$974.2 million (*net position*). Of this amount, \$199 million represents unrestricted net position.
- Net investment in capital assets increased \$18.9 million to \$689.6 million.
- Operating revenues increased \$7.8 million to \$133.4 million.
- Operation, maintenance, and administration expenses decreased \$228,820 to \$40.8 million.
- SD1's total outstanding debt decreased by \$24.4 million or 5.87%.

### **2023 Financial Highlights**

- SD1's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$910.7 million (*net position*). Of this amount, \$140.2 million represents unrestricted net position.
- Net investment in capital assets increased \$42.4 million to \$670.6 million.
- Operating revenues increased \$6.6 million to \$125.6 million.
- Operation, maintenance, and administration expenses increased \$653,000 to \$41.0 million.
- SD1's total outstanding debt decreased by \$24.1 million or 5.48%.

### **Overview of the Financial Statements**

The financial statements presented herein include all of the activities of SD1 as prescribed by Governmental Accounting Standards. SD1's basic financial statements include the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The statement of net position presents information on SD1's assets and deferred outflows of resources as well as SD1's liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SD1 is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how SD1's net position changed during the most recent fiscal year. SD1's intent is to be entirely or predominately self-supported from user fees. Revenues are reported when earned and expenses are reported when incurred.

**SANITATION DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
(Continued)**

The statement of cash flows provides information relating to SD1's cash receipts and disbursements during the fiscal year. This statement summarizes net changes in cash resulting from operating, investing, and financing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in SD1's basic financial statements. The notes to the financial statements can be found on pages 32-78 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information concerning budgetary comparisons. Other supplementary information can be found on pages 81-100 of this report.

**Basis of Accounting**

SD1's financial statements are prepared using the accrual basis of accounting.

**Overview of Annual Financial Report**

Table 1 provides a summary of SD1's net position for 2024 compared to 2023 and 2022.

<b>Table 1 Net Position</b>			
	<b>June 30, (restated)</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
Current Assets	\$ 247,564,457	\$ 200,730,742	\$ 159,737,755
Restricted Assets	86,335,031	99,858,338	125,837,781
Receivables - Noncurrent	379,621	457,741	494,365
Capital Assets	<u>1,083,999,327</u>	<u>1,082,210,005</u>	<u>1,062,802,365</u>
Total Assets	<u>1,418,278,436</u>	<u>1,383,256,826</u>	<u>1,348,872,266</u>
<b>Deferred Outflows of Resources</b>	<u>11,694,553</u>	<u>13,155,298</u>	<u>15,019,544</u>
<b>Liabilities</b>			
Current Liabilities	38,869,515	41,823,702	42,354,633
Noncurrent Liabilities	<u>400,969,347</u>	<u>437,943,785</u>	<u>459,767,507</u>
Total Liabilities	<u>439,838,862</u>	<u>479,767,487</u>	<u>502,122,140</u>
<b>Deferred Inflows of Resources</b>	<u>15,912,051</u>	<u>5,868,826</u>	<u>9,925,052</u>
<b>Net Position</b>			
Net Investment in Capital Assets	689,597,032	670,659,306	628,222,347
Restricted	86,335,034	99,858,338	125,837,781
Unrestricted	<u>199,011,845</u>	<u>140,258,167</u>	<u>97,784,490</u>
<b>Total Net Position</b>	<b>\$ <u>974,943,911</u></b>	<b>\$ <u>910,775,811</u></b>	<b>\$ <u>851,844,618</u></b>

**SANITATION DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**(Continued)**

Total assets increased \$35 million in 2024 and \$34.3 million in 2023. Current assets increased \$46.8 million in 2024 and \$40.9 million in 2023 primarily due to an increase in unrestricted cash. Noncurrent assets decreased \$11.8 million in 2024 and decreased \$6.6 million in 2023. The decreases in 2024 and 2023 were primarily due to the spending of bond proceeds on capital projects with no new bond proceeds since 2022.

Total liabilities decreased \$39.9 million in 2024 and decreased \$22.3 million in 2023. The majority of the decrease in 2024 was a result of normal debt service payments being made on prior year bonds. Additionally, the pension and OPEB liabilities decreased by \$15.5 million. The majority of the increase in 2023 was a result of normal debt service payments being made on prior year bonds but was offset by a \$2.1 million increase in the pension and OPEB liabilities.

Deferred outflow of resources decreased \$1.4 million in 2024 and \$1.5 million in 2023. Deferred inflow of resources increased \$10.0 million in 2024 and increased \$4 million in 2023. The majority of the change for both years was primarily a result of differences between pension and OPEB projected and actual earnings on plan investments which will fluctuate each year based on market performance.

Total net position increased \$64.1 million in 2024 and \$58.9 million in 2023. The largest portion of SD1's net position \$689.5 million or 70.73% in the current fiscal year reflects its investment in capital assets such as land, buildings, treatment facilities, and collection systems, less any related debt still outstanding used to acquire those assets. SD1 uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although SD1's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of SD1's net position is considered to be restricted. This amount represents resources that are subject to external restrictions on how they may be used. The 2024 restricted net position decreased 13.54% from 2023 and the 2023 restricted net position decreased 20.65% from 2022. These changes were primarily a result of issuing revenue bonds in 2022 for the purpose of financing capital related projects and spending down those proceeds in 2023 and 2024. The remaining balance represents unrestricted net position and may be used to meet SD1's ongoing obligations to customers and creditors. Unrestricted net position increased 41.89% at the end of 2024 and increased 43.44% at the end of 2023. The majority of the increase was in unrestricted cash reserves as bond proceeds are currently being used to fund capital improvement projects.

**SANITATION DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
(Continued)**

Table 2 shows the changes in net position, as well as revenue and expenses for 2023 compared to 2022 and 2021.

**Table 2  
Changes in Net Position**

	Years Ended June 30,		
	2024	2023 (restated)	2022
<b>Operating Revenues</b>			
Sewer service charges	\$ 113,082,243	\$ 106,289,349	\$ 99,677,308
Storm water charges	11,272,252	11,398,256	11,435,609
Permits and tap-in fees	5,320,903	4,996,098	5,236,913
Sludge hauling	609,823	427,678	686,607
Inspections	294,589	256,799	286,223
Penalties	2,585,178	1,880,575	1,264,687
Contractual services	207,227	190,054	162,126
Bad debt recoveries	10,402	23,810	31,796
Other revenues	46,210	169,822	159,880
<b>Total Operating Revenues</b>	<u>133,428,827</u>	<u>125,632,441</u>	<u>118,941,149</u>
<b>Operating Expenses</b>			
Operation, maintenance and administration	40,866,151	41,094,971	40,441,814
Major repairs and other	975,294	634,743	987,956
Depreciation	41,625,787	41,627,822	40,858,594
<b>Total Operating Expenses</b>	<u>83,467,232</u>	<u>83,357,536</u>	<u>82,288,364</u>
<b>Net Operating Income</b>	49,961,595	42,274,905	36,652,785
<b>Non-Operating Income (Expense)</b>			
Interest Income	13,010,283	8,136,428	1,394,925
Bad Debt - assessment loan receivable	-	-	-
Arbitrage rebate	-	-	15,322
Interest on long-term debt	(9,007,445)	(9,369,647)	(9,391,519)
Bond issuance cost	-	-	(1,323,639)
Federal credits on Build America Bonds	-	-	-
Families First Coronavirus Response Act Credits	-	-	(258,191)
Loss on disposal of capital assets	(1,507,156)	(241,892)	(262,369)
Net effect of change in pension expense	2,790,080	1,241,913	(186,622)
Net effect of change in OPEB expense	1,765,770	(695,705)	(119,263)
Net change, fair value of investments	1,297,732	(494,632)	(3,275,868)
<b>Total Non-Operating Income (Expense)</b>	<u>8,349,264</u>	<u>(1,423,535)</u>	<u>(13,407,224)</u>
<b>Change in Net Position</b>			
Before Capital Contributions	58,310,859	40,851,370	23,245,561
<b>Capital Contributions</b>	<u>5,857,238</u>	<u>18,087,877</u>	<u>11,380,478</u>
<b>Change in Net Position</b>	64,168,097	58,939,247	34,626,039
<b>Net Position - Beginning of Year</b>	910,775,811	851,844,618	817,218,579
<i>Prior Period Adjustment - Note 20</i>	-	(8,054)	-
<b>Net Position - End of Year</b>	<u>\$ 974,943,908</u>	<u>\$ 910,775,811</u>	<u>\$ 851,844,618</u>

**SANITATION DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**(Continued)**

In 2024, SD1's total operating revenues experienced an increase of \$7.80 million or 6.21%. Sanitary sewer revenues increased \$6.79 million, which was primarily a result of a 5% rate increase that became effective July 1, 2023. Permits and connection fees increased \$324,800 due to an increase in the number of capacity connection fees which fluctuates each year based on new construction activities and timing of when new permits are issued. Penalties increased \$704,600 due to more delinquent accounts because of reduced water district resources available for weekly and monthly water shutoffs the first part of the fiscal year. Sludge hauling increased \$182,100 as volumes returned closer to typical demand.

In 2023, SD1's total operating revenues experienced an increase of \$6.6 million or 5.63%. Sanitary sewer revenues increased \$6.6 million, which was primarily a result of a 5% rate increase that became effective July 1, 2022. Permits and connection fees decreased \$240,000 due to a decrease in the number of capacity connection fees which fluctuates each year based on new construction activities and timing of when new permits are issued. Penalties increased \$615,000 due to more delinquent accounts because of reduced water district resources available for weekly and monthly water shutoffs the first part of the fiscal year. Sludge hauling decreased \$258,000 due to lower rainfall in the Northern Kentucky region and sludge haulers utilizing neighboring facilities which contributed to the reduction in the volume of sludge and leachate being disposed.

In 2024, operations, maintenance and administration expenses decreased \$228,800 or (.56)%. The following contributed to the change in expenses:

- Salaries, wages, payroll taxes, and benefits increased \$756,000 primarily due to merit and holiday increases and the filling of several open positions. The increase was offset by a \$430,000 credit in wages reallocated to capital projects due to improved utilization rates of internal engineering staff for the planning, designing and project management of an increasing number of construction projects. The increase was also offset by a \$349,000 decrease in Pension Plan expenses due to decreased employer contribution percentage from 26.79% in FY23 vs. 23.34% in FY24.
- Insurance decreased \$98,000 primarily due to a savings in deductibles and out of pocket expenses in the fiscal year.
- Professional and Contractual Services increased by \$291,000 primarily due to the Collection Systems Department increasing CSAP work to catch up on a backlog of work from the previous years. This and the shift of focus will allow SD1 to have the most up-to-date data for the Asset Renewal Model.
- Chemicals decreased \$163,000 due to some process improvements and decreased usage due to mild weather and careful monitoring of usage control. This decrease led to an overall decrease of \$207,000 in the Utilities, Fuel Oil & Chemicals category.
- Vehicle Operation Expenses decreased by \$193,000 due to decreased fuel price per gallon, fewer miles driven by the fleet as a whole, and lower fleet repairs aided by right sizing the fleet and new assets being added over the past few years.
- Private Lateral and Basement Back-Up Assistance Programs together increased by \$103,000 due to increased demand for both programs.

In 2023, operations, maintenance and administration expenses increased \$653,000 or 1.62%. The following contributed to the change in expenses:

- Salaries, wages, and benefits increased \$525,000 primarily due to merit and holiday increases and the filling of several open positions. The increase was offset by a \$704,000 credit in wages reallocated to capital projects due to improved utilization rates of internal engineering staff for the planning, designing and project management of an increasing number of construction projects.

**SANITATION DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**(Continued)**

- Insurance increased \$187,000 primarily due to an increase in general liability and property coverage values, an increase in workers' compensation insurance due to higher salary and wages, and an increase in deductible expenses due to two unexpected claims meeting the full maximum deductible per policy limits.
- Travel, Training & Certification increased \$52,000 primarily due to an increase in the tuition assistance program and certification renewals that occurs once every 5 years for crane operators to be in compliant with the Occupational Safety and Health Administration (OSHA).
- Chemicals increased \$739,000 due to a significant unit price increase of sodium hypochlorite that is primarily used at the Dry Creek Treatment Plant for odor and corrosion control as well as effluent disinfection which is a Kentucky Pollutant Discharge Elimination System (KPDES) permit requirement.
- Sludge and Grit removal decreased \$119,000 which was a result of each treatment facility continuing to optimize internal control processes specifically in their secondary treatment which ultimately led to an overall reduction in hauling. This was accomplished by utilizing storage tanks more effectively at the Western and Eastern treatment plants and Dry Creek treatment plant maximizing each outbound load which resulted in fewer overall loads being hauled.

Major repairs and other expenses increased \$340,000 in 2024 and decreased \$353,000 in 2023 due to more preliminary studies, evaluations, and conceptual design work on proposed capital projects occurring in 2024 than the previous fiscal year.

Non-operating activities increased \$9.78 million in 2024 which was the net result of a \$4.9 million increase in interest income due to an increasing federal funds rate and higher cash balances; \$1.8 million net appreciation in fair value of investments; \$4.2 million increase in SD1's share of the net effect of change in pension and OPEB liabilities.

Non-operating activities decreased \$11.9 million in 2023, which was the net result of a \$6.7 million increase in interest income due to an increasing federal funds rate and higher cash balances; \$2.7 million net appreciation in fair value of investments; \$852,000 decrease in SD1's share of the net effect of change in pension and OPEB liabilities; and a \$1.3 million decrease in bond issuance cost due to the issuance of revenue and refunding bonds occurring in 2022.

Capital contributions decreased \$12.2 million in 2024 and increased \$6.7 million in 2023. Capital contributions consist primarily of developer dedicated sanitary and storm water infrastructure and can vary from year to year depending on the amount of infrastructure completed in any given year.

### **Capital Assets**

SD1's investment in capital assets as of June 30, 2024, was \$1.084 billion (net of accumulated depreciation). This represents a 0.22% increase from 2023. Capital assets increased \$39.2 million and accumulated depreciation increased \$36.8 million. Major sanitary capital assets added during the year included \$9.5 million for new and improved sewer lines and infrastructure; \$4.3million in pumping system improvements, telemetry upgrades, and equipment replacements; and \$2.7million for river water intrusion improvements including the rehab of ERWTF clarifier tanks. Major storm water capital assets added during the year included \$5 million in new storm water pipes and infrastructure. At June 30, 2024, SD1 also had \$17 million of Construction In Process for both Sanitary projects and Stormwater projects.

SD1's investment in capital assets as of June 30, 2023, was \$1.081 billion (net of accumulated depreciation). This represents a 1.77% increase from 2022. Capital assets increased \$35.9 million and accumulated depreciation increased \$17.1 million. Major sanitary capital assets added during the year included \$17.1 million for new and improved sewer lines and infrastructure; \$22.1 million for the construction of four new equalization storage tanks; \$1.5 million in pumping system improvements, telemetry upgrades, and equipment replacements; and \$6.9 million for river water intrusion improvements including the installation of flap gates and check valves on 19 CSO outfalls along the Ohio and Licking rivers. Major storm water capital assets added during the year included \$10.6 million in new storm water pipes and infrastructure. Software Model Development decreased \$21.5 million due to the removal of computer models that were fully depreciated and are no longer being used.

**SANITATION DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
(Continued)**

**Table 3  
Capital Assets, Net of Depreciation**

	June 30,		
	2024	2023	2022
<b>Not Being Depreciated</b>			
Land	\$ 20,415,305	\$ 20,214,768	\$ 19,542,461
Construction in Progress	67,927,765	50,690,266	53,715,784
<b>Other Capital Assets</b>			
Land Improvements	6,505,272	6,505,272	4,961,377
Collection System	819,717,890	808,605,070	769,033,165
Pumping System	110,429,261	106,638,449	105,532,123
Treatment and Disposal	279,869,117	278,454,472	271,578,555
General Buildings and Structures	30,074,955	30,070,194	30,092,148
Office Furniture and Equipment	9,886,132	9,516,643	9,334,036
Vehicle and Accessories	8,336,760	8,626,757	8,512,914
Machinery and Equipment	6,347,161	6,167,115	6,110,582
Software Model Development	-	-	21,554,029
Storm Water Collection System	424,494,064	419,296,877	408,831,048
Subtotal	1,784,003,682	1,744,785,883	1,708,798,222
Less Accumulated Depreciation	700,004,356	663,146,877	645,995,857
<b>Totals</b>	<b>\$ 1,083,999,326</b>	<b>\$ 1,081,639,006</b>	<b>\$ 1,062,802,365</b>

Additional information on SD1's capital assets can be found in the Capital Assets note to the financial statements on pages 42-45 of this report.

**Debt Administration**

SD1 ended fiscal year 2024 with \$392 million in outstanding bonds and notes compared to \$416.4 million in 2023 and \$440.6 million in 2022. This represents a decrease of 5.87% in 2024 and a 5.48% decrease in 2022 as shown in Table 4. In 2022, SD1 issued revenue bonds in the amount of \$70 million to finance various capital improvement projects and saved ratepayers by borrowing early at extremely low rates. In addition, SD1 issued refunding bonds in 2022 in the amount of \$11.5 million to refinance an outstanding Kentucky Infrastructure Authority note payable to take advantage of favorable interest rates.

**SANITATION DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
(Continued)**

Table 4 summarizes SD1’s outstanding debt at June 30, 2024, 2023, and 2022.

	<b>Table 4 Debt Summary</b>		
	<b>June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Bond Indebtedness	\$ 319,341,127	\$ 336,789,121	\$ 354,012,995
Notes Payable	72,698,881	79,709,202	86,615,686
	<b>\$ 392,040,008</b>	<b>\$ 416,498,323</b>	<b>\$ 440,628,681</b>

Additional information on SD1’s long-term debt can be found in the Long-Term Debt note to the financial statements on pages 46-51 of this report.

**Economic Factors and Next Year’s Budget**

In May 2024, SD1’s Board of Directors and the Judges Executive of Boone, Campbell and Kenton Counties approved the fiscal year 2025 Operating & Maintenance (O&M) and Capital Budgets. The 2025 O&M Budget was approved for \$46 million, which reflects a .17% decrease compared to the 2024 Budget.

The revenue budget continues its residential sanitary sewer rate structure along with a similar structure for non-residential sewer rates. Both rate structures aimed at aligning sewer rates more closely with the actual fixed costs of providing service. In accordance with the plan, SD1 charges a residential base rate for the first 2 hundred cubic feet (HCF) of water treated and a variable rate for each additional HCF of water treated. Similarly, SD1 charges a non-residential base rate for the first 2 hundred cubic feet (HCF) of water for monthly billed customers or for the first 6 hundred cubic feet (HCF) of water for quarterly billed customers. The projected impact of a 5.0% increase in rates is \$4.58 million over 2024 actual sewer service revenue. Capacity fee connection revenue is budgeted at \$4.575 million which is a \$329,000 decrease over 2024 actual revenue and was determined based on anticipated growth with sensitivity to developer plans and economic factors. The budget anticipates a \$612,000 decrease in storm water revenue primarily due to a 5% reduction in the stormwater management fee as a result of enhanced efficiencies and improved technologies while still addressing critical stormwater infrastructure needs across the region to combat flooding, erosion, and improvements to water quality.

In preparing the 2025 operating budget, the continued focus was on controlling expenditures in light of the current economic climate, rising inflation on materials and services, escalating costs associated with regulatory requirements, aging infrastructure, and changing community needs. The budget was developed with an emphasis on continued innovations and efficiencies, collaboration and communication between departments and outside stakeholders, and the retention, attraction, and development of SD1 personnel.

SD1’s 2025 wastewater and storm water capital improvement plan “CIP” includes projects to address operational needs, community needs and future growth. The projects are all at different stages of advancement and the anticipated work may range from planning and design to construction. The CIP also provides for implementation of recurring annual improvement programs such as asset renewal and unplanned emergency repairs. New capital asset purchases are also included for vehicle replacements, software and hardware purchases, and equipment replacements at SD1’s main facility, treatment plants and pump stations. The total investment over the next five years for projects, programs, and purchases is \$563.5 million, of which \$508.3 million is estimated for sanitary projects, \$53.0 million for storm water projects, and \$2.2 million for capital asset purchases.

**SANITATION DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
(Continued)**

The 2025 capital budget approved spending plan calls for \$82 million, of which \$28.5 million is for sanitary and storm water asset management projects, \$32.7 million for Clean H2O40 projects, \$13.3 million for economic growth and community needs, \$5.6 million for storm water capital improvement projects, \$1.7 million for storm water cost share programs, \$50,000 for storm water planning development, and \$2.1 million for new capital asset purchases.

Funds needed for funding capital projects and programs will be provided from cash reserves, net revenues, remaining bond proceeds and future bond issues.

**Contacting SD1's Financial Management**

This report is designed to provide our customers and creditors with a general overview of SD1's finances and to show SD1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sanitation District Administrative Office at 1045 Eaton Drive, Fort Wright, Kentucky, 41017 or email [info@sd1.org](mailto:info@sd1.org).

**SANITATION DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 171,601,106	\$ 32,746,760	\$ 204,347,866
Investments	14,059,267	-	14,059,267
Accounts receivable			
Customers, net of allowance	9,279,787	1,598,855	10,878,642
Communities	11,362	-	11,362
Other	3,907,651	-	3,907,651
Accrued unbilled charges	11,549,800	1,397,800	12,947,600
Prepays and deposits	1,302,885	720	1,303,605
Accrued interest income	92,194	16,270	108,464
Total Current Assets	<u>211,804,052</u>	<u>35,760,405</u>	<u>247,564,457</u>
Noncurrent Assets			
Restricted Assets			
Cash and cash equivalents	1,099,988	1,205,498	2,305,486
Investments	81,816,416	1,728,417	83,544,833
Accrued interest	484,712	-	484,712
Total Restricted Assets	<u>83,401,116</u>	<u>2,933,915</u>	<u>86,335,031</u>
Receivables			
Assessments	379,621	-	379,621
Capital Assets			
Land	18,282,013	2,133,292	20,415,305
System, building, and equipment	1,270,844,340	424,816,273	1,695,660,613
Construction in progress	63,692,615	4,235,149	67,927,764
Less: accumulated depreciation	(513,703,090)	(186,301,265)	(700,004,355)
Total Capital Assets, Net	<u>839,115,878</u>	<u>244,883,449</u>	<u>1,083,999,327</u>
Assets Available for Use			
IT subscription assets	1,064,176	-	1,064,176
Less: accumulated amortization	(342,344)	-	(342,344)
Total Assets Available for Use, Net	<u>721,832</u>	<u>-</u>	<u>721,832</u>
Total Noncurrent Assets	<u>923,618,447</u>	<u>247,817,364</u>	<u>1,171,435,811</u>
Total Assets	<u>1,135,422,499</u>	<u>283,577,769</u>	<u>1,419,000,268</u>
<b>Deferred Outflow of Resources</b>			
Deferred loss on refundings	5,010,201	-	5,010,201
Deferred outflows related to pensions	3,839,294	1,082,210	4,921,504
Deferred outflows related to OPEB	1,375,208	387,640	1,762,848
Total Deferred Outflow of Resources	<u>10,224,703</u>	<u>1,469,850</u>	<u>11,694,553</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 1,145,647,202</u>	<u>\$ 285,047,619</u>	<u>\$ 1,430,694,821</u>

The accompanying notes are an integral part of the financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF NET POSITION (Continued)</b> <b>June 30, 2024</b>
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	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Liabilities and Deferred Inflow of Resources</b>			
<b>Liabilities</b>			
Current Liabilities			
Bond indebtedness	\$ 14,455,000	\$ -	\$ 14,455,000
Notes payable	7,115,893	-	7,115,893
IT subscription obligation	167,958	-	167,958
Accounts payable	9,225,292	1,089,415	10,314,707
Accrued payroll and benefits	433,462	102,294	535,756
Accrued interest payable	4,599,566	-	4,599,566
Accrued taxes and pension	18,072	-	18,072
Compensated absences	895,754	240,825	1,136,579
Sales tax payable	1,504	-	1,504
Other liabilities	524,480	-	524,480
Total Current Liabilities	<u>37,436,981</u>	<u>1,432,534</u>	<u>38,869,515</u>
Long-Term Liabilities (Net of Current Portion)			
Bonded indebtedness	304,886,126	-	304,886,126
Notes payable	65,582,988	-	65,582,988
IT subscription obligation	562,612	-	562,612
Compensated absences	130,938	107,618	238,556
Net pension liability	23,677,880	6,674,258	30,352,138
Net OPEB liability	(509,465)	(143,608)	(653,073)
Total Long-Term Liabilities	<u>394,331,079</u>	<u>6,638,268</u>	<u>400,969,347</u>
Total Liabilities	<u>431,768,060</u>	<u>8,070,802</u>	<u>439,838,862</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to pensions	3,731,982	1,051,962	4,783,944
Deferred inflow related to OPEB	8,681,101	2,447,006	11,128,107
Total Deferred Inflows of Resources	<u>12,413,083</u>	<u>3,498,968</u>	<u>15,912,051</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>444,181,143</u>	<u>11,569,770</u>	<u>455,750,913</u>
<b>Net Position</b>			
Net investment in capital assets	444,713,583	244,883,449	689,597,032
Restricted for:			
Debt service funds	45,322,658	-	45,322,658
Operations, infrastructure, and insurance	36,978,471	1,728,416	38,706,887
Capital improvement project and programs	-	-	-
Other purposes	1,099,988	1,205,498	2,305,486
Unrestricted	173,351,359	25,660,486	199,011,845
Total Net Position	<u>701,466,059</u>	<u>273,477,849</u>	<u>974,943,908</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,145,647,202</u>	<u>\$ 285,047,619</u>	<u>\$ 1,430,694,821</u>

The accompanying notes are an integral part of the financial statements.

**SANITATION DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	(Restated) Sanitation	Stormwater	(Restated) Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 128,395,887	\$ 28,810,624	\$ 157,206,511
Investments	13,571,323	-	13,571,323
Accounts receivable			
Customers, net of allowance	8,312,416	1,605,315	9,917,731
Communities	21,303	-	21,303
KIA grant	3,786,970	-	3,786,970
Other	2,743,728	-	2,743,728
Accrued unbilled charges	10,932,865	1,398,634	12,331,499
Prepays and deposits	1,113,322	945	1,114,267
Accrued interest income	31,425	5,985	37,410
Total Current Assets	<u>168,909,239</u>	<u>31,821,503</u>	<u>200,730,742</u>
Noncurrent Assets			
Restricted Assets			
Cash and cash equivalents	1,042,783	1,492,183	2,534,966
Bond proceeds	16,598,745	-	16,598,745
Investments	78,694,533	1,741,408	80,435,941
Accrued interest	288,686	-	288,686
Total Restricted Assets	<u>96,624,747</u>	<u>3,233,591</u>	<u>99,858,338</u>
Receivables			
Assessments	457,741	-	457,741
Capital Assets			
Land	18,158,887	2,055,881	20,214,768
System, building, and equipment	1,254,266,790	419,614,059	1,673,880,849
Construction in progress	49,870,454	819,812	50,690,266
Less: accumulated depreciation	<u>(490,415,198)</u>	<u>(172,731,679)</u>	<u>(663,146,877)</u>
Total Capital Assets, Net	<u>831,880,933</u>	<u>249,758,073</u>	<u>1,081,639,006</u>
Assets Available for Use			
IT subscription assets	759,111	-	759,111
Less: accumulated amortization	<u>(188,112)</u>	<u>-</u>	<u>(188,112)</u>
Total Assets Available for Use, Net	<u>570,999</u>	<u>-</u>	<u>570,999</u>
Total Noncurrent Assets	<u>929,534,420</u>	<u>252,991,664</u>	<u>1,182,526,084</u>
Total Assets	<u>1,098,443,659</u>	<u>284,813,167</u>	<u>1,383,256,826</u>
<b>Deferred Outflow of Resources</b>			
Deferred loss on refundings	5,526,677	-	5,526,677
Deferred outflows related to pensions	3,299,735	909,647	4,209,382
Deferred outflows related to OPEB	2,680,341	738,898	3,419,239
Total Deferred Outflow of Resources	<u>11,506,753</u>	<u>1,648,545</u>	<u>13,155,298</u>
<b>Total Assets and Deferred</b>			
<b>Outflow of Resources</b>	<u>\$ 1,109,950,412</u>	<u>\$ 286,461,712</u>	<u>\$ 1,396,412,124</u>

The accompanying notes are an integral part of the financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF NET POSITION (Continued)</b> <b>June 30, 2023</b>
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	<i>(Restated)</i> Sanitation	Stormwater	<i>(Restated)</i> Total
<b>Liabilities and Deferred Inflow of Resources</b>			
<b>Liabilities</b>			
Current Liabilities			
Bond indebtedness	\$ 17,447,994	\$ -	\$ 17,447,994
Notes payable	7,010,321	-	7,010,321
IT subscription obligation	79,544	-	79,544
Accounts payable	10,195,476	201,080	10,396,556
Accrued payroll and benefits	380,893	89,999	470,892
Accrued interest payable	4,895,954	-	4,895,954
Accrued taxes and pension	7,449	-	7,449
Compensated absences	904,476	243,865	1,148,341
Sales tax payable	1,125	-	1,125
Other liabilities	365,526	-	365,526
<b>Total Current Liabilities</b>	<u>41,288,758</u>	<u>534,944</u>	<u>41,823,702</u>
Long-Term Liabilities (Net of Current Portion)			
Bonded indebtedness	319,341,126	-	319,341,126
Notes payable	72,698,881	-	72,698,881
IT subscription obligation	499,509	-	499,509
Compensated absences	77,524	84,334	161,858
Net pension liability	27,859,579	7,680,131	35,539,710
Net OPEB liability	7,605,947	2,096,754	9,702,701
<b>Total Long-Term Liabilities</b>	<u>428,082,566</u>	<u>9,861,219</u>	<u>437,943,785</u>
<b>Total Liabilities</b>	<u>469,371,324</u>	<u>10,396,163</u>	<u>479,767,487</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to pensions	1,312,507	361,823	1,674,330
Deferred inflow related to OPEB	3,288,065	906,431	4,194,496
<b>Total Deferred Inflows of Resources</b>	<u>4,600,572</u>	<u>1,268,254</u>	<u>5,868,826</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>473,971,896</u>	<u>11,664,417</u>	<u>485,636,313</u>
<b>Net Position</b>			
Net investment in capital assets	420,901,233	249,758,073	670,659,306
Restricted for:			
Debt service funds	43,916,657	-	43,916,657
Operations, infrastructure, and insurance	35,066,562	1,741,408	36,807,970
Capital improvement project and programs	16,598,745	-	16,598,745
Other purposes	1,042,783	1,492,183.00	2,534,966
Unrestricted	118,452,536	21,805,631	140,258,167
<b>Total Net Position</b>	<u>635,978,516</u>	<u>274,797,295</u>	<u>910,775,811</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,109,950,412</u>	<u>\$ 286,461,712</u>	<u>\$ 1,396,412,124</u>

The accompanying notes are an integral part of the financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b> <b>For the Year Ended June 30, 2024</b>
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	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>
<b>Operating Revenues</b>			
Sewer service charges	\$ 113,082,243	\$ -	\$ 113,082,243
Storm water charges	-	11,272,252	11,272,252
Permits and tap-in fees	5,230,710	90,193	5,320,903
Sludge hauling	609,823	-	609,823
Inspections	101,264	193,325	294,589
Penalties and fines	2,388,059	197,119	2,585,178
Contractual services	207,227	-	207,227
Bad debt recoveries	10,402	-	10,402
Other revenues	46,210	-	46,210
<b>Total Operating Revenues</b>	<u>121,675,938</u>	<u>11,752,889</u>	<u>133,428,827</u>
<b>Operating Expenses</b>			
Operation, maintenance and administration	35,111,710	5,754,441	40,866,151
Major repairs and other	831,392	143,902	975,294
Depreciation	27,692,604	13,933,183	41,625,787
<b>Total Operating Expenses</b>	<u>63,635,706</u>	<u>19,831,526</u>	<u>83,467,232</u>
<b>Operating Income (Expense)</b>	<u>58,040,232</u>	<u>(8,078,637)</u>	<u>49,961,595</u>
<b>Non-Operating Income</b>			
Interest income	11,186,007	1,824,276	13,010,283
Interest on long-term debt	(9,007,445)	-	(9,007,445)
Gain/(Loss) on disposal of capital assets	(1,507,156)	-	(1,507,156)
Net effect of change in pension expense	2,301,782	488,298	2,790,080
Net effect of change in OPEB expense	1,417,242	348,528	1,765,770
Net change, fair value of investments	1,269,711	28,021	1,297,732
<b>Total Non-Operating Income (Expense)</b>	<u>5,660,141</u>	<u>2,689,123</u>	<u>8,349,264</u>
<b>Change in Net Position Before Capital Contributions</b>	<u>63,700,373</u>	<u>(5,389,514)</u>	<u>58,310,859</u>
Capital Contributions	1,787,170	4,070,068	5,857,238
Transfers In (Out)	-	-	-
<b>Change in Net Position</b>	<u>65,487,543</u>	<u>(1,319,446)</u>	<u>64,168,097</u>
<b>Net Position, Beginning of Year</b>	<u>635,978,516</u>	<u>274,797,295</u>	<u>910,775,811</u>
<b>Net Position, End of Year</b>	<u>\$ 701,466,059</u>	<u>\$ 273,477,849</u>	<u>\$ 974,943,908</u>

The accompanying notes are an integral part of the financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b> <b>For the Year Ended June 30, 2023</b>
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	(Restated)		(Restated)
	Sanitation	Stormwater	Total
<b>Operating Revenues</b>			
Sewer service charges	\$ 106,289,349	\$ -	\$ 106,289,349
Storm water charges	-	11,398,256	11,398,256
Permits and tap-in fees	4,897,284	98,814	4,996,098
Sludge hauling	427,678	-	427,678
Inspections	105,343	151,456	256,799
Penalties and fines	1,652,291	228,284	1,880,575
Contractual services	190,054	-	190,054
Bad debt recoveries	23,810	-	23,810
Other revenues	165,220	4,602	169,822
<b>Total Operating Revenues</b>	<u>113,751,029</u>	<u>11,881,412</u>	<u>125,632,441</u>
<b>Operating Expenses</b>			
Operation, maintenance and administration	35,461,420	5,633,551	41,094,971
Major repairs and other	533,270	101,473	634,743
Depreciation	27,440,229	14,187,593	41,627,822
<b>Total Operating Expenses</b>	<u>63,434,919</u>	<u>19,922,617</u>	<u>83,357,536</u>
<b>Operating Income (Expense)</b>	<u>50,316,110</u>	<u>(8,041,205)</u>	<u>42,274,905</u>
<b>Non-Operating Income</b>			
Interest income	7,037,715	1,098,713	8,136,428
Interest on long-term debt	(9,369,647)	-	(9,369,647)
Gain/(Loss) on disposal of capital assets	(199,173)	(42,719)	(241,892)
Net effect of change in pension expense	1,035,114	206,799	1,241,913
Net effect of change in OPEB expense	(527,773)	(167,932)	(695,705)
Net change, fair value of investments	(505,330)	10,698	(494,632)
<b>Total Non-Operating Income (Expense)</b>	<u>(2,529,094)</u>	<u>1,105,559</u>	<u>(1,423,535)</u>
<b>Change in Net Position Before Capital Contributions</b>	47,787,016	(6,935,646)	40,851,370
Capital Contributions	10,530,245	7,557,632	18,087,877
Transfers In (Out)	(293,882)	293,882	-
<b>Change in Net Position</b>	58,023,379	915,868	58,939,247
<b>Net Position, Beginning of Year</b>	577,963,191	273,881,427	851,844,618
<i>Prior period adjustment - Note 20</i>	(8,054)	-	(8,054)
<b>Net Position, End of Year</b>	<u>\$ 635,978,516</u>	<u>\$ 274,797,295</u>	<u>\$ 910,775,811</u>

The accompanying notes are an integral part of the financial statements.

**SANITATION DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2024**

	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Received from customers	\$ 122,724,620	\$ 11,760,183	\$ 134,484,803
Paid to suppliers for goods and services	(20,409,849)	(411,307)	(20,821,156)
Paid to or on behalf of employees for services	(16,425,783)	(4,565,937)	(20,991,720)
<b>Change in Net Cash from Operating Activities</b>	<b>85,888,988</b>	<b>6,782,939</b>	<b>92,671,927</b>
<b>Cash Flows from Investing Activities</b>			
Investment income	10,899,719	1,813,991	12,713,710
Proceeds from sale of investments	35,591,467	95,026	35,686,493
Purchase of investments	(37,931,583)	(54,014)	(37,985,597)
<b>Change in Net Cash from Investing Activities</b>	<b>8,559,603</b>	<b>1,855,003</b>	<b>10,414,606</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Cash received from sale of asset	199,970	-	199,970
Payments made on long term debt	(20,760,321)	-	(20,760,321)
Interest paid	(12,485,351)	-	(12,485,351)
Acquisition and construction of capital assets	(34,846,823)	(4,988,491)	(39,835,314)
Principal received on assessments	78,120	-	78,120
Assessment interest income	29,493	-	29,493
<b>Change in Net Cash from Capital and Related Financing Activities</b>	<b>(67,784,912)</b>	<b>(4,988,491)</b>	<b>(72,773,403)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>26,663,679</b>	<b>3,649,451</b>	<b>30,313,130</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>146,037,415</b>	<b>30,302,807</b>	<b>176,340,222</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 172,701,094</b>	<b>\$ 33,952,258</b>	<b>\$ 206,653,352</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ 58,040,232	\$ (8,078,637)	\$ 49,961,595
<b>Adjustments to reconcile net income to net cash from operating activities:</b>			
Depreciation	27,692,604	13,933,183	41,625,787
Change in operating assets and liabilities			
Decrease (Increase) in receivables	(967,371)	6,460	(960,911)
Decrease (Increase) in accrued unbilled charges	(616,935)	834	(616,101)
Decrease (Increase) in communities receivable	9,941	-	9,941
Decrease (Increase) in other receivables	2,623,047	-	2,623,047
Decrease (Increase) in prepaid assets	(189,563)	225	(189,338)
Increase (Decrease) in accounts payable	(970,184)	888,335	(81,849)
Increase (Decrease) in accrued payroll and benefits	52,569	12,295	64,864
Increase (Decrease) in accrued taxes and pension	10,623	-	10,623
Increase (Decrease) in sales taxes	379	-	379
Increase (Decrease) in compensated absences payable	44,692	20,244	64,936
Increase (Decrease) in other liabilities	158,954	-	158,954
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 85,888,988</b>	<b>\$ 6,782,939</b>	<b>\$ 92,671,927</b>

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF CASH FLOWS (Continued)</b> <b>For the Year Ended June 30, 2024</b>
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**Supplemental Schedule of Noncash Capital and Related Financing**

Change in fair value of investments	\$ 1,269,711	\$ 28,021	\$ 1,297,732
Investment fees	\$ (56,156)	\$ (1,665)	\$ (57,821)
Contributions of capital assets	\$ 1,787,170	\$ 4,070,068	\$ 5,857,238
Net effect of change in pension expense	\$ 2,301,782	\$ 488,298	\$ 2,790,080
Net effect of change in OPEB expense	\$ 1,417,242	\$ 348,528	\$ 1,765,770
Amortization expense	\$ (3,181,518)	\$ -	\$ (3,181,518)

**Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

Cash and Cash Equivalents - Current	\$ 171,601,106	\$ 32,746,760	\$ 204,347,866
Cash and Cash Equivalents - Restricted	1,099,988	1,205,498	2,305,486
Cash and Cash Equivalents, June 30, 2024	\$ 172,701,094	\$ 33,952,258	\$ 206,653,352

The accompanying notes are an integral part of the financial statements.

**SANITATION DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**

	<b>Sanitation</b>	<b>Stormwater</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Received from customers	\$ 108,172,173	\$ 12,146,540	\$ 120,318,713
Paid to suppliers for goods and services	(19,177,076)	(2,035,492)	(21,212,568)
Paid to or on behalf of employees for services	(16,679,987)	(4,465,598)	(21,145,585)
<b>Change in Net Cash from Operating Activities</b>	<u>72,315,110</u>	<u>5,645,450</u>	<u>77,960,560</u>
<b>Cash Flows from Investing Activities</b>			
Investment income	6,839,843	1,095,901	7,935,744
Proceeds from sale of investments	34,255,892	164,272	34,420,164
Purchase of investments	(37,102,711)	(193,950)	(37,296,661)
<b>Change in Net Cash from Investing Activities</b>	<u>3,993,024</u>	<u>1,066,223</u>	<u>5,059,247</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Cash received from sale of asset	259,000	-	259,000
Payments made on long term debt	(19,986,485)	-	(19,986,485)
Interest paid	(13,273,803)	-	(13,273,803)
Acquisition and construction of capital assets	(40,417,039)	(2,460,440)	(42,877,479)
Principal received on assessments	36,624	-	36,624
Assessment interest income	29,560	-	29,560
<b>Change in Net Cash from Capital and Related Financing Activities</b>	<u>(73,352,143)</u>	<u>(2,460,440)</u>	<u>(75,812,583)</u>
<b>Increase in Cash and Cash Equivalents</b>	2,955,991	4,251,233	7,207,224
<b>Cash and Cash Equivalents - Beginning of Year</b>	143,081,424	26,051,574	169,132,998
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 146,037,415</u>	<u>\$ 30,302,807</u>	<u>\$ 176,340,222</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ 50,316,110	\$ (8,041,205)	\$ 42,274,905
<b>Adjustments to reconcile net income to net cash from operating activities:</b>			
Depreciation	27,440,229	14,187,593	41,627,822
Change in operating assets and liabilities			
Decrease (Increase) in receivables	(754,939)	201,462	(553,477)
Decrease (Increase) in accrued unbilled charges	(788,365)	63,666	(724,699)
Decrease (Increase) in communities receivable	(2,466)	-	(2,466)
Decrease (Increase) in other receivables	(4,033,086)	-	(4,033,086)
Decrease (Increase) in prepaid assets	59,938	460	60,398
Increase (Decrease) in accounts payable	(151,501)	(766,275)	(917,776)
Increase (Decrease) in accrued payroll and benefits	(60,093)	(19,880)	(79,973)
Increase (Decrease) in accrued taxes and pension	4,180	-	4,180
Increase (Decrease) in sales taxes	1,021	-	1,021
Increase (Decrease) in compensated absences payable	64,985	19,629	84,614
Increase (Decrease) in other liabilities	219,097	-	219,097
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 72,315,110</u>	<u>\$ 5,645,450</u>	<u>\$ 77,960,560</u>

<b>SANITATION DISTRICT NO. 1</b> <b>STATEMENT OF CASH FLOWS (Continued)</b> <b>For the Year Ended June 30, 2023</b>
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**Supplemental Schedule of Noncash Capital and Related Financing**

Change in fair value of investments	\$ (505,330)	\$ 10,698	\$ (494,632)
Investment fees	<u>\$ (55,004)</u>	<u>\$ (1,700)</u>	<u>\$ (56,704)</u>
Contributions of capital assets	<u>\$ 10,530,245</u>	<u>\$ 7,557,632</u>	<u>\$ 18,087,877</u>
Net effect of change in pension expense	<u>\$ 1,035,114</u>	<u>\$ 206,799</u>	<u>\$ 1,241,913</u>
Net effect of change in OPEB expense	<u>\$ (527,773)</u>	<u>\$ (167,932)</u>	<u>\$ (695,705)</u>
Amortization expense	<u>\$ (3,621,888)</u>	<u>\$ -</u>	<u>\$ (3,621,888)</u>

**Reconciliation of Cash and Cash Equivalents to the Statement of Net Position**

Cash and Cash Equivalents - Current	\$ 128,395,887	\$ 28,810,624	\$ 157,206,511
Cash and Cash Equivalents - Restricted	<u>17,641,528</u>	<u>1,492,183</u>	<u>19,133,711</u>
Cash and Cash Equivalents, June 30, 2023	<u>\$ 146,037,415</u>	<u>\$ 30,302,807</u>	<u>\$ 176,340,222</u>

The accompanying notes are an integral part of the financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Description of SD1**

SD1 was created in 1946, pursuant to authority of Chapter 220 of the Kentucky Revised Statutes, as amended (the “Act”). In accordance with the Act, SD1 was established by the Director of the Division of Sanitary Engineering of the Kentucky Department of Health on December 4, 1946. A corporate charter was issued to SD1 by the Secretary of State of Kentucky on December 27, 1946, giving SD1 power to prevent and correct the pollution of streams, to regulate the flow of streams for sanitary purposes, to clean and improve stream channels for sanitary purposes and to provide for the collection and disposal of sewage and other liquid wastes produced within SD1. SD1 has power under the Act to construct sewers, trunk sewers, laterals, intercepting sewers, siphons, pumping stations, treatment and disposal works and other appropriate facilities, and to maintain, operate and repair the same.

In June 2003, the Board approved the establishment of the Storm Water Program to develop and implement plans for the collection and disposal of storm drainage and for effective programs and policies that preserve or enhance the quality of storm water run-off, and to reduce erosion and prevent flooding.

SD1 is governed and operated by a Board of Directors, consisting of eight Directors, who serve for four-year staggered terms, and such Directors may be reappointed. Directors are appointed by the County Judges Executive of Kenton, Boone, and Campbell Counties.

### **Reporting Entity**

Generally accepted accounting principles require that SD1’s financial statements include its component units if certain criteria regarding financial or operational relationships are met. Based on the evaluation criteria, SD1 has no component units.

### **Basis of Accounting and Presentation**

SD1’s financial statements are presented on the full accrual basis in accordance with generally accepted accounting principles (GAAP) for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments of the United States of America.

All activities of SD1 are accounted for within a single proprietary (enterprise) reporting entity. Proprietary entities are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to SD1 is determined by its measurement focus. The transactions of SD1 are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into “net investment in capital assets”; “restricted”; and “unrestricted” components.

The basic financial statements are presented in conformity with generally accepted Enterprise Fund accounting principles applicable to public waste water utilities. The following is a summary of the significant policies. As previously stated, the accompanying financial statements are prepared on the accrual basis of accounting.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Structure**

SD1 has established the following two funds for the purpose of segregating the two primary purposes of SD1 into discernible self-balancing accounts.

1. Sanitation Fund
2. Storm Water Fund

**Sanitation Fund**

The sanitation fund accounts for financial resources used for general types of operations and expenditures for operation and maintenance of the following budgeted expense areas.

1. Dry Creek Treatment Plant
2. Eastern Regional Waste Water Reclamation Facility
3. Western Regional Waste Water Reclamation Facility
4. Collection System
5. Pump Stations
6. Operations
7. Engineering
8. Administration

The sanitation fund collects user fees from customers for the collection, transmittal, treatment and disposal of sewage wastewater. This fund also tracks the related expenditures to operate, maintain, and grow this system, as well as the costs associated with monitoring and regulatory compliance.

**Storm Water Fund**

The storm water program was established to develop and implement plans for the collection and disposal of storm drainage and for effective programs and policies that preserve or enhance the quality of storm water runoff, control the quantity of storm water runoff, and to reduce erosion and prevent flooding. The Federal Government requires communities to apply for a storm water discharge permit and develop a storm water management program. The accounting for the fund was approved by the Board of Directors in June 2003.

The regulation is known as the National Pollutant Discharge Elimination System (NPDES) and it is administered by the US Environmental Protection Agency (US EPA). In the State of Kentucky, it is known as the Kentucky Pollutant Discharge Elimination System (KPDES), and the Kentucky Division of Water administers it on a statewide level. Local governments are issued KPDES Storm Water Discharge Permits and administer the program at a local level. Virtually all Northern Kentucky communities are required to comply with these unfunded storm water regulations, and SD1 has assisted them with the development of a cooperative storm water management program for the region under Inter-Local Agreements with the local governments. SD1 is also a co-permittee on the KPDES permit.

The storm water surcharge is a service fee that funds the Storm Water Management Program administered by SD1. The fee applies to all improved properties, with the exception of properties classified as agricultural by the respective county Property Valuation Administrators and public roadways in the storm water service area of SD1 established by the Kentucky Division of Water. The basic storm water surcharge fee shall be based upon an impervious area rate methodology.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitation and storm water enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Cash Equivalents**

SD1 considers all highly liquid unrestricted debt instruments purchased with original maturities of 90 days or less to be cash equivalents. For purposes of the cash flow statement, cash includes cash on hand, cash in checking accounts and cash in investment sweep accounts.

**Investments**

Investments are reported at fair value based on quoted market prices.

**Accounts Receivable - Customers**

SD1 follows a monthly cycle billing procedure. When meter readings are delayed, bills are rendered based on estimated meter readings to promote consistency of sewer service revenue. Accounts receivable and related sewer service revenue are recorded when billed. The financial statements include an estimate for unbilled sewer and storm water charges of \$12,947,600 and \$12,331,499 as of June 30, 2024 and 2023, respectively.

Accounts receivable are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. SD1 begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on SD1's collection history, the financial stability and recent payment history of the customer, and other pertinent factors. Based on these criteria, SD1 has estimated no allowance for doubtful accounts at both June 30, 2024 and 2023 because management expects no material losses.

**Inventory**

Inventory is valued at the lower of cost, using the moving average method, or net realizable value. Inventories consist of expendable supplies held for new sewer line installations and maintenance and are charged to expenditures on an "as used" basis.

**SANITATION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2024 and 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net assets that apply to future periods, and therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. SD1 also recognizes deferred outflows of resources related to pensions and other postemployment benefits.

Deferred inflows of resources represent an acquisition of net assets that apply to future periods and is therefore deferred until that time. A deferred gain on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. SD1 also recognizes deferred inflows of resources related to pensions and other postemployment benefits.

**Capital Assets**

Capital assets are recorded as expenditures at the time of purchase or construction and are capitalized annually, at cost, in the capital asset accounts. These accounts have been adjusted each year for additions and deletions. Depreciation of capital assets was not recognized by SD1 prior to July 31, 1979; however, SD1 established accumulated depreciation allowances for depreciable assets as of August 1, 1979. The book values of capital assets are currently depreciated on a straight-line basis at rates comparable to those acceptable for waste water utilities. SD1 has developed a property control system and maintains detailed records on all capital assets. To be capitalized, assets must be individual items with at least a three-year useful life and a cost of \$2,500 or greater.

Capital assets are stated at cost and depreciated over the estimated useful lives of the related assets. Contributed assets are recorded as acquisition value on the date received. The cost of current repairs and maintenance is charged to expense, while the cost of replacements or betterments is capitalized.

Depreciation of the capital assets is computed on the straight-line method over the estimated following useful lives of the assets:

Land Improvements	10 – 25	Years
Collection System	50	Years
Pumping System	10	Years
Treatment and Disposal	35	Years
General Buildings and Structures	35 – 50	Years
Office Furniture and Equipment	5 – 20	Years
Vehicle and Accessories	5 – 10	Years
Machinery and Equipment	5 – 15	Years
Software Model Development	3	Years
Storm Water Collection System	25 – 50	Years

Interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

**Construction in Progress**

Capitalizable costs incurred on projects which are not in use or ready for use are held in construction in progress. When the asset is ready for use, related costs are transferred to the appropriate capital asset account.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Contributions**

These contributions represent assessments/reimbursements to recover the costs of new services and extensions of the distribution system. In addition, these contributions represent new subdivision capital assets that are installed by a developer and dedicated to SD1 to maintain and operate.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS' 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences**

Employees of SD1 are entitled to paid vacation depending on length of service and other factors. The amounts recorded for accumulated vacation for the years ended June 30, 2024 and 2023 were \$1,375,135 and \$1,310,199, respectively. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment except at retirement.

**Subscription-Based Information Technology Arrangements**

SD1 has entered into multiple contracts that convey control of the right to use information technology software. SD1 has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. At the commencement of the IT subscription term, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how SD1 determines the discount rate it uses to discount the expected payments to present value, term, and payments.

Because the interest rates charged by vendors are not provided, SD1 uses the Federal Prime Interest Rate at June 30, 2024 as the discount rate.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

SD1 monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with non-current assets and IT subscription liabilities are reported with both current and long-term liabilities on the statement of net position.

**Arbitrage**

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate that the earnings from the investment of tax-exempt bond proceeds which exceed related interest expenditures on the bonds must be remitted to the Federal Government on every fifth anniversary of each bond issue. SD1 has evaluated all bond issuances subject to arbitrage rebate requirements and noted a rebate liability of \$0 and \$0 at June 30, 2024 and 2023, respectively.

**Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. All other net position that does not meet the definition of “restricted” or “net investment in capital assets” is considered unrestricted.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is SD1’s intent to use restricted resources first, then unrestricted resources as they are needed.

**Bond Premiums, Discounts, and Issue Costs**

Bonds payable are reported net of any premium and discounts, which are amortized over the life of the applicable bonds using the effective interest method. Issuance costs are recognized as an expense in the year incurred.

**Adoption of New Accounting Standards***GASB Statement No. 91, Conduit Debt Obligations*

GASB 91 was issued to provide a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related not disclosures. The requirements of GASB Statement No. 91 are effective for reporting periods beginning after December 15, 2021. This statement had no significant impact on SD1s financial statements.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 94 was issued to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. The requirements of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. This statement had no significant impact on SD1s financial statements.

*GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

GASB 96 was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. SD1 implemented this statement beginning July 1, 2023, see NOTE 20.

*GASB Statement No. 99, Omnibus 2022*

GASB 99 is related to leases, public-private partnerships, and subscription-based information technology arrangements will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 was effective for the fiscal year that ends June 30, 2024. This statement had no significant impact on SD1s financial statements.

*GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*

GASB 100 took effect for financial statements starting with the fiscal year that ends June 30, 2024. This statement had no significant effect of the SD1's financial statements.

*GASB Statement No. 101, Compensated Absences*

GASB 101 took effect for financial statements starting with the fiscal year that ends June 30, 2024; however, SD1 chose to early adopt these requirements, as is encouraged in the standard, beginning with the fiscal year ended June 30, 2023.

*Implementation Guide No. 2023-1, Implementation Guidance Update – 2023*

The requirements of this Implementation Guide took effect for financial statements starting with the fiscal year that ends June 30, 2024. This Guide had no significant effect of the SD1's financial statements.

**Recently Issued Significant Accounting Standards***GASB Statement No. 102, Certain Risk Disclosures*

GASB 102 requires that other capital leases such as leased assets available for use, assets under Public-Private and Public-Public Partnerships and assets listed as Subscription-Based Information Technology Arrangements, be disclosed separately by major classes. This statement takes effect for financial statements starting with the fiscal year that ends June 30, 2025.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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## **NOTE 2 – DEPOSITS AND INVESTMENTS**

### **Investment Policy**

#### *General Policy*

It is the policy of SD1 to invest public funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of SD1 and conforming to all state statutes and SD1 regulations governing the investments of public funds.

#### *Authorized Investment Instruments*

1. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
3. Obligations of any corporation of the United States government agency.
4. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by Section 41.240(4) of the Kentucky Revised Statutes.

### **Deposits and Investments**

*Custodial Credit Risk – Deposits.* For deposits, this is the risk that, in the event of the failure of a depository financial institution, SD1 will not be able to recover its deposits. SD1 maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). SD1 follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts. As of both June 30, 2024 and 2023, SD1's deposits were either insured by the FDIC or fully collateralized by securities held by SD1's agent in SD1's name.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of a counterparty, SD1 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SD1 had custodial credit risk at June 30, 2024 and 2023 of \$94,604,100 and \$94,007,265, respectively. The related securities totaling this amount are uninsured, unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name.

*Credit Risk – Investments.* SD1's investments are subject to minimal credit risk because they are invested in Federal Agency securities which are generally considered free of default risk due to the perceived stability of the U.S. Government.

SD1 is authorized by bond resolutions to invest in direct obligations of the United States, or obligations guaranteed by the United States, obligations of certain federal agencies and instrumentalities, including U.S. dollar-denominated deposits in commercial banks which are insured by the FDIC or fully collateralized by the foregoing, and public housing bonds or project notes issued by public housing authorities annual contribution contracts with the United States or by requisition or payment agreement with the United States.

The remaining investments are in treasury and agency bonds which are issued by the U.S. government and cash and cash equivalents.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 3 – RESTRICTED ASSETS**

Certain assets are restricted by SD1’s Trust Indenture; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds.

The following schedule details the restricted assets as of June 30, 2024 and 2023:

	Years Ended June 30,	
	2024	2023
Pursuant to Trust Indenture		
Principal and Interest Accounts	\$ 18,447,743	\$ 17,727,440
Debt Service Reserve	26,803,180	26,123,476
Operation and Maintenance Fund	11,684,112	11,047,400
Improvement, Repair, and Replacement	19,786,756	18,860,277
Self Insurance Fund	7,307,754	6,966,035
Bond Proceeds	-	16,598,745
Subtotal	84,029,545	97,323,373
Pursuant to Other Uses		
Agreed Order Settlement	2,305,486	2,534,966
Total Restricted Assets	<u>\$ 86,335,031</u>	<u>\$ 99,858,339</u>

**NOTE 4 – FAIR VALUE MEASUREMENT**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarch is based upon the activity level in the markets for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that SD1 has the ability to access.

**Level 2** – Other observable inputs (included but not limited to, quotes process for similar assets or liabilities in the markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks, and default rates) or other market-corroborated inputs).

**Level 3** – Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 4 – FAIR VALUE MEASUREMENT (Continued)**

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Restricted assets are classified in Level 2 and are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The following table sets forth by level, within the fair value hierarchy, SD1's assets at fair value at June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and Cash Equivalents	\$ -	\$ 25,410,014	\$ -	\$ 25,410,014
Treasury Bonds	-	29,894,457	-	29,894,457
Agency Bonds	-	28,240,361	-	28,240,361
Intermediate US Gov. Funds	-	14,059,267	-	14,059,267
<b>Total Investments at Fair Value</b>	<b>\$ -</b>	<b>\$ 97,604,099</b>	<b>\$ -</b>	<b>\$ 97,604,099</b>

The following table sets forth by level, within the fair value hierarchy, SD1's assets at fair value at June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and Cash Equivalents	\$ -	\$ 23,578,675	\$ -	\$ 23,578,675
Treasury Bonds	-	29,345,820	-	29,345,820
Agency Bonds	-	27,511,447	-	27,511,447
Intermediate US Gov. Funds	-	13,571,323	-	13,571,323
<b>Total Investments at Fair Value</b>	<b>\$ -</b>	<b>\$ 94,007,265</b>	<b>\$ -</b>	<b>\$ 94,007,265</b>

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for SD1 for the year ended June 30, 2024, was as follows:

Sanitation Fund	Balance at June 30, 2023	Additions	Deletions/ Transfers	Balance at June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 18,158,887	\$ 123,126	\$ -	\$ 18,282,013
Construction in progress	49,870,454	34,078,838	(20,256,677)	63,692,615
Total Capital Assets Not Being Depreciated	<u>68,029,341</u>	<u>34,201,964</u>	<u>(20,256,677)</u>	<u>81,974,628</u>
Depreciable Capital Assets				
Land improvements	6,505,272	-	-	6,505,272
Collection system	808,605,070	13,395,353	(2,282,533)	819,717,890
Pumping system	106,638,449	4,429,075	(638,263)	110,429,261
Treatment and disposal	278,454,472	2,955,877	(1,541,232)	279,869,117
Buildings and structures	30,070,194	4,761	-	30,074,955
Office furniture and equipment	9,516,643	369,489	-	9,886,132
Vehicles and accessories	8,457,462	1,236,176	(1,524,977)	8,168,661
Machinery and equipment	6,019,228	297,974	(124,150)	6,193,052
Total Depreciable Capital Assets	<u>1,254,266,790</u>	<u>22,688,705</u>	<u>(6,111,155)</u>	<u>1,270,844,340</u>
Total Capital Assets at Historical Cost	<u>1,322,296,131</u>	<u>56,890,669</u>	<u>(26,367,832)</u>	<u>1,352,818,968</u>
Less Accumulated Depreciation				
Land improvements	(2,438,747)	(231,130)	-	(2,669,877)
Collection system	(265,770,432)	(16,485,432)	1,296,024	(280,959,840)
Pumping system	(68,714,463)	(3,234,159)	597,745	(71,350,877)
Treatment and disposal	(115,362,813)	(6,240,385)	903,738	(120,699,460)
Buildings and structures	(18,381,386)	(414,822)	-	(18,796,208)
Office furniture and equipment	(7,840,647)	(519,638)	-	(8,360,285)
Vehicles and accessories	(7,042,285)	(308,007)	1,522,928	(5,827,364)
Machinery and equipment	(4,864,425)	(258,348)	83,594	(5,039,179)
Total Accumulated Depreciation	<u>(490,415,198)</u>	<u>(27,691,921)</u>	<u>4,404,029</u>	<u>(513,703,090)</u>
Depreciable Capital Assets, Net	<u>763,851,592</u>	<u>(5,003,216)</u>	<u>(1,707,126)</u>	<u>757,141,250</u>
Sanitation Fund Capital Assets, Net	<u>\$ 831,880,933</u>	<u>\$ 29,198,748</u>	<u>\$ (21,963,803)</u>	<u>\$ 839,115,878</u>

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 5 – CAPITAL ASSETS (Continued)**

	Balance at June 30, 2023	Additions	Deletions/ Transfers	Balance at June 30, 2024
Storm Water Fund				
Capital Assets Not Being Depreciated				
Land	\$ 2,055,881	\$ 77,411	\$ -	\$ 2,133,292
Construction in progress	819,812	5,126,172	(1,710,834)	4,235,150
Total Capital Assets Not Being Depreciated	2,875,693	5,203,583	(1,710,834)	6,368,442
Depreciable Capital Assets				
Vehicles and accessories	169,295	-	(1,196)	168,099
Machinery and equipment	147,887	6,222	-	154,109
Storm water collection system	419,296,877	5,559,587	(362,400)	424,494,064
Total Depreciable Capital Assets	419,614,059	5,565,809	(363,596)	424,816,272
Total Capital Assets at Historical Cost	422,489,752	10,769,392	(2,074,430)	431,184,714
Less Accumulated Depreciation				
Vehicles and accessories	(163,682)	(3,735)	1,196	(166,221)
Machinery and equipment	(124,032)	(8,447)	-	(132,479)
Storm water collection system	(172,443,965)	(13,921,001)	362,400	(186,002,566)
Total Accumulated Depreciation	(172,731,679)	(13,933,183)	363,596	(186,301,266)
Depreciable Capital Assets, Net	246,882,380	(8,367,374)	-	238,515,006
Storm Water Fund Capital Assets, Net	\$ 249,758,073	\$ (3,163,791)	\$ (1,710,834)	\$ 244,883,448

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 5 – CAPITAL ASSETS (Continued)**

Capital asset activity for SD1 for the year ended June 30, 2023, was as follows:

Sanitation Fund	Balance at June 30, 2022	Additions	Deletions/ Transfers	Balance at June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 17,709,851	\$ 449,036	\$ -	\$ 18,158,887
Construction in progress	52,314,366	42,759,710	(45,203,622)	49,870,454
Total Capital Assets Not Being Depreciated	70,024,217	43,208,746	(45,203,622)	68,029,341
Depreciable Capital Assets				
Land improvements	4,961,377	1,543,895	-	6,505,272
Collection system	769,033,165	39,773,540	(201,635)	808,605,070
Pumping system	105,532,123	1,670,555	(564,229)	106,638,449
Treatment and disposal	271,578,555	7,854,730	(978,813)	278,454,472
Buildings and structures	30,092,148	16,705	(38,659)	30,070,194
Office furniture and equipment	9,334,036	230,678	(48,071)	9,516,643
Vehicles and accessories	8,343,619	1,061,511	(947,668)	8,457,462
Machinery and equipment	5,968,755	496,664	(446,191)	6,019,228
Software model development	15,908,869	-	(15,908,869)	-
Total Depreciable Capital Assets	1,220,752,647	52,648,278	(19,134,135)	1,254,266,790
Total Capital Assets at Historical Cost	1,290,776,864	95,857,024	(64,337,757)	1,322,296,131
Less Accumulated Depreciation				
Land improvements	(2,257,304)	(181,443)	-	(2,438,747)
Collection system	(250,062,841)	(15,908,795)	201,204	(265,770,432)
Pumping system	(65,483,919)	(3,794,773)	564,229	(68,714,463)
Treatment and disposal	(109,786,624)	(6,126,157)	549,968	(115,362,813)
Buildings and structures	(17,969,489)	(438,710)	26,813	(18,381,386)
Office furniture and equipment	(7,354,678)	(534,040)	48,071	(7,840,647)
Vehicles and accessories	(7,814,880)	(172,159)	944,754	(7,042,285)
Machinery and equipment	(5,012,327)	(284,152)	432,054	(4,864,425)
Software model development	(15,908,869)	-	15,908,869	-
Total Accumulated Depreciation	(481,650,931)	(27,440,229)	18,675,962	(490,415,198)
Depreciable Capital Assets, Net	739,101,716	25,208,049	(458,173)	763,851,592
Sanitation Fund Capital Assets, Net	\$ 809,125,933	\$ 68,416,795	\$ (45,661,795)	\$ 831,880,933

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 5 – CAPITAL ASSETS (Continued)**

Storm Water Fund	Balance at June 30, 2022	Additions	Deletions/ Transfers	Balance at June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 1,832,610	\$ 223,271	\$ -	\$ 2,055,881
Construction in progress	1,401,418	2,574,320	(3,155,926)	819,812
Total Capital Assets Not Being Depreciated	<u>3,234,028</u>	<u>2,797,591</u>	<u>(3,155,926)</u>	<u>2,875,693</u>
Depreciable Capital Assets				
Vehicles and accessories	169,295	-	-	169,295
Machinery and equipment	141,827	6,060	-	147,887
Storm water collection system	408,831,048	10,664,230	(198,401)	419,296,877
Software model development	5,645,160	-	(5,645,160)	-
Total Depreciable Capital Assets	<u>414,787,330</u>	<u>10,670,290</u>	<u>(5,843,561)</u>	<u>419,614,059</u>
Total Capital Assets at Historical Cost	<u>418,021,358</u>	<u>13,467,881</u>	<u>(8,999,487)</u>	<u>422,489,752</u>
Less Accumulated Depreciation				
Vehicles and accessories	(159,958)	(3,724)	-	(163,682)
Machinery and equipment	(112,428)	(11,604)	-	(124,032)
Storm water collection system	(158,427,380)	(14,172,265)	155,680	(172,443,965)
Software model development	(5,645,160)	-	5,645,160	-
Total Accumulated Depreciation	<u>(164,344,926)</u>	<u>(14,187,593)</u>	<u>5,800,840</u>	<u>(172,731,679)</u>
Depreciable Capital Assets, Net	<u>250,442,404</u>	<u>(3,517,303)</u>	<u>(42,721)</u>	<u>246,882,380</u>
Storm Water Fund Capital Assets, Net	<u>\$ 253,676,432</u>	<u>\$ (719,712)</u>	<u>\$ (3,198,647)</u>	<u>\$ 249,758,073</u>

**NOTE 6 – NOTES RECEIVABLE - ASSESSMENTS**

SD1 has, at the request of homeowners, extended sanitary sewer service into existing areas for which there was no previous service. SD1 paid the initial cost of this construction and assessed the homeowners to recover the cost of construction. Assessments outstanding was \$379,621 and \$457,741 as of June 30, 2024 and 2023, respectively.

**NOTE 7 – ARBITRAGE**

The Tax Reform Act of 1986 (Act) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt and requires SD1 to calculate and remit rebatable arbitrage earnings to the Internal Revenue Service. Certain of SD1's debt and interest earned on the proceeds thereof are subject to the requirements of the Act. SD1 has accrued a liability for estimated rebatable arbitrage earnings and has set aside such earnings as restricted cash. At June 30, 2024 and 2023, the arbitrage rebate liability was \$0 and \$0, respectively.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 7 – ARBITRAGE (Continued)**

Rebate calculations are prepared annually. However, any liability due is only required to be paid every 5 years from the original date of the bond. SD1 did not make any payments in fiscal year 2024 or 2023. In the upcoming year, no payment is due and therefore no current portion is accrued.

**NOTE 8 – LONG-TERM DEBT****Notes Payable - Direct Borrowings**Western Regional Waste Water Reclamation Facility Loan A08-04

During the year ended June 30, 2009, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of the Western Regional Wastewater Reclamation Facility (WRWRF). This Kentucky Infrastructure Authority Loan bears an interest rate of 1.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2013, all funds have been received.

Dry Creek Waste Water Treatment Plant Loan A09-04

During the years ended June 30, 2011 and 2010, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of the Dry Creek Waste Water Treatment Plant. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of June 2012, all funds have been received.

Sunnybrook Sewer System Loan A09-05

During the year ended June 30, 2011, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of new sewer lines. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of June 2011, all funds have been received.

Southfork Gunpowder Creek Loan A09-06

During the year ended June 30, 2011, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of new sewer lines. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2013, all funds have been received.

Frogtown Interceptor Loan A09-07

During the year ended June 30, 2011, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of new sewer lines. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of June 2013, all funds have been received.

Turkeyfoot/Industrial Road Loan A09-08

During the year ended June 30, 2011, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of new sewer lines. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2013, all funds have been received.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 8 – LONG-TERM DEBT (Continued)**

Narrows Road Diversion Loan A09-09

During the year ended June 30, 2011, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of new sewer lines. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2013, all funds have been received.

Dry Creek Head Works/Hydraulics Loan A10-11

During the year ended June 30, 2012, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of headwork/hydraulics reconfiguration at the Dry Creek Waste Water Treatment Plant. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2014, all funds have been received.

Lakeview, Kentucky Aire, Church Street Loan A11-13

During the year ended June 30, 2013, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of combined sewer overflow reduction, pump station elimination, and pump station replacement. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of September 2018, all funds have been received.

Lakeside Park, Vernon Lane Loan A11-14

During the year ended June 30, 2013, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of sewer rehabilitation and Vernon Lane removal of sewer inflow and infiltration. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of October 2019, all funds have been received.

Wolpert Force Main Loan A12-02

During the year ended June 30, 2013, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of the Wolpert pump station rehabilitation and force main project. This Kentucky Infrastructure Authority Loan bears an interest rate of 2.0% with interest-only payments due until completion, with final maturity due 20 years after completion. As of June 2013, all funds have been received.

Patton and 8th Street Wet Well Rehabilitation Loan A15-103

During the year ended June 30, 2015, SD1 partnered with the Kentucky Infrastructure Authority to fund construction of the Patton and 8<sup>th</sup> Street Wet Well Rehabilitation project. This Kentucky Infrastructure Authority Loan bears an interest rate of 1.75% with interest-only payments due until completion, with final maturity due 20 years after completion. As of December 2016, all funds have been received.

The Kentucky Infrastructure Authority Loans are scheduled to mature as follows (loans where the maturity date has not been determined are excluded from this schedule):

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 8 – LONG-TERM DEBT (Continued)**

Year ending June 30,	Principal	Interest & Fees	Total
2025	\$ 7,115,892	\$ 1,236,289	\$ 8,352,181
2026	7,223,229	1,114,667	8,337,896
2027	7,332,364	991,031	8,323,395
2028	7,443,328	865,347	8,308,675
2029	7,556,156	737,576	8,293,732
2030-2034	31,809,286	1,776,192	33,585,478
2035-2039	4,218,626	233,843	4,452,469
Totals	<u>\$ 72,698,881</u>	<u>\$ 6,954,945</u>	<u>\$ 79,653,826</u>

**Bonds**

Refunding Revenue Bonds, Series 2016

In November 2016, bonds in the total amount of \$124,990,000 were issued under authority of applicable Kentucky Revised Statutes and in accordance with authorized bond resolutions duly passed and adopted by the Board of Directors of SD1.

The proceeds for the sale of the Series 2016 Bonds were used to defease \$8,000,000 of the 2005A Bonds, \$40,635,000 of the 2006A Bonds, \$91,720,000 of the 2007A Bonds, and to pay the necessary costs and expenses incident to the issuance and delivery of the Series 2016 Bonds.

Refunding Revenue Bonds, Series 2019

In September 2019, bonds in the total amount of \$99,490,000 were issued under authority of applicable Kentucky Revised Statutes and in accordance with authorized bond resolutions duly passed and adopted by the Board of Directors of SD1.

The proceeds for the sale of the Series 2019 Bonds were used to defease \$42,850,000 of the 2009A Bonds, \$59,400,000 of the 2010A Bonds, \$5,650,000 of the 2010C Bonds, and to pay the necessary costs and expenses incident to the issuance and delivery of the Series 2019 Bonds.

The reacquisition price exceeded the net carrying amount of the refunded debt by \$827,261. This amount is amortized over the remaining life of the new debt. The refunding reduces its total debt service over 21 years by \$39,968,167 and obtains an economic gain (difference between the present values of the old and new debt service) of \$18,271,375.

Refunding Revenue Bonds, Series 2020

In September 2020, bonds in the total amount of \$61,535,000 were issued under authority of applicable Kentucky Revised Statutes and in accordance with authorized bond resolutions duly passed and adopted by the Board of Directors of SD1.

The proceeds for the sale of the Series 2020 Bonds were used to defease \$26,610,000 of the 2010B Bonds, \$40,905,000 of the 2010D Bonds, and to pay the necessary costs and expenses incident to the issuance and delivery of the Series 2020 Bonds.

The reacquisition price exceeded the net carrying amount of the refunded debt by \$1,432,482. This amount is amortized over the remaining life of the new debt. The refunding reduces its total debt service over 20 years by \$24,486,415 and obtains an economic gain (difference between the present values of the old and new debt service) of \$12,339,517.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 8 – LONG-TERM DEBT (Continued)**

Revenue Bonds, Series 2021A

In December 2021, bonds in the total amount of \$70,000,000 were issued under authority of applicable Kentucky Revised Statutes and in accordance with authorized bond resolutions duly passed and adopted by the Board of Directors of SD1.

The proceeds for the sale of the Series 2021A Bonds will be used to fund Clean H2O40 Amended Consent Decree Projects.

Revenue Refunding Bonds, Series 2021B

In December 2021, bonds in the total amount of \$11,525,000 were issued under authority of applicable Kentucky Revised Statutes and in accordance with authorized bond resolutions duly passed and adopted by the Board of Directors of SD1.

The proceeds for the sale of the Series 2021B Bonds were used to refund KIA Note A04-09 balance (detailed in *Notes Payable – Direct Borrowings* above) of \$11,787,042.

The original amount of each outstanding issue, the issue date, interest rates and outstanding balances at June 30, 2024 and 2023 are summarized below:

Issue Date	Original Amount	Interest Rate	Outstanding Balance at June 30,	
			2024	2023
Series 2016	\$ 124,990,000	3.00 - 5.00 %	\$ 90,665,000	\$ 95,425,000
Series 2019	99,490,000	2.25 - 5.00 %	80,620,000	85,690,000
Series 2020	61,535,000	2.00 - 5.00 %	56,320,000	58,145,000
Series 2021A	70,000,000	2.00 - 5.00 %	69,135,000	69,580,000
Series 2021B	11,525,000	5.00%	7,420,000	9,070,000
Plus: Unamortized Bond Premium			15,181,127	18,879,121
			<u>\$ 319,341,127</u>	<u>\$ 354,012,995</u>

All issues may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of SD1 at June 30, 2024 for debt service (principal and interest) are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 14,455,000	\$ 10,424,294	\$ 24,879,294
2026	15,195,000	9,683,044	24,878,044
2027	15,975,000	8,903,794	24,878,794
2028	16,590,000	8,089,669	24,679,669
2029	17,020,000	7,249,419	24,269,419
2030-2034	89,280,000	25,593,675	114,873,675
2035-2039	80,820,000	11,826,038	92,646,038
2040-2044	28,250,000	4,330,728	32,580,728
2045-2049	15,995,000	2,305,450	18,300,450
2050-2052	10,580,000	401,125	10,981,125
Totals	<u>\$ 304,160,000</u>	<u>\$ 88,807,236</u>	<u>\$ 392,967,236</u>

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 8 – LONG-TERM DEBT (Continued)**

Changes in long-term liabilities for the year ended June 30, 2024 are as follows:

	Debt			Amounts	
	Outstanding	Additions	Retirements	Outstanding	Due Within
	June 30, 2023			June 30, 2024	1 Year
<b>Bond Indebtedness</b>					
Series 2016 REF	\$ 95,425,000	\$ -	\$ (4,760,000)	\$ 90,665,000	\$ 5,005,000
Series 2016 Bond Premium	5,698,224	-	(1,118,665)	4,579,559	982,707
Series 2019 REF	85,690,000	-	(5,070,000)	80,620,000	3,515,000
Series 2019 Bond Premium	5,970,877	-	(1,120,833)	4,850,044	971,512
Series 2020 REF	58,145,000	-	(1,825,000)	56,320,000	3,730,000
Series 2020 Bond Premium	4,796,884	-	(1,016,900)	3,779,984	891,832
Series 2021A Revenue	69,580,000	-	(445,000)	69,135,000	470,000
Series 2021A Bond Premium	1,394,097	-	(84,873)	1,309,224	83,781
Series 2021B REF	9,070,000	-	(1,650,000)	7,420,000	1,735,000
Series 2021B Bond Premium	1,019,039	-	(356,723)	662,316	292,179
<b>Total Bond Indebtedness</b>	<b>\$ 336,789,121</b>	<b>\$ -</b>	<b>\$ (17,447,994)</b>	<b>\$ 319,341,127</b>	<b>\$ 17,677,011</b>
<b>Notes Payable-Direct Borrowings</b>					
KIA Loan A08-04	\$ 36,431,116	\$ -	\$ (3,481,767)	\$ 32,949,349	\$ 3,516,671
KIA Loan A09-04	2,334,082	-	(254,552)	2,079,530	259,668
KIA Loan A09-05	2,305,581	-	(287,895)	2,017,686	293,682
KIA Loan A09-06	6,999,146	-	(638,915)	6,360,231	651,758
KIA Loan A09-07	2,479,829	-	(239,512)	2,240,317	244,326
KIA Loan A09-08	1,181,254	-	(107,831)	1,073,423	109,998
KIA Loan A09-09	4,434,694	-	(404,820)	4,029,874	412,957
KIA Loan A10-11	9,574,139	-	(786,382)	8,787,757	802,188
KIA Loan A11-13	8,727,674	-	(485,505)	8,242,169	495,264
KIA Loan A11-14	3,317,988	-	(177,872)	3,140,116	181,448
KIA Loan A12-02	446,908	-	(43,164)	403,744	44,032
KIA Loan A15-103	1,476,791	-	(102,106)	1,374,685	103,901
<b>Total Notes Payable</b>					
- Direct Borrowings	79,709,202	-	(7,010,321)	72,698,881	7,115,893
<b>Compensated Absences</b>	<b>1,310,199</b>	<b>64,936</b>		<b>1,375,135</b>	<b>1,136,579</b>
<b>Net Pension Liability</b>	<b>35,539,710</b>	<b>-</b>	<b>(5,187,572)</b>	<b>30,352,138</b>	<b>-</b>
<b>Net OPEB Liability</b>	<b>9,702,701</b>	<b>-</b>	<b>(9,049,625)</b>	<b>653,076</b>	<b>-</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 463,050,933</b>	<b>\$ 64,936</b>	<b>\$ (38,695,512)</b>	<b>\$ 424,420,357</b>	<b>\$ 25,929,483</b>

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 8 – LONG-TERM DEBT (Continued)**

Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	Debt			Debt		Amounts
	Outstanding	Additions	Retirements	Outstanding	Due Within	1 Year
	June 30, 2022			June 30, 2023		
<b>Bond Indebtedness</b>						
Series 2016 REF	\$ 99,955,000	\$ -	\$ (4,530,000)	\$ 95,425,000	\$ 4,760,000	
Series 2016 Bond Premium	6,949,673	-	(1,251,449)	5,698,224	1,118,665	
Series 2019 REF	90,515,000	-	(4,825,000)	85,690,000	5,070,000	
Series 2019 Bond Premium	7,266,846	-	(1,295,969)	5,970,877	1,120,833	
Series 2020 REF	59,880,000	-	(1,735,000)	58,145,000	1,825,000	
Series 2020 Bond Premium	5,892,642	-	(1,095,758)	4,796,884	1,016,900	
Series 2021A Revenue	70,000,000	-	(420,000)	69,580,000	445,000	
Series 2021A Bond Premium	1,480,002	-	(85,905)	1,394,097	84,873	
Series 2021B REF	10,640,000	-	(1,570,000)	9,070,000	1,650,000	
Series 2021B Bond Premium	1,433,832	-	(414,793)	1,019,039	356,723	
<b>Total Bond Indebtedness</b>	<b>\$ 354,012,995</b>	<b>\$ -</b>	<b>\$ (17,223,874)</b>	<b>\$ 336,789,121</b>	<b>\$ 17,447,994</b>	
<b>Notes Payable-Direct Borrowings</b>						
KIA Loan A08-04	\$ 39,878,324	\$ -	\$ (3,447,208)	\$ 36,431,116	\$ 3,481,767	
KIA Loan A09-04	2,583,618	-	(249,536)	2,334,082	254,552	
KIA Loan A09-05	2,587,803	-	(282,222)	2,305,581	287,895	
KIA Loan A09-06	7,625,472	-	(626,326)	6,999,146	638,915	
KIA Loan A09-07	2,714,621	-	(234,792)	2,479,829	239,512	
KIA Loan A09-08	1,286,960	-	(105,706)	1,181,254	107,831	
KIA Loan A09-09	4,831,538	-	(396,844)	4,434,694	404,820	
KIA Loan A10-11	10,345,026	-	(770,887)	9,574,139	786,382	
KIA Loan A11-13	9,203,613	-	(475,939)	8,727,674	485,505	
KIA Loan A11-14	3,492,356	-	(174,368)	3,317,988	177,872	
KIA Loan A12-02	489,222	-	(42,314)	446,908	43,164	
KIA Loan A15-103	1,577,133	-	(100,342)	1,476,791	102,106	
<b>Total Notes Payable</b>						
- Direct Borrowings	86,615,686	-	(6,906,484)	79,709,202	7,010,321	
Compensated Absences	1,225,585	84,614		1,310,199	367,742	
Net Pension Liability	33,129,277	-	2,410,433	35,539,710	-	
Net OPEB Liability	9,945,376	(242,675)	-	9,702,701	-	
<b>Total Long-Term Liabilities</b>	<b>\$ 484,928,919</b>	<b>\$ (158,061)</b>	<b>\$ (21,719,925)</b>	<b>\$ 463,050,933</b>	<b>\$ 24,826,057</b>	

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN**

**General Information about the Pension Plan**

*Plan description:* County Employees Retirement System (CERS) consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS. SD1 participates in the non-hazardous plan. Membership in CERS consisted of the following at June 30, 2023:

	Non-Hazardous	
	Pension	OPEB
Active Plan Members	77,849	76,946
Inactive Plan Members	105,707	28,719
Retired Members	68,889	37,584
	<u>252,445</u>	<u>143,249</u>
Number of participating employers		<u>1,141</u>

Benefits provided: The non-hazardous system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

**Tier 1: Retirement Eligibility for Members Whose Participation Began Before 09/01/2008**

<u>Age</u>	<u>Years of Service</u>	<u>Allowance Reduction</u>
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for the next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for the next five years before age 65 or 27 years of service.

**Tier 2: Retirement Eligibility for Members Whose Participation Began on or After 09/01/2008 but before 01/01/2014**

<u>Age</u>	<u>Years of Service</u>	<u>Allowance Reduction</u>
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for the next five years before age 65 or Rule of 87 (age plus years of service).

**Tier 3: Retirement Eligibility for Members Whose Participation Began On or After 01/01/2014**

<u>Age</u>	<u>Years of Service</u>	<u>Allowance Reduction</u>
65	5	None
57	Rule of 87	None

**SANITATION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2024 and 2023**

**NOTE 9 – PENSION PLAN (Continued)**

<b>Benefit Formula for Tiers 1 &amp; 2</b>				
<b>Final Compensation</b>	<b>X</b>	<b>Benefit Factor</b>	<b>X</b>	<b>Years of Service</b>
Average of the five highest years of compensation if participation began before 09/01/2008.		2.20% if:	Member begins participating prior to 08/01/2004.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
		2.00% if:	Member begins participating on or after 08/01/2004 and before 09/01/2008.	
Average of the last complete five years of compensation if participation began on or after 09/01/2008 but before 01/01/2014.		Increasing percent based on service at retirement up to 30 years* plus 2.00% for each year of service over 30 if:	Member begins participating on or after 08/01/2004 but before 01/01/2014.	

\* **Service (and Benefit Factor): 10 years or less (1.10%); 10 - 20 years (1.30%); 20 - 26 years (1.50%); 26 - 30 years (1.75%)**

<b>Benefit Formula for Tier 3</b>						
<b>(A-B) = C X 75% = D, then B+D = Interest</b>						
<b>Measurement Year</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Interest Rate Earned (4% + Upside)</b>	<b>Total Interest Credited to Members' Account</b>
	<b>5 Year Geometric Average Return</b>	<b>Less Guarantee Rate</b>	<b>Upside Sharing Interest</b>	<b>Interest Rate Earned</b>		
<b>2022</b>	6.24%	4.00%	2.24%	1.68%	5.68%	\$ 19,197,000
<b>2021</b>	10.35%	4.00%	6.35%	4.76%	8.76%	\$ 21,116,000

For post-retirement death benefits, if the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

For disability benefits, members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed at the greatest of 20% for non-hazardous of final rate of pay or the amount calculated under the benefit formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. The hybrid account which includes member contributions, employer contributions, and interest credits can be withdrawn from the System as a lump sum or an annuity equal to the larger of 20% for non-hazardous of the member's monthly final rate of pay or the annuitized hypothetical account into a single life annuity option. Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for special benefits.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
---

**NOTE 9 – PENSION PLAN (Continued)**

For pre-retirement death benefits, the beneficiary of a deceased active member will be eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

The Kentucky General Assembly has the authority to increase, suspend, or reduce Cost of Living Adjustments (COLAs). Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100.00% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

House Bill 271 passed during the 2020 legislative session which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to an in line of duty or duty-related injury upon remarriage of the surviving spouse. It also increased benefits for a very small number of surviving spouses and dependent children who did not initially elect the in line of duty or duty-related benefit. There were no other material benefit provision changes since the prior valuation.

*Contributions:* The employee contribution rate is set by state statute. Non-Hazardous employees contribute 5.00% of their annual creditable compensation. Employees hired on or after September 1, 2008, contribute an additional 1.00% to health insurance.

Plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6.00% for non-hazardous of their annual creditable compensation. The 1.00% was deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Pension Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5.00% non-hazardous of their annual creditable compensation and 1.00% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with 4.00% non-hazardous employer pay credit. The employer pay credit represents a portion of the employer contribution.

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. For the fiscal year ended June 30, 2024, participating employers contributed 23.34% (23.34% pension fund and 0.00% insurance fund) of each employee's creditable compensation. For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contributions to the pension fund from the SD1 were \$3,350,232 and \$3,231,138 for the years ended June 30, 2024 and 2023, respectively.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Plan Information for June 30, 2024 Financial Statements**

At June 30, 2024, SD1 reported a liability of \$30,352,138 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SD1 's proportion of the net pension liability was based on a projection of the SD1's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2023 measurement year, the SD1's non-hazardous employer allocation proportion was 0.4730% of the total CERS non-hazardous duty employees. For the year ended June 30, 2024, SD1 recognized a pension benefit of \$2,790,081 in addition to its \$3,350,232 pension contribution.

At June 30, 2024, SD1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 1,571,272	\$ (82,475)
Net difference between projected actual earnings on plan investments	-	(414,019)
Changes of assumptions	-	(2,781,794)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(1,505,655)
Contributions subsequent to the measurement date	3,350,232	-
	\$ 4,921,504	\$ (4,783,943)

The SD1's contributions subsequent to the measurement date of \$3,350,232 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN (Continued)**

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

Measurement Year Ending June 30,	Net Deferral
2024	\$ (2,039,273)
2025	(1,557,144)
2026	677,583
2027	(293,837)
2028	-
Thereafter	-
	<u>\$ (3,212,671)</u>

**Actuarial Methods and Assumptions for Determining the Net Pension Liability**

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

**Changes of Assumptions**

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a

**SANITATION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2024 and 2023**

**NOTE 9 – PENSION PLAN (Continued)**

non-hazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the non-hazardous plans is determined using these updated benefits provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is GRS's opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under *GASB No. 68*.

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a 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. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous system assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2023**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN (Continued)**

Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for healthy retired members was a 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.

**Plan Target Allocation**

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

Asset Class	CERS Pensions	
	Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit / high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	<u>100.00%</u>	<u>5.75%</u>
Long-Term Inflation Assumption		<u>2.50%</u>
Expected Nominal Return for Portfolio		<u>8.25%</u>

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the SD1’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the SD1’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN (Continued)**

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.50%	6.50%	7.50%
Non-hazardous	\$ 38,321,408	\$ 30,352,138	\$ 23,729,375
Total	\$ 38,321,408	\$ 30,352,138	\$ 23,729,375

**Plan Information for June 30, 2023 Financial Statements**

At June 30, 2023, SD1 reported a liability of \$35,539,710 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SD1 's proportion of the net pension liability was based on a projection of the SD1's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2022 measurement year, the SD1's non-hazardous employer allocation proportion was 0.4916% of the total CERS non-hazardous duty employees. For the year ended June 30, 2023, SD1 recognized a pension benefit of \$1,241,913 in addition to its \$3,231,138 pension contribution.

At June 30, 2023, SD1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 37,996	\$ (316,496)
Net difference between projected actual earnings on plan investments	911,109	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,139	(1,357,834)
Contributions subsequent to the measurement date	3,231,138	-
	<u>\$ 4,209,382</u>	<u>\$ (1,674,330)</u>

The SD1's contributions subsequent to the measurement date of \$3,231,138 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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**NOTE 9 – PENSION PLAN (Continued)**

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

Measurement Year Ending June 30,	Net Deferral
2023	\$ (809,568)
2024	(597,467)
2025	(298,655)
2026	1,009,604
2027	-
Thereafter	-
	<u>\$ (696,086)</u>

**Actuarial Methods and Assumptions for Determining the Net Pension Liability**

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date (June 30, 2021) to the plan’s fiscal year ending date of June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2012.

House Bill 1 passed during the 2022 legislative session and included a provision that provided an approximate 8% across-the-board salary increase for KERS members effective July 1, 2022, for eligible State employees. While this salary increase may produce an actuarial loss with respect to the liability attributable to Tier 1 and Tier 2 active members (i.e., a higher total pension liability than expected based on current actuarial assumptions), there was not sufficient information available at the time the roll forward Total Pension Liability was calculated to make a reasonable adjustment to reflect these anticipated salary increases. It is GRS’s opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 9 – PENSION PLAN (Continued)**

Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a 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. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**Changes of Assumptions**

There have been no changes in actuarial assumptions since June 30, 2021.

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit / high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

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**NOTE 9 – PENSION PLAN (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents SD1’s proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the SD1’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Non-hazardous	\$ 44,420,228	\$ 35,539,710	\$ 28,194,785
Total	\$ 44,420,228	\$ 35,539,710	\$ 28,194,785

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial reports that include financial statements and required supplementary information, and detailed information about each Plan’s fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN**

**General Information about the OPEB Plan**

*Plan description:* County Employees Retirement System consists of two plans, Non-Hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Kentucky Public Pension Authority under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS. SD1 only participates in the non-hazardous plan.

*Benefits provided:* The KRS’ Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

Upon death of a hazardous employee, the employee’s spouse receives \$10 per month for insurance benefits for each year of the deceased employee’s earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes.

This benefit is not protected under the inviolable contract provisions of KRS 61.692. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Portion Paid by Insurance Fund	
Years of Service	Paid by Insurance Fund (%)
20 + Years	100.00%
15 - 19 Years	75.00%
10 - 14 Years	50.00%
4 - 9 Years	25.00%
< 4 Years	0.00%

*Contributions:* The employee contribution rate is set by state statute. Non-Hazardous employees contribute 5.00% of their annual creditable compensation. Employees hired on or after September 1, 2008, contribute an additional 1.00% to health insurance.

Plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6.00% for non-hazardous of their annual creditable compensation. The 1.00% was deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Pension Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members’ accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. These members were classified in the Tier 3 structure of benefits. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5.00% non-hazardous of their annual creditable compensation and 1.00% to the health insurance fund which is not credited to the member’s account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member’s salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member’s account. A member’s account is credited with 4.00% non-hazardous employer pay credit. The employer pay credit represents a portion of the employer contribution.

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. For the fiscal year ended June 30, 2024, participating employers contributed 23.34% (23.34%

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

pension fund and 0.00% insurance fund) of each employee’s creditable compensation. For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) of each employee’s creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee’s creditable compensation.

Contributions to the insurance fund from SD1 were \$0 and \$468,101 for the years ended June 30, 2024 and 2023, respectively.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**Plan Information for June 30, 2024 Financial Statements**

At June 30, 2024, the SD1 reported an OPEB asset of \$653,076 as its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The SD1’s proportion of the net OPEB asset was based on a projection of the SD1’s long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2023 measurement year, the SD1’s proportion of the total non-hazardous plan was 0.4730%.

In addition, the SD1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 455,293	\$ (9,273,029)
Net difference between projected actual earnings on plan investments	-	(151,567)
Changes of assumptions	1,285,208	(895,661)
Changes in proportion and differences between contributions and proportionate share of contributions	22,347	(807,851)
Contributions subsequent to the measurement date	-	-
	<u>\$ 1,762,848</u>	<u>\$ (11,128,108)</u>

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

SD1’s contributions subsequent to the measurement date of \$0 for non-hazardous duty employees will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2024	\$ (2,389,665)
2025	(2,889,537)
2026	(2,224,824)
2027	(1,861,232)
Thereafter	-
	<u>\$ (9,365,258)</u>

**Actuarial Methods and Assumptions to Determine the Net OPEB Liability (Asset)**

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability (asset), net OPEB liability (asset), and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability (asset) was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS Non-hazardous
Investment Rate of Return	6.50%
Health Care 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% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	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.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

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**NOTE 10 – OPEB PLAN (Continued)**

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability (asset) within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability (asset) as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability (asset) of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability (asset) as of June 30, 2023, for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability (asset) since June 30, 2022. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2023**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.
Post - 65	Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability (asset) within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability (asset) as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

**Changes of Assumptions**

The discount rates used to calculate the total OPEB liability (asset) increased from 5.70% to 5.93%. 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 more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

**Discount Rate**

Single discount rates of 5.93% for CERS non-hazardous were used to measure the total OPEB liability (asset) as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the 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 was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit /high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

**Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability (asset) calculated using the discount rates of 5.93% for the Non-hazardous plan, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability (Asset)		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.93%	5.93%	6.93%
Net OPEB liability, Non-Haz	\$ 1,225,574	\$ (653,076)	\$ (2,226,216)
Total	\$ 1,225,574	\$ (653,076)	\$ (2,226,216)

**Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability (asset), as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability (Asset)		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, Non-hazardous	\$ (2,093,223)	\$ (653,076)	\$ 1,116,009
Total	\$ (2,093,223)	\$ (653,076)	\$ 1,116,009

**Plan Information for June 30, 2023 Financial Statements**

At June 30, 2022, the SD1 reported a liability of \$9,702,701 as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The SD1's proportion of the net OPEB liability was based on a projection of the SD1's long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2022 measurement year, the SD1's proportion of the total non-hazardous plan was 0.4917%.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

In addition, the SD1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous	
	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 976,658	\$ (2,225,054)
Net difference between projected actual earnings on plan investments	393,809	-
Changes of assumptions	1,534,550	(1,264,460)
Changes in proportion and differences between contributions and proportionate share of contributions	46,121	(704,982)
Contributions subsequent to the measurement date	468,101	-
	<u>\$ 3,419,239</u>	<u>\$ (4,194,496)</u>

SD1's contributions subsequent to the measurement date of \$468,101 for non-hazardous duty employees will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2023	\$ (224,870)
2024	(222,095)
2025	(742,391)
2026	(54,002)
Thereafter	-
	<u>\$ (1,243,358)</u>

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending date of June 30, 2022, using the generally accepted actuarial principles.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

**Changes of Assumptions**

The discount rates used to calculate the total OPEB liability decreased from 5.20% to 5.70%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

**Discount Rate**

Single discount rates of 5.70% for CERS Nonhazardous, 5.61% for CERS Hazardous, 5.72% for KERS Nonhazardous, and 5.59% for KERS Hazardous systems were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the 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 was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit /high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.70% for the non-hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.70%	5.70%	6.70%
Net OPEB liability, Non-Hazardous	\$ 12,970,963	\$ 9,702,701	\$ 7,000,936
Total	\$ 12,970,963	\$ 9,702,701	\$ 7,000,936

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ 7,213,742	\$ 9,702,701	\$ 12,691,470
Total	\$ 7,213,742	\$ 9,702,701	\$ 12,691,470

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 10 – OPEB PLAN (Continued)**

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial reports that include financial statements and required supplementary information, and detailed information about each Plan’s fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**NOTE 11 – LESSOR AGREEMENT**

SD1 entered into a lease agreement with the Kenton County Board of Education to lease 15,000 square feet of its building on July 1, 2022 through June 30, 2027. The cost of the portion of the building being leased is \$2,300,902. The total accumulated depreciation associated with this asset is \$1,481,902 for a net asset value of \$819,000. The future rentals under this agreement are as follows:

Year Ending June 30,	Minimum Rental Due
2025	\$ 194,875
2026	200,721
2027	206,743
Total	<u>\$ 602,339</u>

**NOTE 12 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

SD1 has contracted several subscription based information technology arrangements (SBITA). The arrangements expire between June 30, 2025 and June 30, 2029. The details of the arrangements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 173,500	\$ 514	\$ 174,014
2026	155,500	384	155,884
2027	82,000	289	82,289
2028	84,000	219	84,219
2029	86,000	156	86,156
2030-2031	151,000	124	151,124
	<u>\$ 732,000</u>	<u>\$ 1,686</u>	<u>\$ 733,686</u>

**NOTE 13 – OPERATING LEASES**

SD1 is obligated under certain non-cancelable leases for equipment and towers. SD1 considers these leases as clearly immaterial and not subject to the leasing standards set by GASB 87. The leases expire at various dates through June 2029. Lease expense for the years ended June 30, 2024 and 2023 were \$39,336 and \$55,954, respectively.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 13 – OPERATING LEASES (Continued)**

Minimum future rental payments under non-cancellable operating leases having remaining terms in excess of one year are:

<u>Year Ending June 30,</u>	<u>Minimum Rental</u>
2025	\$ 31,194
2026	5,449
2027	4,217
2028	4,217
2029	3,514
	<u>\$ 48,591</u>

**NOTE 14 – REIMBURSEMENT COMMITMENTS**

SD1 has entered into inter-local agreements, whereby cities can apply for reimbursement of qualified expenses incurred to accomplish required storm water improvements. There were 17 agreements totaling \$1,205,498 for the year ended June 30, 2024 and 16 agreements totaling \$1,578,012 for the year ended June 30, 2023.

**NOTE 15 – ECONOMIC DEPENDENCY**

SD1 receives all of its service revenues from customers in the three northern counties of Kentucky and is not dependent upon one customer, industry or commercial user.

**NOTE 16 – CONTINGENCIES**

Effective June 22, 1999, the Board of Directors approved a resolution to indemnify each officer and director all expenses incurred in connection with their performance of duties and responsibilities associated with their membership with SD1. This includes claims not covered by SD1's Directors and Officers Errors and Omissions Liability Insurance.

Prior to January 2018, SD1 offered a Health Reimbursement Account to full time eligible employees for out-of-pocket healthcare costs. SD1 annually credited various amounts to the accounts of eligible employees based on their participation in wellness programs. As of January 2018, SD1 is no longer crediting amounts to the accounts as the Health Reimbursement Account is no longer being funded. However, for amounts previously credited, the contributions became available for participants for uses allowed by the plan during their employment and retirement. Unspent balances are available to participants for allowable expenditures unless they cease employment with SD1 before their normal retirement date. Accordingly, a liability of \$174,989 and \$210,292 has been recorded in the accompanying financial statements which is management's estimate of the unspent balances as of June 30, 2024 and 2023, respectively, that are likely to be paid in future periods.

**NOTE 17 – LITIGATION**

**Consent Decree** – In October 2005, SD1 announced that it had reached a comprehensive settlement with the Kentucky Environmental and Public Protection Cabinet and the U.S. Environmental Protection Agency (EPA) to address sewer overflows and improve water quality in Northern Kentucky. The settlement is contained in a Consent Decree, which was logged with the U.S. District Court for the Eastern District of Kentucky on October 7, 2005.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 17 – LITIGATION (Continued)**

The Consent Decree establishes a 20-year plan to address combined sewer overflows (CSOs) consistent with U.S. EPA's 1994 CSO control policy, and separate sanitary sewer overflows (SSOs) consistent with the Clean Water Act. SD1 will implement the requirements of the Decree through a unique watershed approach, which will allow SD1 to comprehensively assess the cumulative impacts of all pollution sources on receiving waters. This holistic approach will lead to more efficient and cost-effective solutions for the improvement of water quality. The Consent Decree required SD1 to pay a civil penalty in the amount of \$476,400, which was paid during the year ended June 30, 2006, and to expend \$636,000 for supplemental environmental projects. It is estimated that full implementation of the Decree will cost approximately \$1.3 billion over the next 20 years. The Consent Decree was entered by the Court in April 2007 and is final and binding upon all parties. On May 22, 2019 the Court entered an Order approving the Amended Consent Decree giving SD1 until 2040 to comply with the Consent Decree.

**Coppage** – SD1 is a party to a breach of contract suit involving two other parties in the construction of a storm water pipe as part of a development project in the City of Dayton, Kentucky. Motion to dismiss has been granted to SD1 and the appeals court affirmed the decision. On March 15, 2018, Coppage appealed Judge Bartlett's ruling granting summary judgment to SD1 to the Kentucky Court of Appeals. The Kentucky Court of Appeals upheld the trial court's ruling on six of Coppage's seven claims against SD1. The Court of Appeals reversed the trial court and determined that Coppage's partnership by estoppel claim should proceed to trial. SD1 filed a Petition for Rehearing in the Court of Appeals which was denied. Coppage filed a Motion for Discretionary Review with the Kentucky Supreme Court challenging the Court of Appeals' ruling upholding the dismissal of the other six claims. SD1 filed a Response opposing that motion. On February 29, 2021, the Kentucky Supreme Court denied Coppage's Motion for Discretionary Review and remanded the case to the Kenton Circuit Court. Since the Kentucky Supreme Court's Order, Coppage has taken no activity to prosecute its sole remaining partnership by estoppel claim against SD1. Coppage filed a motion asking the Court to set a date for a trial. SD1 has filed a Bifurcate, asking the Court to set Coppage's partnership by estoppel claim against SD1 for trial separately and in advance of any trial of Coppage's claims against DCI. The Kenton Co. Circuit Court granted SD1's request for bifurcation. Coppage's partnership by estoppel claim against SD1 is set for trial by jury on January 14, 2025. SD1 will aggressively defend the claim at trial. There is no known range of loss at this juncture, but Coppage seeks in excess of \$6,000,000 in compensatory damages and attorney fees. SD1 is insured for this particular claim under a policy issued by KLCIS, subject to terms, conditions, exclusions, and limitations of the policy.

**Schrage** - SD1 is a party to a putative class action suit against both SD1 and the Northern Kentucky Water District. The suit challenges the imposition and collection of sales tax upon non-owner occupied one to four unit residential properties. Schrage alleged that non-owner occupied properties which contained one to four units were entitled to have their properties treated as "residential" and subject to the sales tax exemption in KRS 139.470(8)(a). Schrage sought a refund on behalf of all putative class members for the four-year period from July 1, 2006 to July 1, 2010 and for any subsequent imposition and collection of the tax. Pursuant to a litigation management agreement with Plaintiff, applications for refunds have been filed with the Kentucky Revenue Cabinet and SD1's exposure has been negated. The Department of Revenue, as part of Plaintiffs' protest, has issued partial refunds of the sales tax collected by SD1 and the Court approved the partial settlement. Plaintiffs appealed the other aspect of the Department of Revenue's ruling to the Kentucky Claims Commission. A Hearing Officer recommended that Plaintiffs' appeal be granted and the Kentucky Claims Commission adopted the Hearing Officer's recommendation. Plaintiffs are pursuing sales tax refunds for the remaining periods through the Revenue Cabinet. As a pass-through entity, SD1 has limited exposure in this litigation – the real party of interest is the Kentucky Department of Revenue.

<b>SANITATION DISTRICT NO. 1</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>For the Years Ended June 30, 2024 and 2023</b>
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**NOTE 17 – LITIGATION (Continued)**

**Neises** – SD1 is party to a suit that involves two wrongful deaths and one claim of personal injury. Third-party construction contractors Mason Neises and Joshua Mason were killed, and Jason Holleran was injured in an accident at the Bromley Pump station on December 4, 2023. This suit was filed on September 11, 2024; therefore, no discovery has been undertaken. SD1 will aggressively defend the suit and deems liability questionable since no SD1 employees were involved in the actual of the project that was underway when the accident occurred. There is no estimate of a potential loss to SD1, but wrongful death damages for two relatively young men may exceed \$1,000,000. SD1 is insured for this particular claim under a policy issued by KLCIS subject to terms, conditions, exclusions, and limitations of the policy.

SD1 is the defendant in 11 separate lawsuits relating to matters arising in the normal course of business. SD1 intends to aggressively defend each of these suits, and financial contingencies that could be awarded in the lawsuits are covered, at least in part, by SD1’s insurance company. SD1 also has several other claims against it which involve flooding, sewer backups, odor control, and minor property damages; the majority of these claims are covered by SD1 insurance policies and are being vigorously defended by SD1’s insurance carrier. In addition, SD1 has several collections claims filed against individual customers who have, in turn, filed counter claims against SD1.

**NOTE 18 – INSURANCE IN FORCE**

SD1 has the following insurance policies in force during the years ended June 30, 2024 and 2023:

Type of Coverage	Amount of Coverage	
	2024	2023
Property- Buildings, pump stations, machinery	\$ 442,014,506	\$ 401,831,368
Earthquake	60,000,000	60,000,000
Equipment breakdown	50,000,000	50,000,000
Flood	50,000,000	50,000,000
Vehicles	10,000,000	10,000,000
Environmental impairment	25,000,000	25,000,000
Public entity management liability	10,000,000	10,000,000
General liability, aggregate	26,000,000	26,000,000
Scheduled equipment	5,058,016	4,564,723
Pipeline policy	5,000,000	5,000,000
Employer's liability	10,000,000	10,000,000
Crime - employee dishonesty	3,000,000	3,000,000
Cyber liability	3,000,000	3,000,000
EDP-hardware, software	1,250,000	1,250,000
Sewer backup	1,000,000	1,000,000
Telecommunications-equipment	467,814	467,814
Electronic vandalism	100,000	100,000
Telecommunications-tower	89,600	89,600

**NOTE 19 – INTERFUND TRANSFERS**

SD1 made a transfer of assets in the amount of \$0 and \$293,882 in the years ended June 30, 2024 and 2023, respectively, from the Sanitation Fund to the Stormwater Fund. This was the result of new storm water assets being constructed and separated as part of sanitary improvement projects.

**SANITATION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2024 and 2023**

**NOTE 20 – RECLASSIFICATION OF PRIOR YEAR BALANCES**

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, was implemented as of the beginning of the year ended June 30, 2024. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The beginning net position of business-type activities were restated as follows:

	Business-Type Activities
Net Position June 30, 2023	\$ 910,783,865
Right of use subscription IT assets	759,111
Accumulated amortization	(188,112)
Subscription IT obligation	(579,053)
Net Position June 30, 2023, as restated	<u>\$ 910,775,811</u>

**NOTE 21 – SUBSEQUENT EVENTS**

SD1 has evaluated subsequent events through December 17, 2024, which is the date the financial statements were available for issue.

SD1 did not have any events subsequent to June 30, 2024 through December 17, 2024 to disclose.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**SANITATION DISTRICT NO. 1**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN-NON-HAZARDOUS**  
**Last Ten Fiscal Years\***

\* Additional years' information will be displayed as it becomes available

**Schedule of the SD1's Proportionate Share of the Net Pension Liability**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.4730%	0.4916%	0.5661%	0.5263%	0.5175%	0.5280%	5.4090%	0.5450%	0.5661%	0.5647%
Proportionate share of the net pension liability (asset)	\$ 30,352,138	\$ 35,539,710	\$ 33,129,277	\$ 40,366,467	\$ 36,394,880	\$ 32,157,114	\$ 31,661,594	\$ 26,833,461	\$ 24,340,276	\$ 18,320,686
Covered payroll in year of measurement	13,808,283	13,499,176	13,231,649	13,594,328	13,229,298	13,358,633	13,338,602	13,241,319	13,307,431	12,954,902
Share of the net pension liability (asset) as a percentage of its covered payroll	219.81%	263.27%	250.38%	296.94%	275.11%	240.72%	237.37%	202.65%	182.91%	141.42%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

**Schedule of the SD1's Contributions**  
**County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,350,232	\$ 3,231,138	\$ 2,857,776	\$ 2,553,708	\$ 2,638,931	\$ 2,153,407	\$ 1,934,330	\$ 1,860,735	\$ 1,644,572	\$ 1,696,697
Actual contribution	3,350,232	3,231,138	2,857,776	2,553,708	2,638,931	2,153,407	1,934,330	1,860,735	1,644,572	1,696,697
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	14,354,036	13,808,283	13,499,176	13,231,649	13,594,328	13,229,298	13,358,633	13,338,602	13,241,319	13,307,431
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.41%	16.28%	14.48%	13.95%	12.42%	12.75%

**Notes to Required Supplementary Information**  
**June 30, 2024**

**Changes of Assumptions**

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between SD1's contributions and proportionate share of contributions are detailed in NOTE 9 in the Notes to the Financial Statements.

**SANITATION DISTRICT NO. 1****MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN-NON-HAZARDOUS****Last Ten Fiscal Years\****\* Additional years' information will be displayed as it becomes available***Schedule of the SD1's Proportionate Share of the Net OPEB Liability  
County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.4730%	0.4917%	0.5195%	0.5262%	0.5174%	0.5280%	0.5409%			
Proportionate share of the net OPEB liability (asset)	\$ (653,076)	\$ 9,702,701	\$ 9,945,376	\$ 12,705,864	\$ 8,702,115	\$ 9,374,446	\$ 10,874,302			
Covered payroll in year of measurement	13,808,283	13,499,176	13,231,649	13,594,328	13,229,298	13,358,633	13,338,602			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.73%	71.88%	75.16%	93.46%	65.78%	70.18%	81.53%			
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%			

**Schedule of the SD1's Contributions  
County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ 468,101	\$ 780,252	\$ 629,826	\$ 650,845	\$ 698,331	\$ 627,856	\$ 630,916		
Actual contribution	-	468,101	780,252	629,826	650,845	698,331	627,856	630,916		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	14,354,036	13,808,283	13,499,176	13,231,649	13,594,328	13,229,298	13,358,633	13,338,602		
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.79%	5.28%	4.70%	4.73%		

**Notes to Required Supplementary Information  
June 30, 2024****Changes of Assumptions**

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between SD1's contributions and proportionate share of contributions are detailed in NOTE 10 in the Notes to the Financial Statements.

## **SUPPLEMENTARY INFORMATION**

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**GENERAL REVENUES**  
**For the Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sewer service charges	\$ 105,800,000	\$ 108,569,676	\$ 2,769,676
Storm water charges	10,985,000	11,272,252	287,252
Surcharges	3,505,000	4,512,567	1,007,567
Capacity connection fees	4,500,000	4,904,533	404,533
Penalties	1,830,000	1,948,678	118,678
Fines	15,000	636,500	621,500
Inspections	230,000	294,588	64,588
Permits	401,000	416,371	15,371
Project reimbursements	-	(43,057)	(43,057)
Contractual services	200,000	207,227	7,227
Sludge hauling	425,000	609,823	184,823
Bad debt recoveries	11,500	10,402	(1,098)
Other revenues	25,000	89,267	64,267
<b>Total General Revenue</b>	<u>\$ 127,927,500</u>	<u>\$ 133,428,827</u>	<u>\$ 5,501,327</u>

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**GENERAL REVENUES**  
**For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sewer service charges	\$ 99,300,000	\$ 102,400,448	\$ 3,100,448
Storm water charges	11,160,000	11,398,256	238,256
Surcharges	3,170,000	3,888,901	718,901
Capacity connection fees	4,500,000	4,555,677	55,677
Penalties	1,270,000	1,861,825	591,825
Fines	15,000	18,750	3,750
Inspections	221,000	256,799	35,799
Permits	403,500	440,421	36,921
Project reimbursements	-	994	994
Contractual services	150,000	190,054	40,054
Sludge hauling	730,000	427,678	(302,322)
Bad debt recoveries	11,500	23,810	12,310
Other revenues	25,000	168,828	143,828
<b>Total General Revenue</b>	<u>\$ 120,956,000</u>	<u>\$ 125,632,441</u>	<u>\$ 4,676,441</u>

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
			<b>(Unfavorable)</b>
<b>Dry Creek Treatment Plant Operations</b>			
Salaries and wages	\$ 2,589,280	\$ 2,288,933	\$ 300,347
Medical and dental self-insured plan	611,630	685,324	(73,694)
Pension plan	532,082	490,419	41,663
Payroll taxes	198,080	168,964	29,116
Employee benefits	30,108	27,060	3,048
Credits charged to capital projects	-	(16,273)	16,273
Insurance and bond	232,167	221,430	10,737
Professional and contracted services	258,405	193,886	64,519
Postage	1,620	1,830	(210)
Office and operating supplies	181,466	177,340	4,126
Operating maintenance - building grounds	98,000	121,744	(23,744)
Travel, training and certification	84,601	67,950	16,651
Subscriptions	400	460	(60)
Contract labor - building maintenance	3,000	7,548	(4,548)
Legal advertising	-	1,233	(1,233)
Chemicals	2,816,038	1,780,018	1,036,020
Electric and gas	1,145,340	1,039,369	105,971
Telephone and radio	30,000	23,115	6,885
Fuel oil	73,700	56,525	17,175
Water	48,000	47,171	829
Vehicle fuels	90,881	58,345	32,536
Auto and truck expense	89,550	95,367	(5,817)
Sludge and grit removal	1,055,773	807,479	248,294
Maintenance material - plant equipment	280,000	166,866	113,134
Safety equipment expense	10,000	14,851	(4,851)
Rental	8,000	7,535	465
<b>Total Dry Creek Treatment Plant Expenses</b>	<b>10,468,121</b>	<b>8,534,489</b>	<b>1,933,632</b>

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**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
<b>Eastern Regional Reclamation Facility</b>			<b>(Unfavorable)</b>
Salaries and wages	\$ 402,497	\$ 320,610	\$ 81,887
Medical and dental self-insured plan	91,744	102,162	(10,418)
Pension plan	87,837	66,625	21,212
Payroll taxes	30,791	23,497	7,294
Employee benefits	5,155	3,422	1,733
Credits charged to capital projects	(33,000)	(34,896)	1,896
Insurance and bond	66,205	46,856	19,349
Professional and contracted services	57,115	30,902	26,213
Office and operating supplies	27,500	25,056	2,444
Operating maintenance - building grounds	26,300	18,913	7,387
Travel, training and certification	12,500	10,642	1,858
Subscriptions	400	-	400
Chemicals	118,500	71,905	46,595
Electric and gas	373,340	313,761	59,579
Telephone and radio	9,800	7,981	1,819
Fuel oil	8,000	-	8,000
Water	6,700	5,003	1,697
Vehicle fuels	17,852	5,901	11,951
Auto and truck expense	18,429	4,624	13,805
Sludge and grit removal	88,750	91,381	(2,631)
Maintenance material - plant equipment	145,000	77,000	68,000
Safety equipment expense	6,200	1,554	4,646
Rental	1,000	-	1,000
<b>Total Eastern Regional Facility Expenses</b>	<b>1,568,615</b>	<b>1,192,899</b>	<b>375,716</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
<b>Western Regional Reclamation Facility</b>			<b>(Unfavorable)</b>
Salaries and wages	\$ 658,759	\$ 627,212	\$ 31,547
Medical and dental self-insured plan	183,489	203,252	(19,763)
Pension plan	150,019	142,246	7,773
Payroll taxes	50,395	46,208	4,187
Employee benefits	9,937	8,322	1,615
Credits charged to capital projects	-	(9,240)	9,240
Insurance and bond	93,763	86,212	7,551
Professional and contracted services	71,500	75,083	(3,583)
Postage	100	381	(281)
Office and operating supplies	39,680	35,373	4,307
Operating maintenance - building grounds	41,580	54,231	(12,651)
Travel, training and certification	914	9,388	(8,474)
Contract labor - building maintenance	-	-	-
Chemicals	315,986	299,323	16,663
Electric and gas	922,305	888,301	34,004
Telephone and radio	14,400	14,471	(71)
Fuel oil	1,500	596	904
Vehicle fuels	3,856	4,422	(566)
Auto and truck expense	13,000	36,217	(23,217)
Sludge and grit removal	768,000	836,613	(68,613)
Maintenance material - plant equipment	182,890	80,270	102,620
Safety equipment expense	1,200	5,142	(3,942)
Rentals	3,000	2,170	830
<b>Total Western Regional Facility Expenses</b>	<b>3,526,273</b>	<b>3,446,193</b>	<b>80,080</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Collection System</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 2,655,790	\$ 2,689,292	\$ (33,502)
Medical and dental self-insured plan	722,061	878,030	(155,969)
Pension plan	599,201	593,919	5,282
Payroll taxes	203,168	198,961	4,207
Employee benefits	38,052	36,960	1,092
Credits charged to capital projects	(777,157)	(789,472)	12,315
Insurance and bond	597,056	574,120	22,936
Professional and contracted services	665,246	980,669	(315,423)
Postage	4,800	4,303	497
Office and operating supplies	14,875	11,751	3,124
Travel, training and certification	21,723	24,003	(2,280)
Subscriptions	537	820	(283)
Telephone and radio	31,562	31,342	220
Vehicle fuels	180,028	129,756	50,272
Auto and truck expense	322,358	158,424	163,934
Sludge and grit removal	18,000	21,263	(3,263)
Maintenance material - collection systems	346,018	363,836	(17,818)
Safety equipment expense	33,510	30,415	3,095
Private Lateral Program	300,000	359,889	(59,889)
<b>Total Collection System Expenses</b>	<b>5,976,828</b>	<b>6,298,281</b>	<b>(321,453)</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Pump Stations/Field Tech</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 992,411	\$ 1,077,425	\$ (85,014)
Medical and dental self-insured plan	259,943	302,917	(42,974)
Pension plan	226,727	240,287	(13,560)
Payroll taxes	75,919	79,617	(3,698)
Employee benefits	15,268	14,184	1,084
Credits charged to capital projects	(169,100)	(152,925)	(16,175)
Insurance and bond	138,296	143,718	(5,422)
Professional and contracted services	225,550	161,754	63,796
Postage	-	243	(243)
Office and operating supplies	9,190	8,241	949
Operating maintenance - building grounds	53,640	25,623	28,017
Travel, training and certification	17,397	12,563	4,834
Chemicals	1,819,645	1,497,815	321,830
Electric	2,436,000	2,213,039	222,961
Gas	20,000	21,695	(1,695)
Telephone and radio	62,680	57,879	4,801
Fuel oil	11,000	8,182	2,818
Water	32,000	65,040	(33,040)
Storm water surcharge	384	381	3
Vehicle fuels	61,435	51,606	9,829
Auto and truck expense	83,374	102,326	(18,952)
Sludge and grit removal	162,320	166,758	(4,438)
Operating Maintenance - pump stations	272,595	198,697	73,898
Safety equipment expense	28,050	18,248	9,802
Rental	1,900	2,277	(377)
<b>Total Pump Stations/Field Tech Expenses</b>	<b>6,836,624</b>	<b>6,317,590</b>	<b>519,034</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance</b>
<b>Operations</b>	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
			<b>(Unfavorable)</b>
Salaries and wages	\$ 980,125	\$ 804,569	\$ 175,556
Medical and dental self-insured plan	199,413	220,717	(21,304)
Pension plan	201,205	177,820	23,385
Payroll taxes	74,980	59,102	15,878
Employee benefits	23,471	17,591	5,880
Credits charged to capital projects	(147,686)	(83,534)	(64,152)
Insurance and bond	78,080	72,709	5,371
Professional and contracted services	240,142	172,569	67,573
Office and operating supplies	8,745	8,540	205
Operating maintenance - building grounds	189,945	118,971	70,974
Travel, training and certification	24,023	10,351	13,672
Subscriptions	23,126	18,902	4,224
Electric	113,355	97,607	15,748
Gas	47,300	34,692	12,608
Telephone and radio	16,494	9,388	7,106
Water	38,357	17,256	21,101
Vehicle fuels	6,662	4,920	1,742
Auto and truck expense	9,867	7,648	2,219
Safety equipment expense	1,335	-	1,335
Basement Back-Up Assistance Program	150,000	140,807	9,193
<b>Total Collection System Expenses</b>	<b>2,278,939</b>	<b>1,910,625</b>	<b>368,314</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Engineering</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 1,396,813	\$ 1,465,437	\$ (68,624)
Medical and dental self-insured plan	296,465	334,008	(37,543)
Pension plan	318,889	311,172	7,717
Payroll taxes	106,856	108,474	(1,618)
Employee benefits	14,532	10,365	4,167
Credits charged to capital projects	(1,157,477)	(1,362,640)	205,163
Insurance and claim deductibles	106,166	118,783	(12,617)
Professional and contracted services	246,000	197,954	48,046
Legal services	16,000	225	15,775
Postage	750	239	511
Office and operating supplies	38,131	37,890	241
Training and certification	28,477	17,482	10,995
Subscriptions	8,256	9,637	(1,381)
Telephone and radio	16,479	15,574	905
Vehicle fuels	21,342	15,851	5,491
Auto and truck expense	16,163	8,692	7,471
Safety equipment expense	5,558	1,403	4,155
<b>Total Engineering Expenses</b>	<b>1,479,400</b>	<b>1,290,546</b>	<b>188,854</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

Expenses	Budget	Actual	Variance Favorable (Unfavorable)
<b>Storm Water Program</b>			
Salaries and wages	\$ 3,568,199	\$ 3,378,115	\$ 190,084
Board of directors	8,242	8,241	1
Medical and dental self-insured plan	781,126	800,876	(19,750)
Pension plan	803,973	736,696	67,277
Payroll taxes	272,967	248,729	24,238
Employee benefits	51,823	42,634	9,189
Unemployment taxes	3,364	-	3,364
Credits charged to capital projects	(731,479)	(616,815)	(114,664)
Insurance and bond	33,587	30,198	3,389
Professional and contracted services	694,600	335,393	359,207
Legal services	-	2,179	(2,179)
Bank services	88,628	67,956	20,672
Auditing services	9,532	11,593	(2,061)
Collections expenses	3,462	2,283	1,179
Postage	138,913	139,295	(382)
Office and operating supplies	108,806	92,026	16,780
Operating maintenance - building grounds	69,655	48,171	21,484
Storm water program	35,000	30,980	4,020
Training and certification	87,641	52,622	35,019
Subscriptions	108,983	68,899	40,084
Electric and gas	52,765	43,605	9,160
Telephone and radio	66,034	53,095	12,939
Water	11,643	5,239	6,404
Vehicle fuels	73,072	39,940	33,132
Auto and truck expense	115,624	45,900	69,724
Maintenance material - storm water	75,000	53,007	21,993
Storm water facilities and features	5,000	48	4,952
Safety equipment expense	17,591	9,954	7,637
Rentals	1,500	-	1,500
Storm water - Culvert Cost Share Prog.	50,000	-	50,000
Storm water - Technical Assistance Prog.	40,000	23,582	16,418
Storm water - Assistance Cost Share Prog.	65,000	-	65,000
<b>Total Storm Water Expenses</b>	<b>6,710,251</b>	<b>5,754,441</b>	<b>955,810</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2024**

Expenses	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Administration</b>			
Salaries and wages	\$ 2,685,713	\$ 2,701,104	\$ (15,391)
Board of directors	21,158	21,159	(1)
Medical and dental self-insured plan	539,199	615,879	(76,680)
Pension plan	604,808	591,047	13,761
Payroll taxes	205,457	194,456	11,001
Employee benefits	47,456	47,714	(258)
Unemployment taxes	8,636	-	8,636
Credits charged to capital projects	(7,251)	(13,815)	6,564
Insurance and claims deductibles	256,631	236,896	19,735
Professional and contracted services	792,430	685,514	106,916
Legal services	72,000	11,838	60,162
Bank services	227,512	229,578	(2,066)
Auditing services	24,468	29,767	(5,299)
Collections expenses	8,888	5,861	3,027
Postage	356,337	357,656	(1,319)
Office and operating supplies	118,743	104,484	14,259
Training and certification	103,684	52,973	50,711
Dues and subscriptions	76,323	70,677	5,646
Legal advertising	350	507	(157)
Telephone and radio	97,646	83,009	14,637
Vehicle fuels	372	517	(145)
Auto and truck expense	1,479	1,460	19
Safety equipment expense	8,996	8,159	837
Rental	46,200	37,647	8,553
Penalties and fines	1,140	47,000	(45,860)
<b>Total Administration Expenses</b>	<u>6,298,375</u>	<u>6,121,087</u>	<u>177,288</u>
<b>Total Operation, Maintenance, and Administration Expenses</b>	<u>\$ 45,143,426</u>	<u>\$ 40,866,151</u>	<u>\$ 4,277,275</u>

**Reconciliation of Budget to Actual to Statement  
of Revenues, Expenses and Changes in Net Position**

<b>General Revenues</b>	\$ 133,428,827
<b>Operation, Maintenance and Administration Expenses</b>	(40,866,151)
<b>Major Repair Expenses</b>	(975,294)
<b>Depreciation</b>	<u>(41,625,787)</u>
<b>Net Operating Income</b>	<u>\$ 49,961,595</u>

<p><b>SANITATION DISTRICT NO. 1</b>  <b>BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -</b>  <b>OPERATION, MAINTENANCE, AND ADMINISTRATION</b>  <b>For the Year Ended June 30, 2023</b></p>
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Expenses			Variance Favorable (Unfavorable)
<b>Dry Creek Treatment Plant Operations</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 2,558,960	\$ 2,182,300	\$ 376,660
Medical and dental self-insured plan	651,495	677,217	(25,722)
Pension plan	605,952	555,785	50,167
Payroll taxes	195,760	160,285	35,475
Employee benefits	46,110	26,319	19,791
Credits charged to capital projects	-	(3,267)	3,267
Insurance and bond	212,500	225,728	(13,228)
Professional and contracted services	245,698	146,618	99,080
Postage	1,620	765	855
Office and operating supplies	174,581	193,121	(18,540)
Operating maintenance - building grounds	77,175	100,812	(23,637)
Travel, training and certification	69,000	64,927	4,073
Subscriptions	400	465	(65)
Contract labor - building maintenance	3,000	1,556	1,444
Legal advertising	-	937	(937)
Chemicals	1,988,757	1,890,002	98,755
Electric and gas	996,000	1,067,354	(71,354)
Telephone and radio	38,020	28,829	9,191
Fuel oil	40,000	68,864	(28,864)
Water	48,000	42,022	5,978
Vehicle fuels	68,955	72,665	(3,710)
Auto and truck expense	68,173	103,485	(35,312)
Sludge and grit removal	963,212	915,389	47,823
Maintenance material - plant equipment	240,000	183,395	56,605
Safety equipment expense	15,000	10,990	4,010
Rental	8,000	7,747	253
<b>Total Dry Creek Treatment Plant Expenses</b>	<b>9,316,368</b>	<b>8,724,310</b>	<b>592,057</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Eastern Regional Reclamation Facility</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 389,534	\$ 343,751	\$ 45,783
Medical and dental self-insured plan	97,724	117,022	(19,298)
Pension plan	97,525	90,487	7,038
Payroll taxes	29,799	25,081	4,718
Employee benefits	6,916	4,379	2,537
Credits charged to capital projects	(33,000)	(37,757)	4,757
Insurance and bond	47,700	50,954	(3,254)
Professional and contracted services	57,115	38,106	19,009
Office and operating supplies	27,000	25,724	1,276
Operating maintenance - building grounds	24,288	25,662	(1,374)
Travel, training and certification	11,403	9,872	1,531
Subscriptions	400	-	400
Chemicals	118,500	66,674	51,826
Electric and gas	325,200	334,766	(9,566)
Telephone and radio	9,300	8,299	1,001
Fuel oil	7,935	4,859	3,076
Water	6,700	4,195	2,505
Vehicle fuels	17,802	12,973	4,829
Auto and truck expense	19,194	11,460	7,734
Sludge and grit removal	96,000	83,185	12,815
Maintenance material - plant equipment	145,000	68,927	76,073
Safety equipment expense	6,200	573	5,627
Rental	1,000	-	1,000
<b>Total Eastern Regional Facility Expenses</b>	<b>1,509,235</b>	<b>1,289,192</b>	<b>220,043</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Western Regional Reclamation Facility</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 661,860	\$ 584,631	\$ 77,229
Medical and dental self-insured plan	195,449	203,694	(8,245)
Pension plan	175,243	148,027	27,216
Payroll taxes	50,632	43,023	7,609
Employee benefits	13,833	8,471	5,362
Credits charged to capital projects	-	(718)	718
Insurance and bond	78,500	85,717	(7,217)
Professional and contracted services	84,106	72,193	11,913
Postage	100	459	(359)
Office and operating supplies	39,680	31,224	8,456
Operating maintenance - building grounds	33,660	49,574	(15,914)
Travel, training and certification	4,524	5,676	(1,152)
Contract labor - building maintenance	-	-	-
Chemicals	276,799	266,711	10,088
Electric and gas	832,250	903,567	(71,317)
Telephone and radio	14,400	15,164	(764)
Fuel oil	1,500	1,055	445
Vehicle fuels	5,186	3,906	1,280
Auto and truck expense	19,503	24,513	(5,010)
Sludge and grit removal	818,865	775,586	43,279
Maintenance material - plant equipment	152,250	143,744	8,506
Safety equipment expense	6,000	1,590	4,410
Rentals	3,000	3,375	(375)
<b>Total Western Regional Facility Expenses</b>	<b>3,467,340</b>	<b>3,371,182</b>	<b>96,158</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Collection System</b>			
Salaries and wages	\$ 2,729,954	\$ 2,616,215	\$ 113,739
Medical and dental self-insured plan	797,273	909,915	(112,642)
Pension plan	713,245	669,197	44,048
Payroll taxes	208,842	192,550	16,292
Employee benefits	56,427	36,431	19,996
Credits charged to capital projects	(782,785)	(705,290)	(77,495)
Insurance and bond	553,178	653,670	(100,492)
Professional and contracted services	900,000	725,201	174,799
Postage	4,600	4,983	(383)
Office and operating supplies	13,597	7,229	6,368
Travel, training and certification	15,001	14,791	210
Subscriptions	1,125	430	695
Telephone and radio	30,002	35,237	(5,235)
Vehicle fuels	206,425	148,910	57,515
Auto and truck expense	326,015	290,655	35,360
Sludge and grit removal	18,000	28,818	(10,818)
Maintenance material - collection systems	320,000	380,477	(60,477)
Safety equipment expense	26,252	26,520	(268)
Private Lateral Program	300,000	276,088	23,912
<b>Total Collection System Expenses</b>	<b>6,437,151</b>	<b>6,312,027</b>	<b>125,124</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>			<b>Variance Favorable (Unfavorable)</b>
<b>Pump Stations/Field Tech</b>	<b>Budget</b>	<b>Actual</b>	
Salaries and wages	\$ 999,351	\$ 990,287	\$ 9,064
Medical and dental self-insured plan	276,885	299,537	(22,652)
Pension plan	257,948	238,448	19,500
Payroll taxes	76,450	73,172	3,278
Employee benefits	19,597	13,740	5,857
Credits charged to capital projects	(50,060)	(88,218)	38,158
Insurance and bond	136,500	155,930	(19,430)
Professional and contracted services	240,000	185,531	54,469
Office and operating supplies	23,000	12,173	10,827
Operating maintenance - building grounds	43,000	35,871	7,129
Travel, training and certification	12,500	25,668	(13,168)
Chemicals	1,700,000	1,588,991	111,009
Electric and gas	2,140,000	2,154,607	(14,607)
Telephone and radio	56,500	63,073	(6,573)
Fuel oil	11,000	8,506	2,494
Water	32,000	68,421	(36,421)
Storm water surcharge	384	381	3
Vehicle fuels	58,900	63,315	(4,415)
Auto and truck expense	79,800	61,916	17,884
Sludge and grit removal	150,000	139,164	10,836
Operating Maintenance - pump stations	240,000	235,965	4,035
Safety equipment expense	10,200	8,795	1,405
Rental	50,000	3,104	46,896
<b>Total Pump Stations/Field Tech Expenses</b>	<b>6,563,955</b>	<b>6,338,377</b>	<b>225,578</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>			<b>Variance</b>
<b>Operations</b>	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
			<b>(Unfavorable)</b>
Salaries and wages	\$ 854,144	\$ 715,239	\$ 138,905
Medical and dental self-insured plan	177,308	179,514	(2,206)
Pension plan	196,870	178,042	18,828
Payroll taxes	65,342	52,532	12,810
Employee benefits	12,549	5,238	7,311
Credits charged to capital projects	(9,600)	(175,057)	165,457
Insurance and bond	71,100	70,108	992
Professional and contracted services	271,707	237,240	34,467
Office and operating supplies	9,910	5,763	4,147
Operating maintenance - building grounds	185,345	144,866	40,479
Travel, training and certification	20,195	9,948	10,247
Subscriptions	4,829	6,853	(2,024)
Electric and gas	127,695	140,726	(13,031)
Telephone and radio	16,515	13,803	2,712
Water	39,657	25,315	14,342
Vehicle fuels	8,391	5,048	3,343
Auto and truck expense	9,829	14,672	(4,843)
Safety equipment expense	1,353	-	1,353
Basement Back-Up Assistance Program	150,000	120,751	29,249
<b>Total Collection System Expenses</b>	<b>2,213,139</b>	<b>1,750,601</b>	<b>462,538</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

<b>Expenses</b>			<b>Variance</b>
<b>Engineering</b>	<b>Budget</b>	<b>Actual</b>	<b>Favorable</b>
			<b>(Unfavorable)</b>
Salaries and wages	\$ 1,594,624	\$ 1,498,380	\$ 96,244
Medical and dental self-insured plan	354,836	377,787	(22,951)
Pension plan	418,304	376,378	41,926
Payroll taxes	121,989	110,844	11,145
Employee benefits	25,114	11,261	13,853
Credits charged to capital projects	(925,704)	(1,069,107)	143,403
Insurance and claim deductibles	127,000	126,290	710
Professional and contracted services	279,000	212,078	66,922
Legal services	16,000	69	15,931
Postage	850	82	768
Office and operating supplies	41,189	37,507	3,682
Training and certification	30,966	22,941	8,025
Subscriptions	2,017	382	1,635
Telephone and radio	18,212	16,857	1,355
Vehicle fuels	24,313	20,185	4,128
Auto and truck expense	12,666	7,627	5,039
Safety equipment expense	6,044	2,514	3,530
<b>Total Engineering Expenses</b>	<b>2,147,420</b>	<b>1,752,075</b>	<b>395,345</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

Expenses	Budget	Actual	Variance Favorable (Unfavorable)
<b>Storm Water Program</b>			
Salaries and wages	\$ 3,455,991	\$ 3,150,705	\$ 305,286
Board of directors	8,180	8,179	1
Medical and dental self-insured plan	819,085	782,793	36,292
Pension plan	895,220	799,340	95,880
Payroll taxes	264,383	231,558	32,825
Employee benefits	57,971	38,817	19,154
Unemployment taxes	3,339	-	3,339
Credits charged to capital projects	(441,933)	(546,045)	104,112
Insurance and bond	65,000	33,243	31,757
Professional and contracted services	833,600	282,385	551,215
Legal services	-	13,576	(13,576)
Bank services	82,350	64,170	18,180
Auditing services	9,182	9,086	96
Collections expenses	3,408	3,271	137
Postage	137,871	129,077	8,794
Office and operating supplies	98,729	88,004	10,725
Operating maintenance - building grounds	62,015	50,212	11,803
Storm water program	35,000	30,413	4,587
Training and certification	72,341	52,767	19,574
Subscriptions	100,218	59,030	41,188
Electric and gas	39,725	44,400	(4,675)
Telephone and radio	66,075	55,017	11,058
Water	11,343	7,240	4,103
Vehicle fuels	86,958	48,285	38,673
Auto and truck expense	123,049	75,339	47,710
Maintenance material - storm water	105,000	86,271	18,729
Storm water facilities and features	5,000	2,910	2,090
Safety equipment expense	15,670	9,684	5,986
Rentals	1,500	-	1,500
Penalties and fines	-	-	-
Storm water - Culvert Cost Share Prog.	50,000	1,689	48,311
Storm water - Technical Assistance Prog.	40,000	12,302	27,698
Storm water - Assistance Cost Share Prog.	65,000	9,833	55,167
<b>Total Storm Water Expenses</b>	<b>7,171,270</b>	<b>5,633,551</b>	<b>1,537,719</b>

(Continued to next page)

**SANITATION DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL -**  
**OPERATION, MAINTENANCE, AND ADMINISTRATION**  
**For the Year Ended June 30, 2023**

Expenses			Variance Favorable (Unfavorable)
Administration	Budget	Actual	
Salaries and wages	\$ 2,683,434	\$ 2,552,800	\$ 130,634
Board of directors	21,220	21,221	(1)
Medical and dental self-insured plan	587,778	630,746	(42,968)
Pension plan	693,523	643,535	49,988
Payroll taxes	205,283	183,256	22,027
Employee benefits	41,600	45,716	(4,116)
Unemployment taxes	8,661	-	8,661
Credits charged to capital projects	(7,272)	(23,980)	16,708
Insurance and claims deductibles	259,601	227,656	31,945
Professional and contracted services	811,360	643,069	168,291
Legal services	100,000	21,337	78,663
Bank services	213,615	220,120	(6,505)
Auditing services	23,818	23,574	244
Collections expenses	8,842	8,488	354
Postage	357,379	334,894	22,485
Office and operating supplies	110,429	102,883	7,546
Training and certification	86,818	65,948	20,870
Dues and subscriptions	72,656	72,704	(48)
Legal advertising	350	239	111
Telephone and radio	99,184	84,448	14,736
Vehicle fuels	373	230	143
Auto and truck expense	1,484	433	1,051
Safety equipment expense	9,022	6,782	2,240
Rental	44,200	41,915	2,285
Penalties and fines	1,140	15,642	(14,502)
<b>Total Administration Expenses</b>	<u>6,434,498</u>	<u>5,923,656</u>	<u>510,842</u>
<b>Total Operation, Maintenance, and Administration Expenses</b>	<u>\$ 45,260,376</u>	<u>\$ 41,094,971</u>	<u>\$ 4,165,405</u>

**Reconciliation of Budget to Actual to Statement  
of Revenues, Expenses and Changes in Net Position**

<b>General Revenues</b>	\$ 125,632,441
<b>Operation, Maintenance and Administration Expenses</b>	(41,094,971)
<b>Major Repair Expenses</b>	(634,743)
<b>Depreciation</b>	<u>(41,627,822)</u>
<b>Net Operating Income</b>	<u>\$ 42,274,905</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors  
Sanitation District No. 1  
Fort Wright, Kentucky**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Sanitation District No. 1 as of June 30, 2024 and the related notes to the financial statements which collectively comprise Sanitation District No. 1's financial statements, and have issued our report thereon dated December 17, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sanitation District No. 1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sanitation District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Sanitation District No. 1's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sanitation District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen & Co., Inc.**

Erlanger, Kentucky

December 17, 2024

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This section of Sanitation District No. 1's (SD1) annual comprehensive financial report presents detailed historical and economic information as a supplement to the information presented in the financial statements and note disclosures to assist readers in assessing SD1's overall financial health.

<b><u>CONTENTS:</u></b>	<b><u>PAGE</u></b>
<b><i>Financial Trends:</i></b>	104-110
These schedules contain trend information to help readers understand how SD1's financial performance and position have changed over time. These schedules include adjustments for the implementation of GASB 65, GASB 68, and GASB 75 for only the years presented during the implementation.	
<b><i>Revenue Capacity:</i></b>	111-114
These schedules contain information to help readers assess SD1's most significant revenue sources.	
<b><i>Debt Service Coverage:</i></b>	115-117
These schedules present information to help readers assess SD1's current level of outstanding debt and SD1's ability to issue additional debt in the future.	
<b><i>Demographic and Economic Information:</i></b>	118-122
These schedules provide information about the environment in which SD1 operates.	
<b><i>Operating Information:</i></b>	123-124
These schedules contain operating information related to SD1's infrastructure, assets and services provided.	

**Sources:** *Unless otherwise noted, the information in these statistical schedules is from the annual financial reports for the relevant years.*

**Sanitation District No. 1**  
**Statements of Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year								(Restated) 2023	2024
	2015	2016	2017	2018	2019	2020	2021	2022		
<b>Assets and Deferred Outflow of Resources</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 38,748,815	\$ 45,131,172	\$ 54,193,357	\$ 62,802,884	\$ 80,813,023	\$ 100,242,692	\$ 95,507,902	\$ 121,291,748	\$ 157,206,511	\$ 204,347,866
Investments							14,902,275	13,764,008	13,571,323	14,059,267
Accounts receivable										
Customers, net of allowance	9,952,571	10,138,377	9,014,025	8,546,145	9,078,639	9,749,473	8,602,711	9,364,254	9,917,731	10,878,642
Communities	14,484	14,450	13,506	12,231	13,361	11,638	18,165	18,837	21,303	11,362
KIA loan receivable	274,991	-	-	-	-	-	-	-	3,786,970	-
Other	4,011,851	3,750,928	4,246,702	4,339,856	3,629,261	3,451,082	2,629,038	2,497,612	2,743,728	3,907,651
Due from other fund	-	-	-	-	-	-	-	-	-	-
Accrued unbilled charges	9,800,840	9,615,950	10,053,930	10,653,130	11,022,325	11,069,670	11,040,210	11,606,800	12,331,499	12,947,600
Prepays and deposits	695,557	765,868	703,728	894,254	929,123	910,011	1,069,798	1,174,665	1,114,267	1,303,605
Accrued interest income	28,170	22,208	26,267	34,001	34,473	36,839	16,618	19,831	37,410	108,464
<b>Total Current Assets</b>	<b>63,527,279</b>	<b>69,438,953</b>	<b>78,251,515</b>	<b>87,282,501</b>	<b>105,520,205</b>	<b>125,471,405</b>	<b>133,786,717</b>	<b>159,737,755</b>	<b>200,730,742</b>	<b>247,564,457</b>
<b>Noncurrent Assets</b>										
<b>Restricted Assets</b>										
Cash and cash equivalents	7,099,462	3,633,285	2,366,227	999,364	1,916,051	2,471,268	1,887,205	1,537,023	2,534,966	2,305,486
Bond proceeds								46,304,227	16,598,745	-
Investments	84,756,917	85,017,276	83,531,917	83,376,441	81,381,605	76,700,826	75,004,070	77,861,390	80,435,941	83,544,833
Accrued interest	124,195	130,370	161,677	220,016	243,323	212,416	136,373	135,141	288,686	484,712
Prepaid items	-	-	-	-	-	-	-	-	-	-
<b>Total Restricted Assets</b>	<b>91,980,574</b>	<b>88,780,931</b>	<b>86,059,821</b>	<b>84,595,821</b>	<b>83,540,979</b>	<b>79,384,510</b>	<b>77,027,648</b>	<b>125,837,781</b>	<b>99,858,338</b>	<b>86,335,031</b>
<b>Receivables</b>										
Assessments	1,470,191	1,380,740	1,321,474	1,254,547	1,200,981	835,386	540,893	494,365	457,741	379,621
Improvement notes	5,130	5,130	5,130	5,130	5,130	-	-	-	-	-
<b>Total Receivables</b>	<b>1,475,321</b>	<b>1,385,870</b>	<b>1,326,604</b>	<b>1,259,677</b>	<b>1,206,111</b>	<b>835,386</b>	<b>540,893</b>	<b>494,365</b>	<b>457,741</b>	<b>379,621</b>
<b>Capital Assets</b>										
Land	15,414,160	15,845,697	16,140,009	16,580,850	17,548,769	18,578,720	19,222,017	19,542,461	20,214,768	20,415,305
Building, systems, equipment, and vehicles	1,461,709,177	1,485,535,837	1,509,064,756	1,532,787,878	1,560,416,295	1,596,425,537	1,609,415,779	1,635,539,977	1,673,880,849	1,695,660,613
Construction in progress	12,613,822	11,444,632	11,914,610	18,309,156	17,430,531	12,151,572	27,427,347	53,715,784	50,690,266	67,927,765
Less: accumulated depreciation	(386,548,850)	(424,805,548)	(462,048,715)	(500,137,767)	(537,838,619)	(575,835,165)	(607,196,039)	(645,995,857)	(663,146,877)	(700,004,356)
<b>Total Capital Assets, Net</b>	<b>1,103,188,309</b>	<b>1,088,020,618</b>	<b>1,075,070,660</b>	<b>1,067,540,117</b>	<b>1,057,556,976</b>	<b>1,051,320,664</b>	<b>1,048,869,104</b>	<b>1,062,802,365</b>	<b>1,081,639,006</b>	<b>1,083,999,327</b>
<b>Assets Available for Use</b>										
IT subscription assets									759,111.00	1,064,176
Less: accumulated amortization									(188,112.00)	(342,344)
<b>Total Assets Available for Use, Net</b>	<b>-</b>	<b>570,999</b>	<b>721,832</b>							
<b>Total Noncurrent Assets</b>	<b>1,196,644,204</b>	<b>1,178,187,419</b>	<b>1,162,457,085</b>	<b>1,153,395,615</b>	<b>1,142,304,066</b>	<b>1,131,540,560</b>	<b>1,126,437,645</b>	<b>1,189,134,511</b>	<b>1,182,526,084</b>	<b>1,171,435,812</b>
<b>Total Assets</b>	<b>1,260,171,483</b>	<b>1,247,626,372</b>	<b>1,240,708,600</b>	<b>1,240,678,116</b>	<b>1,247,824,271</b>	<b>1,257,011,965</b>	<b>1,260,224,362</b>	<b>1,348,872,266</b>	<b>1,383,256,826</b>	<b>1,419,000,269</b>
<b>Deferred Outflow of Resources</b>										
Deferred outflows related to pensions	1,696,697	4,556,240	5,944,107	10,331,047	6,344,967	7,251,776	6,592,095	3,920,112	4,209,382	4,921,504
Deferred outflows related to OPEB			630,915	2,994,036	2,570,546	3,225,882	5,478,761	5,050,769	3,419,239	1,762,848
Deferred loss on refundings	2,415,774	1,993,406	6,681,318	6,362,645	6,049,739	6,535,607	6,594,519	6,048,663	5,526,677	5,010,201
<b>Total Deferred Outflow of Resources</b>	<b>4,112,471</b>	<b>6,549,646</b>	<b>13,256,340</b>	<b>19,687,728</b>	<b>14,965,252</b>	<b>17,013,265</b>	<b>18,665,375</b>	<b>15,019,544</b>	<b>13,155,298</b>	<b>11,694,553</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 1,264,283,954</b>	<b>\$ 1,254,176,018</b>	<b>\$ 1,253,964,940</b>	<b>\$ 1,260,365,844</b>	<b>\$ 1,262,789,523</b>	<b>\$ 1,274,025,230</b>	<b>\$ 1,278,889,737</b>	<b>\$ 1,363,891,810</b>	<b>\$ 1,396,412,124</b>	<b>1,430,694,822</b>

**Sanitation District No. 1**  
**Statements of Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	(Restated) 2023	2024
<b>Liabilities and Deferred Inflow of Resources</b>										
<b>Current Liabilities</b>										
Bond indebtedness	\$ 12,140,000	\$ 12,545,000	\$ 15,234,259	\$ 15,442,759	\$ 12,821,480	\$ 13,556,997	\$ 14,566,789	\$ 17,223,874	\$ 17,447,994	14,455,000
Notes payable	7,158,744	7,375,823	7,506,790	7,640,534	8,225,469	8,541,534	8,598,656	6,906,485	7,010,321	7,115,893
IT subscription obligation									79,544	167,958
Accounts payable	6,228,639	4,644,185	6,714,215	5,458,450	7,087,218	7,027,539	8,121,255	11,314,332	10,396,556	10,314,707
Accrued payroll and benefits	905,503	967,085	1,031,245	1,053,226	1,081,829	436,851	456,246	550,865	470,892	535,755
Accrued interest payable	7,927,725	7,730,150	7,061,301	6,827,681	6,579,611	5,283,707	4,465,892	5,178,222	4,895,954	4,599,566
Accrued taxes and pension	(24)	(176)	1,166	3,715	(838)	186,288	175,204	3,269	7,449	18,072
Compensated absences	763,264	757,155	848,519	837,922	851,424	865,769	941,637	1,031,053	1,148,341	1,136,579
Due to other fund	-	-	-	-	-	-	-	-	-	-
Communities	47	-	-	-	-	-	-	-	-	-
Other liabilities	74,923	167,636	142,544	141,785	140,710	97,407	449,938	146,429	365,526	524,480
Sales tax payable	102	(643)	150,286	35,713	30,885	-	7,864	104	1,125	1,504
<b>Total Current Liabilities</b>	<b>35,198,923</b>	<b>34,186,215</b>	<b>38,690,325</b>	<b>37,441,785</b>	<b>36,817,788</b>	<b>35,996,092</b>	<b>37,783,481</b>	<b>42,354,633</b>	<b>41,823,702</b>	<b>38,869,515</b>
<b>Long-Term Liabilities (Net of Current Portion)</b>										
Bond indebtedness	353,243,540	339,745,207	324,620,158	309,177,399	296,338,343	284,191,063	270,459,161	336,789,121	319,341,126	304,886,126
Notes payable	140,802,264	135,506,662	129,217,631	123,770,948	115,910,280	107,208,167	97,498,899	79,709,201	72,698,881	65,582,988
IT subscription obligation									499,509	562,612
Compensated absences	116,090	120,431	48,591	101,960	147,917	280,043	120,500	194,532	161,858	238,556
Arbitrage liability							15,322			
Net pension liability	18,320,686	24,340,276	26,833,461	31,661,594	32,157,114	36,394,880	40,366,467	33,129,277	35,539,710	30,352,138
Net OPEB liability		8,529,478	8,529,478	10,874,302	9,374,446	8,702,115	12,705,864	9,945,376	9,702,701	(653,073)
<b>Total Long-Term Liabilities, Net</b>	<b>512,482,580</b>	<b>508,242,054</b>	<b>489,249,319</b>	<b>475,586,203</b>	<b>453,928,100</b>	<b>436,776,268</b>	<b>421,166,213</b>	<b>459,767,507</b>	<b>437,943,785</b>	<b>400,969,347</b>
<b>Total Liabilities</b>	<b>547,681,503</b>	<b>542,428,269</b>	<b>527,939,644</b>	<b>513,027,988</b>	<b>490,745,888</b>	<b>472,772,360</b>	<b>458,949,694</b>	<b>502,122,140</b>	<b>479,767,487</b>	<b>439,838,862</b>
<b>Deferred Inflow of Resources</b>										
Deferred inflow related to pensions	2,045,032	-	565,983	3,348,910	1,452,751	1,370,109	285,576	5,037,406	1,674,330	4,783,943
Deferred inflow related to OPEB				569,347	1,998,323	3,408,605	2,435,888	4,887,646	4,194,496	11,128,108
<b>Total Deferred Inflow of Resources</b>	<b>2,045,032</b>	<b>-</b>	<b>565,983</b>	<b>3,918,257</b>	<b>3,451,074</b>	<b>4,778,714</b>	<b>2,721,464</b>	<b>9,925,052</b>	<b>5,868,826</b>	<b>15,912,051</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>549,726,535</b>	<b>542,428,269</b>	<b>528,505,627</b>	<b>516,946,245</b>	<b>494,196,962</b>	<b>477,551,074</b>	<b>461,671,158</b>	<b>512,047,192</b>	<b>485,636,313</b>	<b>455,750,913</b>
<b>Net Position</b>										
Net investment in capital assets	592,259,535	594,841,332	605,173,140	617,871,122	630,311,143	644,358,510	664,340,118	628,222,347	670,659,306	697,691,353
Restricted for:										
Debt service funds	50,453,417	50,870,334	48,973,964	48,802,255	46,027,233	40,087,219	36,957,143	42,146,734	43,916,657	45,322,658
Operations, infrastructure, and insurance	34,427,560	34,277,222	34,719,619	34,794,202	35,597,695	36,610,450	36,610,653	35,849,797	36,807,970	38,706,887
Capital improvement projects and programs	6,161,886	2,683,670	1,416,270	36,750	933,096	1,475,368	899,153	46,304,227	16,598,745	-
Other purposes	937,711	949,705	949,968	962,614	982,955	1,211,473	2,560,699	1,537,023	2,534,966	2,305,486
Unrestricted	30,317,310	28,125,486	34,226,352	40,952,656	54,740,439	72,731,136	75,850,813	97,784,490	140,258,167	190,917,524
<b>Total Net Position</b>	<b>714,557,419</b>	<b>711,747,749</b>	<b>725,459,313</b>	<b>743,419,599</b>	<b>768,592,561</b>	<b>796,474,156</b>	<b>817,218,579</b>	<b>851,844,618</b>	<b>910,775,811</b>	<b>974,943,908</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,264,283,954</b>	<b>\$ 1,254,176,018</b>	<b>\$ 1,253,964,940</b>	<b>\$ 1,260,365,844</b>	<b>\$ 1,262,789,523</b>	<b>\$ 1,274,025,230</b>	<b>\$ 1,278,889,737</b>	<b>\$ 1,363,891,810</b>	<b>\$ 1,396,412,124</b>	<b>1,430,694,821</b>

**Sanitation District No. 1**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year								Restated 2023	2024
	2015	2016	2017	2018	2019	2020	2021	2022		
<b>Operating Revenues</b>										
Sewer service charges	\$ 76,583,543	\$ 75,730,322	\$ 79,746,166	\$ 84,312,915	\$ 88,772,462	\$ 93,494,058	\$ 91,179,985	\$ 99,677,308	\$ 106,289,349	\$ 113,082,243
Storm water charges	12,405,055	12,745,499	12,965,299	13,118,077	13,604,462	13,647,164	13,463,003	11,435,609	11,398,256	11,272,252
Permits and tap-In fees	3,117,162	3,566,331	3,848,229	3,501,783	3,791,979	4,312,269	5,901,118	5,236,913	4,996,098	5,320,903
Sludge hauling	72,692	101,621	274,630	401,941	914,722	717,245	805,838	686,607	427,678	609,823
Inspections	177,073	217,454	158,531	173,623	217,307	266,058	231,981	286,223	256,799	294,588
Penalties and fines	1,619,161	1,502,174	1,466,407	1,418,173	1,415,881	934,458	619,727	1,264,687	1,880,575	2,585,178
Contractual services	132,614	136,592	140,689	160,732	136,004	158,882	163,467	162,126	190,054	207,227
Bad debt recoveries	70,916	138,003	50,134	25,135	18,823	19,111	11,320	31,796	23,810	10,402
Other revenues	230,623	297,083	325,918	32,021	84,313	127,903	322,731	106,450	168,828	89,267
Project reimbursements	53,274	-	-	131,856	61,628	25,516	53,554	53,430	994	(43,057)
<b>Total Operating Revenues</b>	<b>94,462,113</b>	<b>94,435,079</b>	<b>98,976,003</b>	<b>103,276,256</b>	<b>109,017,581</b>	<b>113,702,664</b>	<b>112,752,724</b>	<b>118,941,149</b>	<b>125,632,441</b>	<b>133,428,827</b>
<b>Operating Expenses</b>										
Operation, maintenance and administration										
Salary and wages	11,545,248	11,657,207	12,215,331	12,102,154	12,142,502	12,660,990	12,385,907	12,341,684	12,014,270	12,302,488
Employee benefit, incentive and tax expenses	8,160,719	7,934,077	8,710,860	7,745,153	7,518,863	7,675,871	8,660,832	8,991,105	9,140,135	8,829,658
Professional and contractual services	6,090,769	6,142,324	6,281,104	5,812,174	5,155,245	5,297,258	4,792,459	4,456,596	4,535,408	4,725,923
Office administration expenses	1,895,657	1,777,837	1,661,077	1,682,284	1,707,261	1,578,958	1,588,707	1,660,245	1,826,433	1,859,939
Utilities, fuel oil and chemicals expense	7,403,662	6,999,416	7,179,355	7,348,041	7,861,165	7,616,315	7,550,673	8,204,540	9,009,386	8,802,375
Vehicle operation expenses	983,314	885,648	824,241	847,695	981,150	841,792	844,557	936,292	965,615	771,915
Infrastructure, equipment and other expenses	2,818,327	3,192,058	3,104,240	3,333,148	3,334,240	3,777,839	4,024,255	3,851,352	3,603,724	3,573,853
Supplemental/State environmental projects	-	-	-	-	-	-	-	-	-	-
Total Operation, maintenance and administration	38,897,696	38,588,567	39,976,208	38,870,649	38,700,426	39,449,023	39,847,390	40,441,814	41,094,971	40,866,151
Major repairs and other	1,414,072	1,720,103	876,520	429,175	1,814,545	2,033,349	881,199	987,956	634,743	975,294
Depreciation	39,662,425	39,578,854	39,616,114	39,965,919	40,317,009	40,869,031	40,739,661	40,858,594	41,627,822	41,625,787
<b>Total Operating Expenses</b>	<b>79,974,193</b>	<b>79,887,524</b>	<b>80,468,842</b>	<b>79,265,743</b>	<b>80,831,980</b>	<b>82,351,403</b>	<b>81,468,250</b>	<b>82,288,364</b>	<b>83,357,536</b>	<b>83,467,232</b>
<b>Operating Income</b>	<b>14,487,921</b>	<b>14,547,555</b>	<b>18,507,161</b>	<b>24,010,513</b>	<b>28,185,601</b>	<b>31,351,261</b>	<b>31,284,474</b>	<b>36,652,785</b>	<b>42,274,905</b>	<b>49,961,595</b>

(Continued)

**Sanitation District No. 1**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year								Restated 2023	2024
	2015	2016	2017	2018	2019	2020	2021	2022		
<b>Non-Operating Income (Expense)</b>										
Interest income	\$ 686,943	\$ 906,611	\$ 1,264,451	\$ 1,777,381	\$ 2,917,957	\$ 2,574,891	\$ 1,441,419	\$ 1,394,925	\$ 8,136,428	\$13,010,283.
Bad Debt - assessment loans receivable						(315,094)	(237,878)			
Arbitrage rebate							(15,322)	15,322		
Interest on long-term debt	(20,658,530)	(20,096,326)	(16,836,216)	(16,091,496)	(15,675,211)	(12,328,896)	(9,126,897)	(9,391,519)	(9,369,647)	(9,007,445)
Bond issuance cost	(46,031)	(47,182)	(835,292)	-		(770,627)	(676,043)	(1,323,639)	-	
Federal credits on Build America Bonds	3,435,087	3,406,317	3,353,778	3,303,372	3,251,747	1,512,972	332,130	-	-	
Families First Coronavirus Response Act credits						150,007	108,184	(258,191)	-	
Loss on disposal of capital assets	(323,186)	(407,480)	(160,790)	(202,205)	(264,890)	(229,512)	(12,227,104)	(262,369)	(241,892)	(1,507,156)
Net effect of change in pension expense	(385,954)	(1,115,015)	(1,671,301)	(3,224,119)	(2,585,443)	(3,248,315)	(3,546,735)	(186,622)	1,241,913	2,790,080
Net effect of change in OPEB expense			630,915	(551,050)	(352,610)	(82,615)	(778,153)	(119,263)	(695,705)	1,765,770
Net change, fair value of investments	68,787	287,462	(655,619)	(603,600)	1,099,877	676,051	(1,075,812)	(3,275,868)	(494,632)	1,297,732
<b>Total Non-Operating Income (Expense)</b>	<b>(17,222,884)</b>	<b>(17,065,613)</b>	<b>(14,910,074)</b>	<b>(15,591,717)</b>	<b>(11,608,573)</b>	<b>(12,061,138)</b>	<b>(25,802,211)</b>	<b>(13,407,224)</b>	<b>(1,423,535)</b>	<b>8,349,264</b>
<b>Change in Net Position Before Capital Contributions</b>	<b>(2,734,964)</b>	<b>(2,518,058)</b>	<b>3,597,087</b>	<b>8,418,796</b>	<b>16,577,028</b>	<b>19,290,123</b>	<b>5,482,263</b>	<b>23,245,561</b>	<b>40,851,370</b>	<b>58,310,859</b>
<b>Capital Contributions</b>	<b>6,230,218</b>	<b>8,237,866</b>	<b>10,114,478</b>	<b>9,541,489</b>	<b>8,595,935</b>	<b>8,591,472</b>	<b>15,262,160</b>	<b>11,380,478</b>	<b>18,087,877</b>	<b>5,857,238</b>
Prior period adjustment - Note 20									(8,054)	
<b>Change in Net Position</b>	<b>\$ 3,495,255</b>	<b>\$ 5,719,808</b>	<b>\$ 13,711,565</b>	<b>\$ 17,960,285</b>	<b>\$ 25,172,963</b>	<b>\$ 27,881,595</b>	<b>\$ 20,744,423</b>	<b>\$ 34,626,039</b>	<b>\$ 58,931,193</b>	<b>\$ 64,168,097</b>

**Sanitation District No. 1**  
**Cash Flows**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Cash Flow from Operating Activities</b>										
Received from customers	\$ 94,283,021	\$ 94,695,120	\$ 99,167,545	\$ 103,053,057	\$ 108,825,357	\$ 113,164,387	\$ 114,982,341	\$ 117,743,770	\$ 120,318,713	\$134,484,803.04
Paid to suppliers for goods and services	(20,919,150)	(22,866,427)	(17,581,717)	(21,014,142)	(19,265,607)	(21,260,262)	(18,610,081)	(17,320,041)	(21,212,568)	(20,821,151.70)
Paid to or on behalf of employees for services	(19,142,626)	(18,536,538)	(20,841,173)	(19,780,002)	(19,577,860)	(20,648,246)	(21,122,104)	(21,246,656)	(21,145,585)	(20,991,723.05)
<b>Net Cash Provided by Operating Activities</b>	<b>54,221,245</b>	<b>53,292,155</b>	<b>60,744,655</b>	<b>62,258,913</b>	<b>69,981,890</b>	<b>71,255,879</b>	<b>75,250,156</b>	<b>79,177,073</b>	<b>77,960,560</b>	<b>92,671,928</b>
<b>Cash Flows from Capital and Related Financing Activities</b>										
Principal received on notes and bonds	2,513,642	2,355,212	1,217,757	2,193,852	585,651			83,210,428	-	
Federal credits on Build America Bonds	3,452,910	3,406,316	3,353,778	3,303,372	3,251,747	1,512,972	332,130			
Cash received from sale of assets	140,528	22,420	229,710	62,010	17,359	71,578	67,429	143,739	259,000	199,970.00
Bond issuance costs	-	-	(835,292)							
Payments made on long term debt	(18,804,665)	(19,298,744)	(160,275,821)	(20,001,791)	(20,841,384)	(18,921,048)	(20,012,146)	(30,921,868)	(19,986,485)	(20,760,321.19)
Proceeds on bond refunding			141,450,636							
Interest paid	(21,369,509)	(20,872,047)	(20,847,960)	(13,267,184)	(18,090,710)	(15,758,059)	(13,045,765)	(12,240,348)	(13,273,803)	(12,485,351.51)
Acquisition and construction of capital assets	(18,500,262)	(16,603,198)	(16,824,092)	(23,158,102)	(22,020,182)	(26,342,337)	(35,320,474)	(43,817,484)	(42,877,479)	(39,835,313.52)
Principal received on assessments			59,266	66,927	53,566	55,631	56,615	46,528	36,624	78,120
Assessment interest income			39,804	38,247	37,599	34,504	32,380	30,350	29,560	29,493
(Increase)/decrease in restricted funds	515,580	(319,435)								
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(52,051,776)</b>	<b>(51,309,476)</b>	<b>(52,432,214)</b>	<b>(50,762,669)</b>	<b>(57,006,354)</b>	<b>(59,346,759)</b>	<b>(67,889,831)</b>	<b>(3,548,655)</b>	<b>(75,812,583)</b>	<b>(72,773,403)</b>
<b>Cash Flows From Non-Capital and Related Financing Activities</b>										
Families First Coronavirus Response Act credits						150,007	108,184	(258,191)	-	-
<b>Cash Flows from Investing Activities</b>										
Investment income	656,740	906,398	345,624	782,270	1,590,001	2,610,940	1,465,723	1,362,593	7,935,744	12,713,710.00
Proceeds from sale of investments			5,312,777	16,829,301	21,604,760	43,139,947	37,206,476	24,498,798	34,420,164	35,686,493
Purchase of investments			(6,175,715)	(21,865,151)	(17,243,471)	(37,609,555)	(51,675,134)	(29,493,727)	(37,296,661)	(37,985,597)
Net (increase)/decrease on investments	(1,263,240)	27,103								
<b>Net Cash (Used) Provided by Investing Activities</b>	<b>(606,500)</b>	<b>933,501</b>	<b>(517,314)</b>	<b>(4,253,580)</b>	<b>5,951,290</b>	<b>8,141,332</b>	<b>(13,002,935)</b>	<b>(3,632,336)</b>	<b>5,059,247</b>	<b>10,414,606</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,562,969</b>	<b>2,916,180</b>	<b>7,795,127</b>	<b>7,242,664</b>	<b>18,926,826</b>	<b>20,200,459</b>	<b>(5,534,426)</b>	<b>71,737,891</b>	<b>7,207,224</b>	<b>30,313,131</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>44,285,308</b>	<b>45,848,277</b>	<b>48,764,457</b>	<b>56,559,584</b>	<b>63,802,248</b>	<b>82,729,074</b>	<b>102,929,533</b>	<b>97,395,107</b>	<b>169,132,998</b>	<b>176,340,222</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 45,848,277</b>	<b>\$ 48,764,457</b>	<b>\$ 56,559,584</b>	<b>\$ 63,802,248</b>	<b>\$ 82,729,074</b>	<b>\$ 102,929,533</b>	<b>\$ 97,395,107</b>	<b>\$ 169,132,998</b>	<b>\$ 176,340,222</b>	<b>\$ 206,653,353</b>

**Sanitation District No. 1**  
**Net Capital Assets - Sanitation**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Capital Assets Not Depreciated</b>										
Land	\$ 14,859,088	\$ 15,125,674	\$ 15,278,071	\$ 15,567,591	\$ 16,310,617	\$ 16,961,694	\$ 17,402,057	\$ 17,709,851	\$ 18,158,887	\$ 18,282,013
Construction in progress	9,836,028	8,984,555	8,445,318	13,592,546	15,080,010	11,453,397	25,454,128	52,314,366	49,870,454	63,692,615
<b>Total Capital Assets Not Depreciated</b>	<b>24,695,116</b>	<b>24,110,229</b>	<b>23,723,389</b>	<b>29,160,137</b>	<b>31,390,627</b>	<b>28,415,091</b>	<b>42,856,185</b>	<b>70,024,217</b>	<b>68,029,341</b>	<b>81,974,628</b>
<b>Depreciable Capital Assets</b>										
Land improvements	\$ 3,249,751	\$ 3,249,751	\$ 3,986,902	\$ 4,271,907	\$ 4,615,156	\$ 4,713,013	\$ 4,922,743	\$ 4,961,377	\$ 6,505,272	6,505,272
Collection system	670,488,000	679,709,357	693,385,908	705,609,183	718,449,853	739,639,821	756,132,277	769,033,165	808,605,070	819,717,890
Pumping system	92,656,350	97,798,125	98,210,442	98,977,593	101,489,975	103,233,051	104,239,942	105,532,123	106,638,449	110,429,261
Treatment and disposal	263,781,508	263,994,437	264,269,368	264,661,708	264,780,931	265,719,629	269,688,692	271,578,555	278,454,472	279,869,117
General buildings and structures	30,028,238	30,028,238	30,028,238	30,096,796	30,096,796	30,100,161	30,085,010	30,092,148	30,070,194	30,074,955
Office furniture and equipment	7,322,966	7,571,419	7,742,850	7,842,167	8,023,896	8,364,515	8,625,567	9,334,036	9,516,643	9,886,132
Vehicles and accessories	9,747,902	9,753,125	8,852,228	8,731,079	8,730,255	8,564,107	8,431,221	8,343,619	8,457,462	8,168,661
Machinery and equipment	5,455,902	5,538,344	5,391,878	5,668,102	5,646,769	5,797,122	6,009,775	5,968,755	6,019,228	6,193,052
Software model development	15,908,869	15,908,869	15,908,869	15,908,869	15,908,869	15,908,869	15,908,869	15,908,869	-	-
<b>Total Depreciable Capital Assets</b>	<b>1,098,639,486</b>	<b>1,113,551,665</b>	<b>1,127,776,683</b>	<b>1,141,767,404</b>	<b>1,157,742,500</b>	<b>1,182,040,288</b>	<b>1,204,044,096</b>	<b>1,220,752,647</b>	<b>1,254,266,790</b>	<b>1,270,844,340</b>
<b>Total Capital Assets</b>	<b>\$ 1,123,334,602</b>	<b>\$ 1,137,661,894</b>	<b>\$ 1,151,500,072</b>	<b>\$ 1,170,927,541</b>	<b>\$ 1,189,133,127</b>	<b>\$ 1,210,455,379</b>	<b>\$ 1,246,900,281</b>	<b>\$ 1,290,776,864</b>	<b>\$ 1,322,296,131</b>	<b>\$ 1,352,818,968</b>
<b>Less Accumulated Depreciation</b>										
Land improvements	\$ (1,679,858)	\$ (1,724,145)	\$ (1,786,574)	\$ (1,891,584)	\$ (1,883,872)	\$ (2,000,452)	\$ (2,125,415)	\$ (2,257,304)	\$ (2,438,747)	\$ (2,669,877)
Collection system	(151,767,136)	(165,176,207)	(178,628,652)	(192,159,290)	(206,011,244)	(219,757,337)	(235,227,390)	(250,062,841)	(265,770,432)	(280,959,840)
Pumping system	(37,884,201)	(41,952,508)	(46,447,420)	(50,812,132)	(54,114,514)	(57,845,783)	(61,582,715)	(65,483,919)	(68,714,463)	(71,350,877)
Treatment and disposal	(70,564,654)	(76,142,502)	(82,018,599)	(87,806,209)	(93,749,800)	(99,556,707)	(103,789,803)	(109,786,624)	(115,362,813)	(120,699,460)
General buildings and structures	(14,140,146)	(15,039,381)	(15,541,233)	(16,065,913)	(16,571,791)	(17,077,663)	(17,545,419)	(17,969,489)	(18,381,386)	(18,796,208)
Office furniture and equipment	(6,054,188)	(6,211,401)	(6,447,209)	(6,583,159)	(6,861,416)	(7,167,782)	(7,505,979)	(7,354,678)	(7,840,647)	(8,360,285)
Vehicles and accessories	(8,407,105)	(8,894,194)	(8,398,025)	(8,474,171)	(8,521,785)	(8,376,339)	(8,052,533)	(7,814,880)	(7,042,285)	(5,827,364)
Machinery and equipment	(3,594,893)	(4,041,980)	(3,972,588)	(4,178,933)	(4,345,320)	(4,547,483)	(4,840,199)	(5,012,327)	(4,864,425)	(5,039,179)
Software model development	(15,908,869)	(15,908,869)	(15,908,869)	(15,908,869)	(15,908,869)	(15,908,869)	(15,908,869)	(15,908,869)	-	-
<b>Total Accumulated Depreciation</b>	<b>(310,001,050)</b>	<b>(335,091,187)</b>	<b>(359,149,169)</b>	<b>(383,880,260)</b>	<b>(407,968,611)</b>	<b>(432,238,415)</b>	<b>(456,578,322)</b>	<b>(481,650,931)</b>	<b>(490,415,198)</b>	<b>(513,703,090)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 813,333,552</b>	<b>\$ 802,570,707</b>	<b>\$ 792,350,903</b>	<b>\$ 787,047,281</b>	<b>\$ 781,164,516</b>	<b>\$ 778,216,964</b>	<b>\$ 790,321,959</b>	<b>\$ 809,125,933</b>	<b>\$ 831,880,933</b>	<b>\$ 839,115,878</b>

**Sanitation District No. 1**  
**Net Capital Assets - Storm Water**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Capital Assets Not Depreciated</b>										
Land	\$ 555,072	\$ 720,023	\$ 861,938	\$ 1,013,259	\$ 1,238,152	\$ 1,617,026	\$ 1,819,960	\$ 1,832,610	\$ 2,055,881	\$ 2,133,292
Construction in progress	2,777,794	2,460,077	3,469,292	4,716,610	2,350,521	698,175	1,973,219	1,401,418	819,812	4,235,149
<b>Total Capital Assets Not Depreciated</b>	<u>3,332,866</u>	<u>3,180,100</u>	<u>4,331,230</u>	<u>5,729,869</u>	<u>3,588,673</u>	<u>2,315,201</u>	<u>3,793,179</u>	<u>3,234,028</u>	<u>2,875,693</u>	<u>6,368,441</u>
<b>Depreciable Capital Assets</b>										
Storm water collection system	\$ 357,317,547	\$ 366,212,311	\$ 375,456,019	\$ 385,148,489	\$ 396,792,114	\$ 408,493,635	\$ 399,415,401	\$ 408,831,048	\$ 419,296,877	\$ 424,494,065
Vehicles and accessories	52,499	52,499	83,853	109,944	109,944	109,944	169,295	169,295	169,295	168,099
Machinery and equipment	54,485	74,201	103,041	116,881	126,577	136,510	141,827	141,827	147,887	154,109
Software model development	5,645,160	5,645,160	5,645,160	5,645,160	5,645,160	5,645,160	5,645,160	5,645,160	-	-
<b>Total Depreciable Capital Assets</b>	<u>363,069,691</u>	<u>371,984,171</u>	<u>381,288,073</u>	<u>391,020,474</u>	<u>402,673,795</u>	<u>414,385,249</u>	<u>405,371,683</u>	<u>414,787,330</u>	<u>419,614,059</u>	<u>424,816,273</u>
<b>Total Capital Assets</b>	<u>\$ 366,402,557</u>	<u>\$ 375,164,271</u>	<u>\$ 385,619,303</u>	<u>\$ 396,750,343</u>	<u>\$ 406,262,468</u>	<u>\$ 416,700,450</u>	<u>\$ 409,164,862</u>	<u>\$ 418,021,358</u>	<u>\$ 422,489,752</u>	<u>\$ 431,184,714</u>
<b>Less Accumulated Depreciation</b>										
Storm water collection system	\$ (70,871,373)	\$ (84,020,968)	\$ (97,132,324)	\$ (110,471,189)	\$ (124,065,774)	\$ (137,776,024)	\$ (144,717,810)	\$ (158,427,380)	\$ (172,443,965)	\$ (186,002,565)
Vehicles and accessories	(20,701)	(31,224)	(73,072)	(82,932)	(89,424)	(93,159)	(156,234)	(159,958)	(163,682)	(166,222)
Machinery and equipment	(10,566)	(17,008)	(48,990)	(58,226)	(69,650)	(82,407)	(98,513)	(112,428)	(124,032)	(132,479)
Software model development	(5,645,160)	(5,645,160)	(5,645,160)	(5,645,160)	(5,645,160)	(5,645,160)	(5,645,160)	(5,645,160)	-	-
<b>Total Accumulated Depreciation</b>	<u>(76,547,800)</u>	<u>(89,714,360)</u>	<u>(102,899,546)</u>	<u>(116,257,507)</u>	<u>(129,870,008)</u>	<u>(143,596,750)</u>	<u>(150,617,717)</u>	<u>(164,344,926)</u>	<u>(172,731,679)</u>	<u>(186,301,266)</u>
<b>Total Capital Assets, Net</b>	<u>\$ 289,854,757</u>	<u>\$ 285,449,911</u>	<u>\$ 282,719,757</u>	<u>\$ 280,492,836</u>	<u>\$ 276,392,460</u>	<u>\$ 273,103,700</u>	<u>\$ 258,547,145</u>	<u>\$ 253,676,432</u>	<u>\$ 249,758,073</u>	<u>\$ 244,883,448</u>

**Sanitation District No. 1**  
**Schedule of Sanitary Sewer Rates, Rate Determination, and Percentage Change**  
**Last Ten Fiscal Years**

	Fiscal Year																					
	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024			
	%		%		%		%		%		%		%		%		%		%			
Non-Residential (1)	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change		
Water Usage in 100 Cubic Feet (HCF)																						
0-1,700	7.02	5%	7.02	0%	7.37	5%	7.73	5%	8.11	5%	8.51	5%	8.51	0%	8.93	5%	9.37	5%	9.70	4%		
1,701-8,400	6.30	5%	6.30	0%	6.61	5%	6.94	5%	7.28	5%	7.64	5%	7.64	0%	8.02	5%	8.42	5%	8.85	5%		
Over 8,400	4.88	5%	4.88	0%	5.12	5%	5.37	5%	5.63	5%	5.91	5%	5.91	0%	6.20	5%	6.51	5%	6.83	5%		
Monthly minimum bill	14.04	5%	14.04	0%	14.74	5%	15.46	5%	16.22	5%	17.02	5%	17.02	0%	17.86	5%	18.74	5%	26.00	39%		
<b>Residential (2)</b>																						
Water Usage in 100 Cubic Feet (HCF)																						
Base Rate	n/a		n/a		n/a		n/a		n/a		16.00		19.00	19%	23.00	21%	26.00	13%	30.00	15%		
Variable Rate	n/a		n/a		n/a		n/a		n/a		7.25		6.05	-17%	5.24	-13%	4.72	-10%	4.18	-11%		
Environmental Surcharge	n/a		n/a		n/a		n/a		n/a		5.00		6.00	20%	7.00	17%	8.00	14%	8.00	0%		
Flat rate per 100 Cubic Feet (HCF)	7.02	5%	7.02	0%	7.37	5%	7.73	5%	8.11	5%	n/a											
Monthly minimum bill	14.04	5%	14.04	0%	14.74	5%	15.46	5%	16.22	5%	21.00	29%	25.00	19%	30.00	20%	34.00	13%	38.00	12%		
<b>Unmetered Service</b>																						
1 or 2 room house	21.00	5%	21.00	0%	22.05	5%	23.15	5%	24.30	5%	25.51	5%	25.51	0%	26.78	5%	28.11	5%	29.50	5%		
3 to 6 room house	34.48	5%	34.48	0%	36.20	5%	38.01	5%	39.91	5%	41.90	5%	41.90	0%	43.99	5%	46.18	5%	46.18	0%		
More than 6 rooms	45.60	5%	45.60	0%	47.88	5%	50.27	5%	52.78	5%	55.41	5%	55.41	0%	58.18	5%	61.08	5%	61.08	0%		

(1) Based on monthly metered water usage.

**Effective with Fiscal Year 2020 SD1 implemented a new rate structure for monthly residential customers**

(2) Base rate includes the first 2 hundred cubic feet (HCF) of wastewater treatment.

Variable rate is based on a *Winter Usage Factor* for every additional HCF of wastewater treatment above 2 HCF.

Environmental Surcharge fee is to help fund the overflow mitigation program required under the federal Clean Water Act. This fee will disappear when SD1's overflow mitigation program is complete.

*Winter Usage Factor* - Based on metered water usage during November 1st through April 30th.

Source: SD1 accounting records

**Sanitation District No. 1**  
**Schedule of Storm Water Rates, Rate Determination, and Percentage Change**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015		2016		2017		2018		2019	
Monthly Rate Per ERU	5.04	5.0%	5.04	0.0%	5.04	0.0%	5.04	0.0%	5.04	0.0%
Quarterly Rate Per ERU	15.12	5.0%	15.12	0.0%	15.12	0.0%	15.12	0.0%	15.12	0.0%
	2020		2021		2022		2023		2024	
Monthly Rate Per ERU	5.04	0.0%	5.04	0.0%	4.54	-9.9%	4.54	0.0%	4.31	-5.1%
Quarterly Rate Per ERU	15.12	0.0%	15.12	0.0%	13.62	-9.9%	13.62	0.0%	12.93	-5.1%

Equivalent Residential Unit (ERU) =2,600 square feet  
 All residential properties are based on one ERU  
 Non-residential properties are based on total amount of impervious area.

Source: SD1 accounting records

**Sanitation District No. 1**  
**Sewer & Storm Water Revenues Breakdown By Billing Class**  
**Last Ten Fiscal Years**

Account Name	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Sewer Service Revenues</b>										
Residential Class	\$ 43,019,252	\$ 42,189,429	\$ 44,543,360	\$ 46,921,754	\$ 49,511,050	\$ 51,353,121	\$ 51,654,216	\$ 55,788,397	\$ 58,928,688	\$ 62,074,217
Non-Residential Class	32,419,163	32,478,944	34,499,155	35,937,824	37,565,671	39,809,737	37,469,079	41,725,300	44,606,135	47,604,592
Less: Special Meter Refunds	(558,031)	(549,176)	(553,822)	(377,293)	(486,906)	(410,613)	(419,459)	(242,933)	(354,746)	(279,597)
<b>Total Sewer Revenues</b>	<b>\$ 74,880,384</b>	<b>\$ 74,119,197</b>	<b>\$ 78,488,693</b>	<b>\$ 82,482,286</b>	<b>\$ 86,589,815</b>	<b>\$ 90,752,245</b>	<b>\$ 88,703,836</b>	<b>\$ 97,270,764</b>	<b>\$ 103,180,076</b>	<b>\$ 109,399,212</b>
<b>Sewer Service Penalties</b>										
Residential Class	\$ 1,163,565	\$ 1,076,486	\$ 1,042,725	\$ 998,859	\$ 993,641	\$ 629,083	\$ 374,830	\$ 807,426	\$ 1,272,737	\$ 1,330,187
Non-Residential Class	258,129	230,315	246,169	238,989	226,913	183,069	134,642	292,865	362,304	421,372
<b>Total Sewer Service Penalties</b>	<b>\$ 1,421,694</b>	<b>\$ 1,306,801</b>	<b>\$ 1,288,894</b>	<b>\$ 1,237,848</b>	<b>\$ 1,220,554</b>	<b>\$ 812,152</b>	<b>\$ 509,473</b>	<b>\$ 1,100,291</b>	<b>\$ 1,635,041</b>	<b>\$ 1,751,559</b>
<b>Total Sewer Service Write Offs</b>	<b>\$ (1,386,469)</b>	<b>\$ (1,213,562)</b>	<b>\$ (1,087,236)</b>	<b>\$ (986,232)</b>	<b>\$ (524,209)</b>	<b>\$ (520,941)</b>	<b>\$ (797,836)</b>	<b>\$ (715,656)</b>	<b>\$ (779,628)</b>	<b>\$ (829,536)</b>
<b>Percentage of Write Off's to Revenues &amp; Penalties Billed</b>	<b>1.82%</b>	<b>1.61%</b>	<b>1.36%</b>	<b>1.18%</b>	<b>0.60%</b>	<b>0.57%</b>	<b>0.89%</b>	<b>0.73%</b>	<b>0.74%</b>	<b>0.75%</b>
<b>Net Sewer Service Revenues</b>	<b>\$ 74,915,609</b>	<b>\$ 74,212,436</b>	<b>\$ 78,690,351</b>	<b>\$ 82,733,902</b>	<b>\$ 87,286,160</b>	<b>\$ 91,043,457</b>	<b>\$ 88,415,473</b>	<b>\$ 97,655,400</b>	<b>\$ 104,035,489</b>	<b>\$ 110,321,235</b>
<b>Storm Water Revenues</b>										
Residential Class	\$ 5,214,488	\$ 5,239,075	\$ 5,293,698	\$ 5,362,028	\$ 5,359,996	\$ 5,387,240	\$ 5,176,372	\$ 4,287,452	\$ 4,292,911	\$ 4,159,000
Non-Residential Class	7,482,093	7,643,149	7,816,638	8,021,471	8,345,718	8,422,645	8,404,682	7,334,969	7,277,172	7,223,734
<b>Total Storm Water Revenues</b>	<b>\$ 12,696,581</b>	<b>\$ 12,882,224</b>	<b>\$ 13,110,336</b>	<b>\$ 13,383,500</b>	<b>\$ 13,705,714</b>	<b>\$ 13,809,886</b>	<b>\$ 13,581,053</b>	<b>\$ 11,622,421</b>	<b>\$ 11,570,083</b>	<b>\$ 11,382,734</b>
<b>Storm Water Service Penalties</b>										
Residential Class	\$ 110,868	\$ 107,938	\$ 102,673	\$ 90,571	\$ 87,868	\$ 50,376	\$ 32,211	\$ 50,762	\$ 78,533	\$ 73,520
Non-Residential Class	76,849	72,686	67,540	70,708	84,809	58,180	64,294	96,635	148,252	121,099
<b>Total Storm Water Service Penalties</b>	<b>\$ 187,717</b>	<b>\$ 180,624</b>	<b>\$ 170,213</b>	<b>\$ 161,279</b>	<b>\$ 172,677</b>	<b>\$ 108,556</b>	<b>\$ 96,505</b>	<b>\$ 147,396</b>	<b>\$ 226,784</b>	<b>\$ 194,619</b>
<b>Total Storm Water Write Offs</b>	<b>\$ (291,526)</b>	<b>\$ (136,726)</b>	<b>\$ (145,039)</b>	<b>\$ (265,423)</b>	<b>\$ (101,252)</b>	<b>\$ (162,722)</b>	<b>\$ (118,050)</b>	<b>\$ (186,812)</b>	<b>\$ (171,827)</b>	<b>\$ (110,481)</b>
<b>Percentage of Write Off's to Revenues &amp; Penalties Billed</b>	<b>2.26%</b>	<b>1.05%</b>	<b>1.09%</b>	<b>1.96%</b>	<b>0.73%</b>	<b>1.17%</b>	<b>0.86%</b>	<b>1.59%</b>	<b>1.46%</b>	<b>0.95%</b>
<b>Net Storm Water Revenues</b>	<b>\$ 12,592,772</b>	<b>\$ 12,926,122</b>	<b>\$ 13,135,510</b>	<b>\$ 13,279,356</b>	<b>\$ 13,777,139</b>	<b>\$ 13,755,720</b>	<b>\$ 13,559,509</b>	<b>\$ 11,583,006</b>	<b>\$ 11,625,040</b>	<b>\$ 11,466,871</b>
<b>Customer Accounts</b>										
<b>Sewer Service Accounts Estimates</b>										
Residential Class	94,021	94,821	95,438	96,299	97,138	98,056	99,196	100,241	101,585	102,638
Non-Residential Class	9,551	9,679	10,059	10,311	10,255	10,326	10,432	10,549	10,265	10,230
<b>Total Sewer Accounts</b>	<b>103,572</b>	<b>104,500</b>	<b>105,497</b>	<b>106,610</b>	<b>107,393</b>	<b>108,382</b>	<b>109,628</b>	<b>110,790</b>	<b>111,850</b>	<b>112,868</b>
<b>Storm Water Accounts Estimates</b>										
Residential Class	86,634	87,100	87,855	89,583	88,906	89,416	87,187	78,998	80,002	81,137
Non-Residential Class	7,567	7,558	7,900	8,364	8,398	8,443	8,359	6,391	6,160	6,128
<b>Total Storm Water Accounts</b>	<b>94,201</b>	<b>94,658</b>	<b>95,755</b>	<b>97,947</b>	<b>97,304</b>	<b>97,859</b>	<b>95,546</b>	<b>85,389</b>	<b>86,162</b>	<b>87,265</b>

Source: SD1 billing registers

**Sanitation District No. 1  
Top Significant Industrial Users (SIU's)  
Last Ten Fiscal Years**

Account Name	2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		
	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	
Lyons-Magnus	2	\$ 1,204,321	1	\$ 1,615,030	2	\$ 1,100,900	1	\$ 1,152,207	2	\$ 975,274	1	\$ 1,834,016	1	\$ 1,958,836	1	\$ 1,915,285	1	\$ 3,182,784	1	\$ 2,809,606	
Taylor Farms Tennessee, Inc.	1	1,372,423	2	1,088,042	3	975,106	4	925,591	3	899,723	4	913,731	4	944,184	4	1,167,866	4	1,086,251	2	1,902,238	
Sara Lee Foods	3	903,273	3	972,766	4	922,489	3	1,046,087	4	820,839	2	1,193,740	2	1,379,545	2	1,287,758	2	1,375,919	3	1,352,793	
Tastemaker	4	822,642	4	958,373	1	1,107,495	2	1,091,896	1	983,493	3	1,017,355	3	1,042,327	3	1,253,224	3	1,251,352	4	1,337,309	
Kenton County Airport	8	502,826	5	608,236	5	611,417	5	666,115	6	760,076	6	824,002	8	497,381	6	931,068	7	732,161	5	909,151	
L'Oréal USA Florence	9	499,568	8	419,843	9	443,709	6	523,746	8	529,862	12	340,203	12	228,870	11	317,968	10	394,259	6	801,020	
Wild Flavors, Inc.	12	259,187	10	349,419	10	441,625	9	375,782	9	513,509	8	602,157	6	601,659	7	702,785	6	777,836	7	799,615	
St. Elizabeth Medical Center	7	508,252	11	226,020	7	472,598	7	463,810	10	490,723	9	510,158	7	510,087	9	463,411	8	649,841	8	670,789	
Global Supply Chain	6	509,262	6	497,523	11	317,909	11	348,313	11	353,557	11	417,505	10	339,876	10	445,833	9	510,201	9	609,175	
Safran Landing Systems, KY	NR	-	NR	-	NR	-	14	238,572	5	774,173	5	855,962	9	480,921	5	1,003,332	5	979,287	10	555,521	
Northern KY University	11	377,734	7	475,052	8	454,166	8	400,505	13	271,365	10	441,853	14	151,179	13	241,868	11	311,924	11	297,033	
Environmental Services Inc.	25	48,577	23	45,696	20	59,588	10	353,896	7	655,455	7	607,546	5	723,442	8	587,511	16	139,309	12	286,667	
A.O. Smith	14	145,003	12	160,920	13	240,921	15	212,042	14	188,992	14	196,030	13	198,737	14	179,880	13	219,462	13	267,902	
Camco Chemical Company	13	170,205	15	146,778	12	265,518	13	281,930	12	281,680	13	268,111	11	235,924	12	272,289	12	253,464	14	239,521	
Van Melle USA, Inc.	20	70,274	18	88,321	19	65,020	18	108,688	17	114,609	16	120,306	18	98,249	19	103,131	14	171,177	15	151,333	
Klosterman Bakery	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	27	28,981	16	140,348	15	147,611	16	131,200	
Aristech Acrylics LLC	16	103,218	16	118,494	15	127,129	17	123,776	15	129,510	15	125,624	15	140,428	15	143,621	18	122,130	17	128,634	
White Castle Distributing, Inc.	15	144,594	14	148,104	16	114,072	19	105,799	18	93,125	19	81,693	17	98,572	17	132,336	17	125,705	18	106,061	
Ferrara Snacks LLC	23	56,222	20	63,396	18	69,171	20	84,862	20	88,804	20	70,837	20	87,694	20	77,195	20	115,615	19	103,327	
Bluegrass Quality Meats	17	100,049	13	159,854	14	147,238	16	158,787	16	120,384	17	115,548	16	129,291	18	111,799	19	119,173	20	98,943	
Duro Paper Bag	21	68,451	24	44,801	25	37,309	26	34,592	23	45,739	22	43,828	22	48,070	23	59,692	23	63,317	21	72,765	
Northern KY Water District	22	65,537	21	53,282	21	54,064	24	43,569	22	58,060	18	85,488	19	96,493	21	74,948	21	98,099	22	62,862	
IOFINA Chemical Inc.	24	51,695	22	49,986	22	44,076	22	47,347	25	42,543	23	43,710	23	47,208	24	55,795	22	66,934	23	55,871	
Domino's National Comm.	29	24,191	30	10,702	27	24,914	23	45,856	24	42,974	25	43,200	24	41,832	25	40,766	24	40,145	24	54,202	
Diversey Inc.	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	25	32,415
Newly Weds Foods	NR	-	NR	-	NR	-	NR	1,733	30	13,318	26	42,056	21	66,744	22	62,301	27	20,466	26	23,388	
Highway Transport Chemical LLC	28	24,638	28	17,279	28	22,488	28	21,848	28	24,843	29	18,723	29	22,446	28	17,506	28	20,237	27	19,555	
Amazon Services LLC	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	-	NR	28	18,667
Savannah Foods & Industries	27	25,843	27	22,482	26	29,636	27	22,984	27	27,956	28	24,064	28	22,740	27	19,468	25	23,221	29	15,151	
Boge Rubber & Plastics	26	26,014	25	41,811	29	14,764	30	16,351	29	15,180	NR	-	32	6,517	32	6,517	32	6,517	30	9,915	

Note: Amounts based on Sewer Charges and/or Surcharges billed to the Companies. All invoiced amounts for the companies listed are considered Special Billings and are billed quarterly outside the Utility Billing System.

Company Name	Type of Business	Company Name	Type of Business
A.O. Smith	Protective coatings for appliances, automotive and metallurgical markets division.	Lyons-Magnus	Develops and markets quality juices and food products.
Amazon Services LLC	Air Hub and Distribution Center	Messier Bugatti / A. Carb, LLC	Aircraft wheels and carbon brakes facility.
Amer/Pride-WPS Energy Service	Uniforms, towels and linen sales, rentals and services. Restroom and floor care products.	Newly Wed Foods	Food Ingredients Processing
Aristech Acrylics LLC	Produces continuous cast acrylic sheet products for solid surface bath, marine and funeral industry.	Northern KY University	Metropolitan State University with more than 16,000 Students.
Boge Rubber & Plastics	Lightweight Auto Components Producer.	Northern KY Water District	Water supply Utility for Kenton and Campbell Counties.
Bluegrass Quality Meats	Deli meats and packaged meats plant.	Safran Landing Systems	Aircraft Landing and braking systems.
Camco Chemical Company	Contract Packaging and Chemical Manufacturer.	Sara Lee Foods	Meat and meat products processor.
Diversey Inc.	Global Leader in Cleaning & Personal Care Products	Savannah Foods & Industries	Bulk sugar refinery.
Domino's National Comm.	Dominos pizza dough distribution center.	Signode Plastic Recycling	Manufacturer and distributor of protective packaging systems.
Duro Paper Bag	Largest paper bag manufacturer in the world.	St. Elizabeth Medical Center	General medicine and surgical hospital.
Environmental Services Inc.	Ultra Environmental Service Inc. - Liquid waste collection and disposal.	Tastemaker	Givaudan Flavors - Swiss manufacturer of flavorings and fragrances.
Ferra Snacks LLC	Kellogg's - Cookie and cracker manufacturer.	Taylor Farms Tennessee, Inc.	Producer of fresh cut produce.
Globel Supply Chain	Schwan's - Produces Freshcetta pizza products.	Tressa Inc.	Hair care product manufacturing including shampoos.
Highway Transport Chemical LLC	Tanker truck washing facility.	Van Melle USA, Inc.	Perfetti Van Melle-Manufactures variety of confectionery items including flavored gums and Airheads brand fruit
IOFINA Chemical Inc.	Production of iodine, iodine specialty chemical derivatives, produced water and natural gas.	White Castle Distributing, Inc.	Markets and distributes frozen and microwavable hamburgers.
Kenton County Airport	Greater Cincinnati Northern Kentucky International Airport (CVG)	Wild Flavors, Inc.	Produces natural flavors and ingredients for the beverage industry.
L'Oréal USA Florence	Produces shampoos, conditioners & styling products		

Source: SD1 billing records/invoices

**Sanitation District No. 1  
Debt Service Coverage  
Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>System Revenues</b>										
Total Operating Revenues	\$ 94,462,113	\$ 94,435,079	\$ 98,976,003	\$ 103,276,256	\$ 109,017,581	\$ 113,702,664	\$ 112,752,724	\$ 118,941,149	\$ 125,632,441	\$ 133,428,827
Total Non-Operating Revenues	4,122,030	4,312,928	4,618,229	5,080,753	6,169,704	4,237,870	1,881,733	1,136,734	8,136,428	13,010,283
<b>Total System Revenues</b>	<b>\$ 98,584,143</b>	<b>\$ 98,748,007</b>	<b>\$ 103,594,232</b>	<b>\$ 108,357,009</b>	<b>\$ 115,187,285</b>	<b>\$ 117,940,534</b>	<b>\$ 114,634,457</b>	<b>\$ 120,077,883</b>	<b>\$ 133,768,869</b>	<b>\$ 146,439,110</b>
<b>Operating Expenses</b>										
<b>Operation, Maintenance and Administration</b>										
Salary Expense	\$ 11,545,248	11,657,207	12,215,331	12,102,154	12,142,502	12,660,990	12,385,907	12,341,684	12,014,270	12,302,488
Employee Benefit, Incentive and Tax Expenses	8,160,719	7,934,077	8,710,860	7,745,153	7,518,863	7,675,871	8,660,832	8,991,105	9,140,135	8,829,658
Professional and Contractual Services	6,090,769	6,142,324	6,281,104	5,812,174	5,155,245	5,297,258	4,792,459	4,456,596	4,535,408	4,725,923
Office Administration Expenses	1,895,657	1,777,837	1,661,077	1,682,284	1,707,261	1,578,958	1,588,707	1,660,245	1,826,433	1,859,939
Utilities, Fuel Oil and Chemical Expenses	7,403,662	6,999,416	7,179,355	7,348,041	7,861,165	7,616,315	7,550,673	8,204,540	9,009,386	8,802,375
Vehicle Operation Expenses	983,314	885,648	824,241	847,695	981,150	841,792	844,557	936,292	965,615	771,915
Infrastructure, Equipment and Other Expenses	2,818,327	3,192,058	3,104,240	3,333,148	3,334,240	3,777,839	4,024,255	3,851,352	3,603,724	3,573,853
Supplemental / State Environmental Projects	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-
<b>Total Operation, Maintenance and Administration</b>	<b>\$ 38,897,696</b>	<b>\$ 38,588,567</b>	<b>\$ 39,976,208</b>	<b>\$ 38,870,649</b>	<b>\$ 38,700,426</b>	<b>\$ 39,449,023</b>	<b>\$ 39,847,390</b>	<b>\$ 40,441,814</b>	<b>\$ 41,094,971</b>	<b>\$ 40,866,151</b>
<b>Major Repairs and Other Expenses</b>	<b>\$ 1,414,072</b>	<b>\$ 1,720,103</b>	<b>\$ 876,520</b>	<b>\$ 429,175</b>	<b>\$ 1,814,545</b>	<b>\$ 2,033,349</b>	<b>\$ 881,199</b>	<b>\$ 987,956</b>	<b>\$ 634,743</b>	<b>\$ 975,294</b>
<b>Bad Debt Expense - Assessment Projects</b>						<b>\$ (315,094)</b>	<b>\$ (237,878)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net System Revenues</b>	<b>\$ 58,272,375</b>	<b>\$ 58,439,337</b>	<b>\$ 62,741,504</b>	<b>\$ 69,057,185</b>	<b>\$ 74,672,314</b>	<b>\$ 76,773,256</b>	<b>\$ 74,143,746</b>	<b>\$ 78,648,113</b>	<b>\$ 92,039,155</b>	<b>\$ 104,597,665</b>
<b>Revenue Bonds (Senior Debt) - Principal and Interest Due</b>										
Series 2005A - (Refunding Bonds)	\$ 4,186,000	\$ 4,183,600	\$ 4,010,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2006A - (Revenue Bonds)	3,008,109	3,008,874	2,126,859	-	-	-	-	-	-	-
Series 2007A - (Revenue Bonds)	6,019,150	6,025,375	3,748,500	-	-	-	-	-	-	-
Series 2009A - (Build America Bonds)	4,329,816	4,314,924	4,295,341	4,274,666	4,248,676	2,812,343	-	-	-	-
Series 2010A - (Build America Bonds)	5,428,479	5,409,567	5,388,239	5,366,686	5,339,304	3,626,973	-	-	-	-
Series 2010B - (Refunding Bonds)	3,012,475	3,005,425	2,998,488	2,995,613	2,991,738	2,992,175	2,454,900	-	-	-
Series 2010C - (Build America Bonds)	1,965,253	1,953,390	1,940,278	1,921,009	1,905,615	1,734,595	-	-	-	-
Series 2010D - (Recovery Zone Economic Dev. Bonds)	2,467,913	2,467,913	2,467,913	2,467,913	2,467,913	2,467,913	1,233,956	-	-	-
Series 2016A - (Refunding Bonds)	-	-	1,377,110	11,625,081	11,626,581	8,730,956	8,731,206	8,731,206	8,735,331	8,733,081
Series 2019A - (Refunding Bonds)						1,588,700	8,161,194	8,151,819	8,146,319	8,143,944
Series 2020A - (Refunding Bonds)							667,486	3,721,475	3,716,725	3,717,725
Series 2021A - (Revenue Bonds)								301,591	2,219,044	2,222,419
Series 2021B - (Revenue Bonds)								981,042	2,062,750	2,062,250
<b>Total Principal and Interest on Revenue Bonds</b>	<b>\$ 30,417,194</b>	<b>\$ 30,369,068</b>	<b>\$ 28,353,227</b>	<b>\$ 28,650,967</b>	<b>\$ 28,579,827</b>	<b>\$ 23,953,654</b>	<b>\$ 21,248,742</b>	<b>\$ 21,887,132</b>	<b>\$ 24,880,169</b>	<b>\$ 24,879,419</b>
<b>Debt Service Coverage Ratio - Bonds (Senior Debt)</b>										
* Calculated	192%	192%	221%	241%	261%	321%	349%	359%	370%	420%
** Required	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%

\* Bond Debt Service Coverage Calculation = Total Net System Revenues divided by Total Current Portion of Principal and Interest on Bonds

\*\* The SD1 1998 Trust Indenture Securing Sanitation District Revenue Bonds and its supplements require SD1 to maintain net revenues of at least 1.25 (125%) times coverage of annual debt service requirements on all bonds

**Sanitation District No. 1**  
**Debt Service Coverage**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>KIA and Other Notes (Subordinate Debt) Principal and Interest Due</b>										
A04-09 Eastern Regional Water Reclamation Facility	\$ 2,208,243	\$ 2,205,308	\$ 2,202,284	\$ 2,199,169	\$ 2,195,959	\$ 2,192,652	\$ 2,189,246	\$ 1,093,314	\$ -	\$ -
A08-04 Western Regional Water Reclamation Facility Construction Project	3,968,312	3,961,931	3,955,485	3,948,975	3,942,400	3,935,759	3,929,051	3,922,276	3,915,433	3,908,521
A09-04 Dry Creek WWTP Clarifier Project	308,683	308,255	307,819	307,374	306,920	306,456	305,984	305,502	305,010	304,509
A09-05 Sunnybrook Sewer Project	341,763	341,280	340,786	340,283	339,769	339,245	338,711	338,166	337,610	337,042
A09-06 South Fork / Gunpowder Interceptor Construction Project	799,877	798,803	797,708	796,591	795,451	794,289	793,103	791,893	790,659	789,400
A09-07 Frogtown Interceptor	296,685	296,282	295,872	295,453	295,026	294,590	294,145	293,692	293,229	292,757
A09-08 Turkeyfoot Rd / Industrial Rd. Force Main Project	134,996	134,815	134,630	134,442	134,249	134,053	133,853	133,649	133,440	133,228
A09-09 Narrows Road Diversion Pump Station Construction Project	506,806	506,126	505,432	504,724	504,002	503,265	502,514	501,748	500,966	500,168
A10-11 Dry Creek Headworks Construction Project	1,003,396	1,004,284	1,002,936	1,001,560	1,000,158	998,727	997,267	995,778	994,259	992,710
A11-13 - Church St, Lakeview, and KY Aire Pump Station Replacement	174,829	202,912	213,112	214,179	456,580	678,572	677,671	676,751	675,814	674,857
A11-14 Lakeside Park and Vernon Lane Projects	21,538	23,245	26,840	46,408	74,826	246,268	250,926	250,589	250,245	249,895
A12-02 Wolpert Pump station Rehab and Force Main Replacement	53,468	53,395	53,321	53,246	53,169	53,090	53,010	52,928	52,845	52,760
A15-103 Patton and 8th Street Wet Well Rehab	-	12,525	132,558	131,566	131,381	131,193	131,002	130,807	130,609	130,408
A209-01 ARRA Banklick Creek Sewer Project	11,843	11,826	11,809	11,792	11,774	11,756	109,210	-	-	-
A209-02 ARRA Banklick Creek Wetlands Project	41,243	41,187	41,128	41,068	41,008	40,946	411,995	-	-	-
A209-03 ARRA Regional Bioretention Project	44,928	44,865	44,801	44,735	44,668	44,600	431,644	-	-	-
A209-04 ARRA Terraced Reforestation Project	25,065	25,030	24,995	24,959	24,923	24,886	259,841	-	-	-
<b>Total KIA and Other Notes Principal and Interest</b>	<b>\$ 9,941,675</b>	<b>\$ 9,972,069</b>	<b>\$ 10,091,516</b>	<b>\$ 10,096,524</b>	<b>\$ 10,352,262</b>	<b>\$ 10,730,348</b>	<b>\$ 11,809,173</b>	<b>\$ 9,487,092</b>	<b>\$ 8,380,119</b>	<b>\$ 8,366,254</b>
<b>All Bonds and Notes-Annual Principal and Interest Payments</b>	<b>\$ 40,358,870</b>	<b>\$ 40,341,137</b>	<b>\$ 38,444,743</b>	<b>\$ 38,747,490</b>	<b>\$ 38,932,089</b>	<b>\$ 34,684,002</b>	<b>\$ 33,057,915</b>	<b>\$ 31,374,224</b>	<b>\$ 33,260,287</b>	<b>\$ 33,245,673</b>
<b>All Debt Service Coverage Ratio</b>										
*** Calculated	144%	145%	163%	178%	192%	221%	224%	251%	277%	315%

\*\*\* All Debt Service Coverage Calculation = Total Net System Revenues divided by Total Current Portion of All Principal and Interest on Bonds and Notes

**Sanitation District No. 1**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Revenue Bonds (1)</b>	<b>Notes Payable</b>	<b>Total Outstanding Debt</b>	<b>Sewer Service Accounts (2)</b>	<b>Outstanding Debt per Sewer Service Account</b>	<b>Total Assets</b>	<b>Debt to Assets Ratio</b>
2015	365,383,540	147,961,008	513,344,549	103,572	4,956	1,260,171,483	40.7%
2016	352,290,207	142,882,485	495,172,692	104,500	4,738	1,247,626,372	39.7%
2017	339,854,417	136,724,421	476,578,838	105,497	4,517	1,240,708,600	38.4%
2018	324,620,158	131,411,482	456,031,640	106,610	4,278	1,240,678,116	36.8%
2019	309,159,823	124,135,749	433,295,572	107,393	4,035	1,247,824,271	34.7%
2020	297,748,060	115,749,700	413,497,761	108,382	3,815	1,257,011,965	32.9%
2021	285,025,950	106,097,554	391,123,504	109,628	3,568	1,260,224,362	31.0%
2022	354,012,995	86,615,686	440,628,681	110,790	3,977	1,348,872,266	32.7%
2023	336,789,121	79,709,202	416,498,323	111,850	3,724	1,382,685,827	30.1%
2024	319,341,127	72,698,881	392,040,008	112,868	3,473	1,419,000,269	27.6%

(1) Presented net of original issuance discounts and premiums

**Sanitation District No. 1**  
**Northern Kentucky Demographic and Census Information**  
**Ten Years**

<u>NORTHERN KY COUNTIES</u>	<u>2013 (ACS 5-Year Estimates)</u>				<u>2014 (ACS 5-Year Estimates)</u>				<u>2015 (ACS 5-Year Estimates)</u>			
	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>
<b>POPULATION</b>												
Total Population	121,214	90,606	160,828	372,648	123,030	91,268	161,915	376,213	124,617	91,475	163,007	379,099
Median Age (years)	36.0	37.0	36.4	n/a	36.1	37.0	36.3	n/a	36.2	37.3	36.4	n/a
<b>HOUSEHOLDS</b>												
Total Households	43,255	35,203	61,800	140,258	43,903	35,478	61,962	141,343	44,709	35,477	62,225	142,411
Average Household Size	2.78	2.49	2.56	2.61	2.78	2.49	2.57	2.62	2.77	2.49	2.58	2.62
Populations in Households	120,390	87,830	158,303	366,523	122,141	88,307	159,438	369,886	123,644	88,421	160,718	372,783
Population 25 years and older	83,378	65,772	115,346	264,496	84,911	66,322	116,400	267,633	86,329	66,896	117,493	270,718
<b>HOUSING OCCUPANCY</b>												
Total Housing Units	46,635	39,560	69,081	155,276	47,052	39,705	69,242	155,999	47,466	39,754	69,369	156,589
Occupied Housing Units	43,255	35,203	61,800	140,258	43,903	35,478	61,962	141,343	44,709	35,477	62,225	142,411
Owner-Occupied Units	32,649	24,643	42,038	99,330	32,561	24,417	41,536	98,514	32,785	24,368	40,956	98,109
Renter-Occupied Units	10,606	10,560	19,762	40,928	11,342	11,061	20,426	42,829	11,924	11,109	21,269	44,302
Vacant Housing Units	3,380	4,357	7,281	15,018	3,149	4,227	7,280	14,656	2,757	4,277	7,144	14,178
Vacant Housing Rate	7.2%	11.0%	10.5%	9.7%	6.7%	10.6%	10.5%	9.4%	5.8%	10.8%	10.3%	9.1%
Median (Value)	\$ 172,700	\$ 146,300	\$ 144,300	n/a	\$ 174,200	\$ 147,700	\$ 143,900	n/a	\$ 175,100	\$ 150,400	\$ 145,200	n/a
<b>EMPLOYMENT STATUS</b>												
Population 16 years and older	90,433	72,430	125,242	288,105	92,145	73,165	126,093	291,403	93,587	73,523	127,102	294,212
Population in Civilian Labor Force	64,347	49,548	85,459	199,354	65,546	49,526	85,229	200,301	66,346	49,211	86,096	201,653
Employed	59,917	45,336	77,880	183,133	61,454	45,481	78,082	185,017	62,624	45,872	79,447	187,943
Employed Percentage	93.1%	91.5%	91.1%	91.9%	93.8%	91.8%	91.6%	92.4%	94.4%	93.2%	92.3%	93.2%
Unemployed	4,430	4,212	7,579	16,221	4,092	4,045	7,147	15,284	3,722	3,339	6,649	13,710
Unemployed Percentage	6.9%	8.5%	8.9%	8.1%	6.2%	8.2%	8.4%	7.6%	5.6%	6.8%	7.7%	6.8%
<b>INCOME</b>												
Median Household Income	\$ 67,225	\$ 54,306	\$ 54,270	n/a	\$ 67,286	\$ 54,482	\$ 54,817	n/a	\$ 66,730	\$ 54,621	\$ 54,296	n/a
Mean Household Income	\$ 80,339	\$ 67,244	\$ 69,687	\$ 72,359	\$ 81,417	\$ 68,553	\$ 70,126	\$ 73,238	\$ 81,500	\$ 70,780	\$ 70,236	\$ 73,908
Per Capita Income	\$ 29,235	\$ 26,945	\$ 27,704	\$ 28,025	\$ 29,656	\$ 27,479	\$ 27,788	\$ 28,331	\$ 29,866	\$ 28,248	\$ 27,847	\$ 28,612
<b>POVERTY LEVEL</b>												
Percentage whose Income in the past 12-months is below Poverty Level.												
All Families	7.4%	10.0%	10.5%	9.3%	7.1%	10.4%	11.1%	9.6%	6.6%	10.3%	11.8%	9.6%
All People	9.0%	13.0%	13.7%	12.0%	8.7%	14.0%	14.3%	12.4%	8.2%	14.6%	14.6%	12.5%
Under 18 Years	12.2%	17.5%	20.8%	17.0%	11.7%	19.2%	21.8%	17.6%	11.2%	20.5%	23.0%	18.2%
65 Years and Older	6.9%	8.0%	8.3%	7.8%	8.2%	8.0%	8.8%	8.4%	5.9%	9.8%	8.5%	8.1%

Source: factfinder2.census.gov/

**Sanitation District No. 1**  
**Northern Kentucky Demographic and Census Information**  
**Ten Years**

<u>NORTHERN KY COUNTIES</u>	<u>2016 (ACS 5-Year Estimates)</u>				<u>2017 (ACS 5-Year Estimates)</u>				<u>2018 (ACS 5-Year Estimates)</u>			
	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>
<b>POPULATION</b>												
Total Population	125,656	91,456	163,393	380,505	127,682	91,804	163,987	383,473	129,095	92,267	164,688	386,050
Median Age (years)	36.6	37.9	36.7	n/a	37.1	38.0	36.9	n/a	37.3	38.1	37.0	n/a
<b>HOUSEHOLDS</b>												
Total Households	45,649	35,954	62,746	144,349	46,095	35,870	62,929	144,894	46,404	36,308	63,529	146,241
Average Household Size	2.73	2.46	2.57	2.59	2.75	2.46	2.57	2.60	2.76	2.44	2.55	2.59
Populations in Households	124,657	88,314	161,085	374,056	126,649	88,392	161,610	376,651	128,053	88,744	162,253	379,050
Population 21 years and older	87,486	67,314	118,478	273,278	89,342	67,938	119,155	276,435	90,557	68,424	120,201	279,182
Population 65 years and older	13,980	12,702	20,747	47,429	15,414	13,264	21,556	50,234	16,093	13,707	22,334	52,134
<b>HOUSING OCCUPANCY</b>												
Total Housing Units	47,878	39,873	69,520	157,271	48,499	39,929	69,484	157,912	48,961	40,109	69,635	158,705
Occupied Housing Units	45,649	35,954	62,746	144,349	46,095	35,870	62,929	144,894	46,404	36,308	63,529	146,241
Owner-Occupied Units	32,880	24,530	41,155	98,565	33,885	24,675	41,329	99,889	34,370	25,018	41,781	101,169
Renter-Occupied Units	12,769	11,424	21,591	45,784	12,210	11,195	21,600	45,005	12,034	11,290	21,748	45,072
Vacant Housing Units	2,229	3,919	6,774	12,922	2,404	4,059	6,555	13,018	2,557	3,801	6,106	12,464
Vacant Housing Rate	4.7%	9.8%	9.7%	8.2%	5.0%	10.2%	9.4%	8.2%	5.2%	9.5%	8.8%	7.9%
Median (Value) Owner-occupied units	\$ 178,300	\$ 156,600	\$ 147,000	n/a	\$ 183,700	\$ 160,700	\$ 149,700	n/a	\$ 186,500	\$ 168,300	\$ 155,200	n/a
<b>EMPLOYMENT STATUS</b>												
Population 16 years and older	95,134	73,934	127,720	296,788	97,459	74,589	128,542	300,590	98,981	75,215	129,244	303,440
Population in Civilian Labor Force	67,334	49,093	87,231	203,658	67,873	48,795	87,172	203,840	69,183	48,901	87,789	205,873
Employed	63,757	46,233	81,588	191,578	64,527	46,154	82,552	193,233	66,174	46,679	83,543	196,396
Employed Percentage	94.7%	94.2%	93.5%	94.1%	95.1%	94.6%	94.7%	94.8%	95.7%	95.5%	95.2%	95.4%
Unemployed	3,577	2,860	5,643	12,080	3,346	2,641	4,620	10,607	3,009	2,222	4,246	9,477
Unemployed Percentage	5.3%	5.8%	6.5%	5.9%	4.9%	5.4%	5.3%	5.2%	4.3%	4.5%	4.8%	4.6%
<b>INCOME</b>												
Median Household Income	\$ 69,165	\$ 56,772	\$ 56,568	n/a	\$ 72,731	\$ 57,208	\$ 58,674	n/a	\$ 75,043	\$ 59,782	\$ 61,606	n/a
Mean Household Income	\$ 85,590	\$ 74,223	\$ 72,452	\$ 77,048	\$ 90,790	\$ 77,224	\$ 76,160	\$ 81,078	\$ 93,086	\$ 79,669	\$ 80,194	\$ 84,154
Per Capita Income	\$ 31,593	\$ 29,834	\$ 28,785	\$ 29,968	\$ 33,553	\$ 31,065	\$ 30,195	\$ 31,528	\$ 34,433	\$ 32,225	\$ 31,811	\$ 32,794
<b>POVERTY LEVEL</b>												
Percentage whose Income in the past 12-months is below Poverty Level.												
All Families	6.5%	11.0%	10.9%	9.4%	6.0%	9.5%	9.9%	8.4%	5.3%	9.2%	9.5%	8.0%
All People	7.9%	14.9%	13.6%	12.0%	7.6%	14.2%	12.9%	11.4%	7.1%	13.8%	12.6%	11.0%
Under 18 Years	11.4%	22.0%	21.5%	17.9%	10.6%	19.2%	19.5%	16.2%	10.2%	17.0%	18.3%	15.1%
65 Years and Older	6.3%	10.2%	8.0%	8.1%	5.2%	12.2%	8.0%	8.2%	4.7%	12.3%	7.7%	8.0%

Source: factfinder2.census.gov/

**Sanitation District No. 1**  
**Northern Kentucky Demographic and Census Information**  
**Ten Years**

<u>NORTHERN KY COUNTIES</u>	<u>2019 (ACS 5-Year Estimates)</u>				<u>2020 (ACS 5-Year Estimates)</u>				<u>2021 (ACS 5-Year Estimates)</u>			
	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>
<b>POPULATION</b>												
Total Population	130,820	92,861	165,668	389,349	132,368	93,608	166,552	392,528	134,599	93,023	168,264	395,886
Median Age (years)	37.5	38.2	37.1	n/a	38.0	38.1	37.3	n/a	38.0	38.1	37.4	n/a
<b>HOUSEHOLDS</b>												
Total Households	46,997	36,746	63,966	147,709	47,391	37,197	64,544	149,132	48,683	38,030	66,999	153,712
Average Household Size	2.76	2.43	2.55	2.59	2.77	2.42	2.54	2.59	2.75	2.35	2.48	2.53
Populations in Households	129,808	89,261	163,247	382,316	131,351	90,052	164,136	385,539	133,675	89,515	165,975	389,165
Population 21 years and older	91,544	68,770	120,648	280,962	92,949	69,584	121,407	283,940	94,521	69,327	122,575	286,423
Population 65 years and older	16,864	14,117	23,111	54,092	17,968	14,811	23,915	56,694	18,186	14,844	24,402	57,432
<b>HOUSING OCCUPANCY</b>												
Total Housing Units	49,443	40,312	69,661	159,416	49,938	40,533	69,790	160,261	51,044	41,165	72,210	164,419
Occupied Housing Units	46,997	36,746	63,966	147,709	47,391	37,197	64,544	149,132	48,683	38,030	66,999	153,712
Owner-Occupied Units	35,015	25,624	42,303	102,942	35,954	26,204	43,693	105,851	37,423	26,932	45,459	109,814
Renter-Occupied Units	11,982	11,122	21,663	44,767	11,437	10,993	20,851	43,281	11,260	11,098	21,540	43,898
Vacant Housing Units	2,446	3,566	5,695	11,707	2,547	3,336	5,246	11,129	2,361	3,135	5,211	10,707
Vacant Housing Rate	4.9%	8.8%	8.2%	7.3%	5.1%	8.2%	7.5%	6.9%	4.6%	7.6%	7.2%	6.5%
Median (Value) Owner-occupied units	\$ 189,800	\$ 172,000	\$ 161,100	n/a	\$ 194,700	\$ 173,400	\$ 167,100	n/a	\$ 205,100	\$ 184,700	\$ 176,000	n/a
<b>EMPLOYMENT STATUS</b>												
Population 16 years and older	100,352	75,592	130,197	306,141	101,829	76,332	131,210	309,371	103,369	75,754	132,688	311,811
Population in Civilian Labor Force	70,331	48,952	89,136	208,419	69,672	49,401	90,440	209,513	71,620	49,565	91,648	212,833
Employed	67,668	46,997	85,375	200,040	67,197	47,301	86,893	201,391	69,155	47,542	87,830	204,527
Employed Percentage	96.2%	96.0%	95.8%	96.0%	96.4%	95.7%	96.1%	96.1%	96.56%	95.92%	95.83%	96.10%
Unemployed	2,663	1,955	3,761	8,379	2,475	2,100	3,547	8,122	2,465	2,023	3,818	8,306
Unemployed Percentage	3.8%	4.0%	4.2%	4.0%	3.6%	4.3%	3.9%	3.9%	3.4%	4.1%	4.2%	3.9%
<b>INCOME</b>												
Median Household Income	\$ 78,327	\$ 63,050	\$ 64,339	n/a	\$ 82,838	\$ 63,152	\$ 66,541	n/a	\$ 87,034	\$ 65,580	\$ 68,503	n/a
Mean Household Income	\$ 97,356	\$ 83,704	\$ 83,684	\$ 88,039	\$ 98,617	\$ 85,588	\$ 87,810	\$ 90,690	\$ 103,177	\$ 91,974	\$ 91,344	\$ 95,248
Per Capita Income	\$ 35,991	\$ 34,025	\$ 33,330	\$ 34,396	\$ 36,371	\$ 35,124	\$ 34,936	\$ 35,469	\$ 38,292	\$ 38,404	\$ 36,957	\$ 37,748
<b>POVERTY LEVEL</b>												
Percentage whose Income in the past 12-months is below Poverty Level.												
All Families	5.4%	9.4%	8.1%	7.5%	4.2%	8.7%	7.7%	6.7%	3.7%	8.0%	8.2%	6.6%
All People	7.2%	13.5%	11.5%	10.5%	6.5%	12.4%	11.5%	10.0%	6.1%	12.2%	11.9%	10.0%
Under 18 Years	10.0%	15.9%	16.4%	14.6%	9.5%	12.8%	16.9%	13.3%	8.6%	12.6%	17.4%	13.1%
65 Years and Older	3.6%	12.7%	8.6%	8.1%	4.3%	15.4%	8.2%	8.8%	3.6%	15.7%	9.7%	9.3%

Source: data.census.gov/

<b>Sanitation District No. 1</b> <b>Northern Kentucky Demographic and Census Information</b> <b>Ten Years</b>
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<u>NORTHERN KY COUNTIES</u>	<u>2022 (ACS 5-Year Estimates)</u>			
	<u>BOONE</u>	<u>CAMPBELL</u>	<u>KENTON</u>	<u>COMBINED</u>
<b>POPULATION</b>				
Total Population	136,150	93,122	169,066	398,338
Median Age (years)	38.0	38.9	37.4	n/a
<b>HOUSEHOLDS</b>				
Total Households	49,587	38,684	67,353	155,624
Average Household Size	2.72	2.33	2.48	2.52
Populations in Households	135,090	90,063	166,905	392,058
Population 21 years and older	96,397	70,101	123,780	290,278
Population 65 years and older	19,301	15,494	25,375	60,170
<b>HOUSING OCCUPANCY</b>				
Total Housing Units	51,773	41,465	72,564	165,802
Occupied Housing Units	49,587	38,684	67,353	155,624
Owner-Occupied Units	37,766	27,670	46,532	111,968
Renter-Occupied Units	11,821	11,014	20,821	43,656
Vacant Housing Units	2,186	2,781	5,211	10,178
Vacant Housing Rate	4.2%	6.7%	7.2%	6.1%
Median (Value) Owner-occupied units	\$ 237,600	\$ 214,400	\$ 207,700	n/a
<b>EMPLOYMENT STATUS</b>				
Population 16 years and older	104,952	75,986	133,999	314,937
Population in Civilian Labor Force	72,547	49,487	92,770	214,804
Employed	70,514	47,628	88,706	206,848
Employed Percentage	97.2%	96.2%	95.6%	96.3%
Unemployed	2,033	1,859	4,064	7,956
Unemployed Percentage	2.8%	3.8%	4.4%	3.7%
<b>INCOME</b>				
Median Household Income	\$ 91,697	\$ 71,979	\$ 76,016	n/a
Mean Household Income	\$ 110,633	\$ 101,730	\$ 100,475	\$ 104,024
Per Capita Income	\$ 41,281	\$ 42,846	\$ 40,780	\$ 41,427
<b>POVERTY LEVEL</b>				
Percentage whose Income in the past 12-months is below Poverty Level.				
All Families	3.1%	7.9%	7.9%	6.2%
All People	5.7%	11.7%	11.9%	9.7%
Under 18 Years	6.8%	11.4%	18.2%	12.6%
65 Years and Older	5.2%	14.8%	10.2%	9.8%

Source: data.census.gov/

**Sanitation District No. 1**  
**Northern Kentucky Top Ten Employers**  
**2015 & 2024**

<b>Top Ten Employers in Northern Kentucky - 2024</b> (Ranked by Local Employees)		
<b>Company</b>	<b>Employees</b>	<b>Percentage of Employed Work Force</b>
St. Elizabeth Healthcare	10,180	4.7%
Kroger Company	9,000	4.2%
Fidelity Investments	5,450	2.5%
DHL	4,800	2.2%
Boone County School District	4,000	1.9%
Citi	1,900	0.9%
Northern Kentucky University	1,834	0.9%
Bosch Mobility	1,000	0.5%
Mubea	891	0.4%
Novolex	718	0.3%
<b>Totals:</b>	<b>39,773</b>	<b>18.5%</b>
Source: Business Courier 2024 Book of Lists		

<b>Top Ten Employers in Northern Kentucky - 2015</b> (Ranked by Local Employees)		
<b>Company</b>	<b>Employees</b>	<b>Percentage of Employed Work Force</b>
St. Elizabeth Healthcare	7,479	3.7%
Fidelity Investments	3,900	1.9%
Kroger Company	3,646	1.8%
Boone County Schools	3,615	1.8%
Internal Revenue Service	3,611	1.8%
Amazon.com LLC	3,000	1.5%
Citi	2,541	1.3%
DHL	2,200	1.1%
Kenton County Schools	2,200	1.1%
Northern Kentucky University	2,100	1.0%
<b>Totals:</b>	<b>34,292</b>	<b>17.0%</b>
Source: Business Courier 2015 Book of Lists		

**Sanitation District No. 1**  
**Miscellaneous Operating Statistics**  
**Last Ten Fiscal Years**

	Design Capacity MGD	Fiscal Year									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Treatment Plant Flow (1)</b>											
Dry Creek	46.5	20.7	27.4	27.0	27.0	27.0	30.0	25.3	25.3	25.0	28.6
Eastern Regional WRF*	4.0	1.05	1.03	1.00	1.00	1.00	1.00	1.15	1.15	1.10	1.20
Western Regional WRF**	20.0	7.77	8.12	8.00	8.00	8.00	9.00	9.00	9.00	11.18	11.30
	<u>70.5</u>	<u>29.5</u>	<u>36.6</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>40.0</u>	<u>35.5</u>	<u>35.5</u>	<u>37.3</u>	<u>41.1</u>
<b>Staffing Levels (2)</b>											
Administration		59	58.5	54	43	45	44.5	56	54	54	53
Engineering		21	21	21	23	25	28.5	29.5	31.5	31.5	30.5
Operations		6	5	5	20	23.5	25.5	13.5	14.5	14.5	17.5
Water Resources		15.5	16.5	16.5	16.5	11.5	11.5	11.5	10.5	10.5	10.5
Collection System		88	84	78	72	69	66	66	66	63	60
Field Tech (Pump Stations)		15	15	15	15	15	15	16	17	17	17
Eastern Regional and Small Plants		10.5	10.5	9.5	9.5	7.5	7.5	7.5	7.5	6.0	6.0
Western Regional Plant		13	13	13	13	13	13	13	13	12	12
Dry Creek and Lab		46.5	45.5	45.5	45.5	44.5	43	43	42.5	40.5	40.5
<b>Total Employees</b>		<u>274.5</u>	<u>269.0</u>	<u>257.5</u>	<u>257.5</u>	<u>254.0</u>	<u>254.5</u>	<u>256.0</u>	<u>256.5</u>	<u>249.0</u>	<u>247.0</u>

(1) Source: SD1 Laboratory Information Management Records (Labworks)

(2) Source: SD1 budget documents

\* Eastern Regional Water Reclamation Facility went online 10/2007

\*\* Western Regional Water Reclamation Facility went online 4/2012

**Sanitation District No. 1**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Miles of Sanitary Sewers (Includes sanitary, force mains and combined)	1,600	1,620	1,620	1,640	1,650	1,662	1,685	1,685	1,701	1,720
Regional Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Small Wastewater Treatment Plants										
Owned and Operated	4	4	4	4	4	4	4	4	4	4
Operated but not Owned	4	2	3	3	3	3	2	2	2	2
Pump Stations										
Owned and Operated	121	121	120	121	121	121	122	123	124	126
Operated but not Owned	14	3	3	3	3	3	3	3	4	3
Flood Stations	15	15	15	15	15	15	15	15	15	16
Flood Gate Structures	88	89	89	92	93	93	93	93	93	97
Storm Structures	32,541	32,820	33,097	31,106	31,657	32,728	32,300	32,915	33,999	35,046
Miles of Separate Storm Sewers	447	447	451	416	425	428	433	442	546	505

Source: SD1 GIS records