Louisville Water

TOWERING ACHIEVEMENTS

2024
ANNUAL
REPORT

Quality Water. Quality of Life.

Every day, nearly one million people depend on Louisville Water Company to provide safe, high-quality drinking water that we're proud to deliver. Louisville Water has a 164-year history of quality, service, innovation, and value. The company began operations in 1860 as Kentucky's first public water provider and today supplies water and fire protection to communities in Louisville Metro and parts of Bullitt, Hardin, Nelson, Oldham, Shelby, and Spencer counties.

By the Numbers

131	Million gallons per day; average daily delivery of Louisville Pure Tap®
0	Water quality violations (18 consecutive years)
4,311	Miles of water main in the system
14	Miles of new water main installed
57,366	Valves
25,224	Fire hydrants
641	Main breaks
34.8	Billion gallons sold
$231	Million in water sales
$28.17	Average residential bill for 4,000 gallons
635,101	People reached through education and outreach
95	Schools visited for education programs
92%	Percentage of customers who say they trust Louisville Water to provide high-quality and reliable drinking water.

Contents

Louisville Water Company is an Equal Opportunity Employer. All qualified applicants receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, or protected veteran status, and will not be discriminated against on the basis of disability.

Every day, Louisville Water Company delivers an average of 131 million gallons of high-quality drinking water to nearly a million people. We provide a crucial resource for public health, a thriving economy, and basic needs. It's a responsibility we take seriously because we truly believe quality water is necessary for quality of life.

The 2024 Annual Report reflects Louisville Water's commitment to producing and delivering safe, high-quality Louisville Pure Tap®, investing in our infrastructure, connecting with the community, fostering innovative ideas, and creating a positive environment where our employees feel valued and that they belong here.

Louisville Water's history of innovation and leading the way in the sector began in the late 1800s with filtration experiments on the same property where the Louisville Water Tower proudly stands today. I never cease to be amazed at what our employees and our Company accomplish year after year.

In 2024, we embarked on a multi-year project to replace a 130-year-old water main that supplies water across the city; we started installing new water mains to meet the increasing demand in Hardin and Nelson counties, ultimately supporting economic growth around the region; and we sold 34.8 billion gallons of water. We also achieved the lowest number of OSHA recordables in our distributions and operations department, lasting 200 days without a single incident and logging only three for the entire year. Finally, I'm proud to share Louisville Water met all EPA guidelines for the Lead and Copper Rule Revisions.

Louisville Water also co-hosted the Water Professionals Conference. We welcomed around 2,000 guests from water and wastewater utilities in Kentucky and Tennessee. It was a successful conference to share industry knowledge, new trends in the water sector, and to learn how we can continually improve and grow.

We set high standards for ourselves because we know our community relies on us. We like to say our water is so good, we gave it a name. It's an immense feeling of pride when 86% of customers surveyed are aware of Louisville Pure Tap and 92% say they feel our drinking water is very safe. Numbers like those reinforce the hard work we do every day at Louisville Water.

Sincerely,

Spencer W. Bruce, PE
President and CEO

MANAGING QUALITY AND PERCEPTION

Louisville Water is home to two award-winning water treatment plants—Crescent Hill and B.E. Payne. Public health is the foundation of our commitment to producing high-quality drinking water. We take great pride in delivering on our commitment to the community even more so in the midst of challenges.

The taste of Louisville Pure Tap® is one of the reasons nearly 90% of our customers surveyed say they're confident of the quality. The aesthetics of drinking water, how it looks, smells, and tastes are the leading indicators of our customers' perception of water. That perception can quickly change as the weather and river flow changes.

In summer 2024, Louisville Water's water quality and production teams successfully managed the largest taste and odor event in the Ohio River in decades. A long stretch of hot days combined with little rainfall and a low-flowing river created ripe conditions for persistent algal blooms. While there was not a health risk, some customers noticed a difference in the taste and odor of Pure Tap compared to what they normally get from the faucet.

Our scientists worked with the Ohio River Valley Water Sanitation Commission (ORSANCO) to continuously monitor river conditions and developed an aggressive treatment strategy. The team drastically increased its usage of powdered activated carbon to mitigate the algal bloom effects while navigating through supply challenges.

Production team used carbon to help treat the largest taste and odor event in decades.

MEETING EXPECTATIONS

Drought conditions contributed to a surge in demand for water. Following a hot summer, Louisville also experienced one of the driest Octobers on record. Louisville Water pumped an astounding 18.1 billion gallons of water between June and the end of September. That's the highest pumping numbers we've seen during the summer months since 2008. Factor in the rest of the year, and 2024 surpassed pumping records for nearly 20 years, with the highest pumping numbers since 2007.

In comparison to the five-year average, production rose 7.4%. Breaking that down even further, Louisville Water delivered an average of 131 million gallons a day to nearly a million people. We met the increased demand while still meeting expectations for safe, high-quality water. For the 18th consecutive year, we did not have any water quality violations.

Plant Maintenance Mechanic Israel Temple at the B.E. Payne Water Treatment Plant.

GETTING THE LEAD OUT

Louisville Water's efforts that span decades to eliminate known lead service lines ensured that we met new regulations. The EPA revised the Lead and Copper Rule that public drinking water providers must follow, and a team of dozens of employees collaborated on our response.

Louisville's drinking water does not contain lead when it leaves our treatment plants. The risk for lead to enter the drinking water comes from pipes and plumbing that are made of lead. We balance the treatment chemistry to protect the water and control corrosion as it travels through pipes to homes, businesses, and schools.

After decades of removing lead lines owned by Louisville Water, and ahead of the new EPA regulations, we shifted our attention to private lead service lines (i.e. the portion of the service line on the customer's property that connects the water meter to the home or business). For the last several years, Louisville Water has researched records, gathered data, and worked with customers to replace hundreds of lead and galvanized service lines. As of October 2024, we reduced the number of known private lead service lines to less than 500 and just over 2,000 galvanized service lines. We've determined roughly 265,000 service lines do ***not*** contain lead. Still, the number of older service lines with unknown material is nearly 50,000. Louisville Water has communicated with every customer and is actively working with homeowners to identify the pipe material and update our records.

In addition to the inventory, the EPA's Lead and Copper Rule includes water quality sampling in schools and childcare centers. Although not required until 2027, we began outreach and education to school leadership and will start sampling in 2025.

TARGETING UNKNOWN LINES AND FREE REPLACEMENT

A $32 million state-revolving loan will help Louisville Water reduce the number of "unknown" private service lines. All but $10 million of that is forgivable.

Beginning in the summer of 2025, we will use the funds for a large-scale effort to continue identifying private service lines of unknown material, specifically in economically disadvantaged areas. The loan helps to replace lead or galvanized lines for free, saving customers thousands of dollars.

A Louisville Water crew removed a lead service line from underground and replaced it with copper.

- *Production of 131 million gallons per day rose 7.4% above the five-year average*
- *91% of customers rate the quality of their drinking water as excellent or good*
- *Water treatment plants rank as 2 of the top 19 in North America for outstanding water quality (according to the Partnership for Safe Water)*

Louisville Water dedicates the largest share of its capital budget to the upkeep and expansion of its infrastructure. This includes the water mains, pumping stations, and treatment facilities that guarantee consistent service to nearly a million people every day. Effective collaboration among departments and the diligent performance of project managers has helped Louisville Water improve how we implement the budgeted Capital Improvement Plan. In 2024, we executed $131 million in capital projects, representing 88% of the original budget.

REPLACING A WATER MAIN FROM THE 1800s

Louisville Water launched a large multi-year project in July 2024 along Oak Street to replace a 130-year-old, 48” transmission main. To minimize disruption to neighborhoods, we used sliplining construction technology, which involves installing a smaller pipe inside the larger main (the same method Louisville Water used in 2019 for a main rehabilitation project along Eastern Parkway). Sliplining allowed us to keep more streets open, reduced the amount of digging, and meant customers didn’t lose water service during Phase 1.

Louisville Water is keeping the community informed about the progress of the $8.5 million project through a dedicated web page: **LouisvilleWater.com/OakStreetProject**.

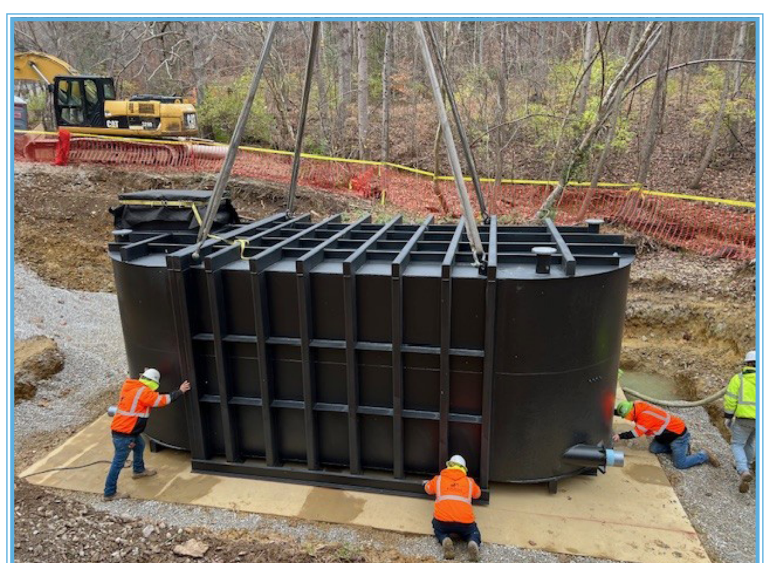
In addition to upgrading transmission water mains, we replaced or repaired 6.4 miles of smaller distribution mains. This preventive maintenance is critical to maintaining a goal of less than 15 water main breaks per 100 miles of pipe.

Louisville Water is replacing a 130-year-old water main.

RURAL BULLITT COUNTY EXTENSION

Louisville Water partnered with Bullitt County officials for a water main extension on Roe Hill Road—an extension that will soon bring both water and fire protection to 37 households in a rural area of the county that has never had water service. Construction began in 2023 and continued last year. The project includes more than two miles of pipe, a fire hydrant, and an enormous booster pumping station to give the water an extra push uphill.

A unique combination of funding made this $2.6 million project possible. Money from a Community Development Block Grant, the Bullitt County American Rescue Plan, Bullitt County Fiscal Court, Louisville Water Foundation, and a contribution from Louisville Water will deliver clean, safe water to the homeowners.



The new booster pumping station will help push water uphill to customers in rural Bullitt County.

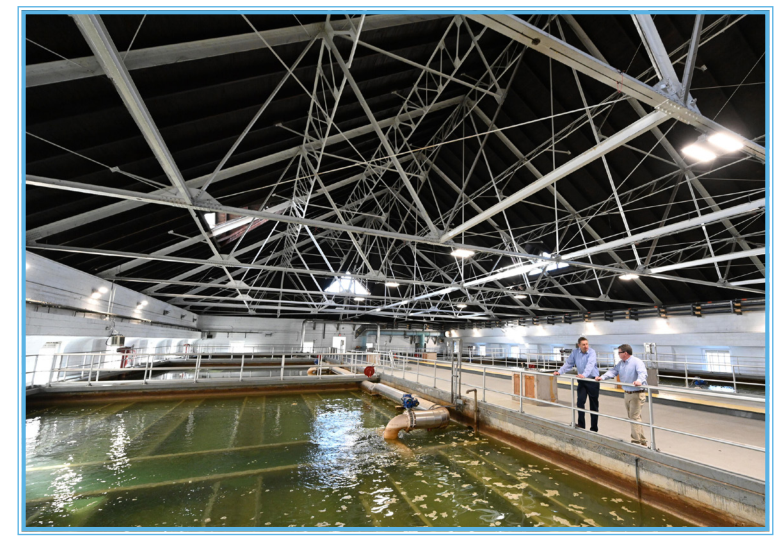
A FOCUS ON KENTUCKY’S LARGEST WATER TREATMENT PLANT

The Crescent Hill Water Treatment Plant is Kentucky’s oldest and largest drinking water plant. Louisville Water opened the facility in 1909 and maintaining this critical asset requires a strategic focus. In 2024, engineering teams worked on four projects that will ensure high-quality and reliable drinking water for the region.

Louisville Water designed and bid a new residual lines project to improve the reliability of treatment operations. The company’s filtration process produces residual solids that must be removed from the treatment plant. The residual line is the pipeline that takes the byproducts from the Crescent Hill Water Treatment Plant to lagoons at our B. E. Payne Water Treatment Plant in Prospect. This system is critical to daily water production at Crescent Hill. The current line built in 1971 is reaching the end of its useful life, so we are installing two new lines for increased redundancy.

The project runs along Reservoir Avenue from the Crescent Hill plant down Zorn Avenue, along River Road from Zorn Avenue to Transylvania Avenue, and along Transylvania Avenue to the B.E. Payne Water Treatment Plant. We expect to have the new lines in place in 2026.

The Crescent Hill Water Treatment Plant will also be the site of a new, redundant finished water pumping station; the existing pipe/header connecting the discharge pumps to the distribution system is in line for upgrades. Parts of this header network are approximately 100 years old. With the design for the renewal project completed last year, construction will begin in 2025.



Another project involves upgrading our powdered activated carbon system to provide increased storage, improved reliability, and redundant feed lines. Construction begins in 2025 and should take a year to complete.

Finally, design was underway to replace the liners in the Crescent Hill Reservoir. First installed in 1999, the liners cover the limestone basin and collect the mud that settles from the Ohio River water. Replacing the two liners will happen in phases beginning in 2025.

These projects to support the Crescent Hill plant represent a $6.8 million investment in 2024.

- *$130.8 million in capital expenditures*
- *Two water treatment plants and 31 water storage tanks*
- *More than 4,300 miles of water mains in Louisville*

By implementing a range of new initiatives and building on solid progress through existing programs, Louisville Water continued to improve our customers' experiences and interactions with us.

ADVANCED METERING INFRASTRUCTURE

We achieved a milestone in the Advanced Metering Infrastructure (AMI) project. Louisville Water completed 98% of AMI installations or 284,471 meters for Jefferson County customers by the end of 2024, and more than 200,000 customers now receive monthly bills.

This project began in 2020 to provide all customers with wireless meters that send data to Louisville Water receivers. The meters facilitate monthly billing and make it easy for customers to monitor their water usage through the Pure Connect℠ portal.

The new technology provides not only a better customer experience but also more efficient operations. Two data points in 2024 illustrate the value of AMI and show how employees now have more time to focus on more proactive work.

First, prior to the AMI project, Louisville Water needed to "roll a truck" so an employee could read the meter whenever a new homeowner moved in and the previous homeowner moved out. AMI saved more than 16,900 "truck rolls" in 2024 alone.

Second, the number of estimated bills has dropped to its lowest monthly average. The winter months often see the most bill estimates because weather conditions like snow and ice make it difficult to locate and accurately read water meters. By introducing AMI, the number of bill estimates fell from 2.22% at the start of 2022 to 0.28% by December 2024.

Managers who oversee the program credit AMI with allowing us to conserve resources, enhance customer satisfaction, and increase workforce productivity.

Louisville Water is in the planning stage to expand the AMI project to customers in Oldham and Bullitt counties.

98% of AMI installations were completed in Jefferson County by the end of 2024.

PURE CONNECT℠ BENEFITS

One of the benefits of signing up for Pure Connect, Louisville Water's online customer portal, is that customers can closely monitor their water consumption. This feature can assist in detecting potential leaks in your home plumbing if there's an unexpected rise in water usage. In 2024, Louisville Water took this idea a step further by proactively sending email alerts regarding unusual water usage to customers, even if they have not registered for Pure Connect.

NEW WAYS TO PAY

Prioritizing customer convenience, Louisville Water introduced new bill payment options in August 2024. Through the Pure Connect portal, customers could begin paying through Apple Pay, PayPal, Google Pay, Amazon Pay, and Venmo. Another new feature allowed customers to schedule payments up to 30 days in advance of the due date, alleviating concerns about forgetting payments and incurring late fees.

CALL CENTER ENHANCEMENTS

As more customers moved to monthly billing because of the AMI Project, the overall volume of calls that Louisville Water received increased 18.2%. In all, our customer service representatives answered 280,000 calls in 2024, and the call center deployed new technologies to help handle the volume and continually improve the customer experience.

A new Interactive Virtual Assistant (IVA) uses large language models and natural language understanding to interact with customers.

As the project progressed, a range of new features were added, including the ability to authenticate callers using data from Louisville Water's Customer Care and Billing database. Now, once an account is authenticated, the IVA can inform the caller of important notifications related to the account such as a past-due amount or if the caller is about to be turned off due to non-payment. The system can also analyze the intent of the call and proactively provide information or send the call to an employee.

DROPS OF KINDNESS℠

Louisville Water continued to help customers who struggled to pay their bill through Drops of Kindness, the affordability program that's largely supported by the Louisville Water Foundation. Louisville Water made a $250,000 donation to the Foundation and an additional $2 million commitment. The largest percentage of grants issued by the Foundation goes to the Drops of Kindness program and supports the work of community organizations in the three counties where Louisville Water and Louisville MSD provide direct service. The community organizations work with hundreds of customers who need help paying their water and wastewater bills.

CONNECTING WITH THE COMMUNITY

Overall, Louisville Water's community engagement reached more than 635,000 people in 2024. This number includes the return of Pure Tap 5K®, events where we served Louisville Pure Tap®, and school and community programming. See "Sharing Louisville Water's Story" for highlights.

LOUISVILLE WATER TOWER GRAND REOPENING

Louisville Water Tower and the WaterWorks Museum reopened to the public in March following a nearly three-year restoration. The updated facilities welcomed nearly 10,000 people in 2024 through events, rentals, and school field trips. In all, 174 events were held at the National Historic Landmark.

Louisville Water Tower is a local treasure where people can admire our history and learn the story of their drinking water.

- *Asked to describe Louisville Water, the top three attributes from customers were reliable, quality, and friendly.*
- *86% of customers are aware that Louisville Pure Tap® is Louisville's drinking water.*
- *77% of customers believe Louisville Water meets its goal of providing high-quality water and reliable service.*
- *Customer satisfaction with our drinking water has stayed above 80% over the past two years.*

Louisville Water is committed to helping the community understand how we produce and deliver their water. Customers frequently comment on how seeing the company's representatives at community events strengthens their trust in Louisville Water and our product.

Hundreds of runners and walkers including Louisville Mayor Craig Greenberg participated in the 2024 Pure Tap 5K®, which returned to the Louisville Water Tower for the first time since renovation began at the facility in 2022.

Efforts to highlight the value of water by serving Pure Tap reached more than 561,000 people in 2024. This total includes large community events as well as smaller events that borrowed our Pure Tap coolers.

The education and outreach team had 418 engagements, reaching more than 73,000 students and adults. The outreach included visits to more than 100 schools.

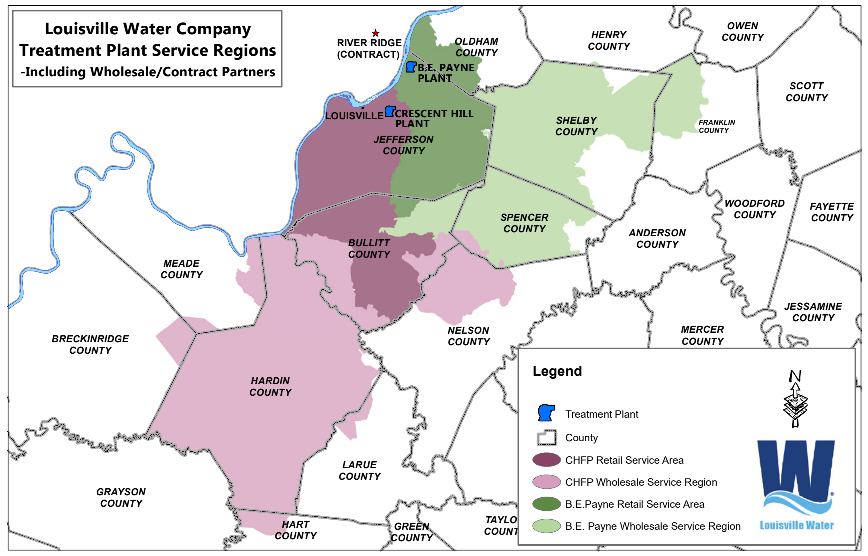
Collectively, Louisville Water's community engagement reached more than 635,000 people in 2024.

Including field trips, open days, and private events and rentals, more than 9,900 people visited Louisville Water Tower and the WaterWorks Museum.

Louisville Water continued its Made With Pure Tap® video series to highlight local businesses that rely on our water to make their products.

PROVIDING A VITAL RESOURCE TO REGIONAL PARTNERS

Partnerships with other water providers continued to be an important part of regional growth, economic development, and revenue. Louisville Water has partnerships with nine other water providers, and in 2024, water sales to those utilities increased by 4%. Regionalization is tied to economic development and more than $180 million of improvements are underway to bring a larger supply of water to the Interstate 65 corridor. The largest customer project for support is the Ford BlueOval SK Battery Park in Hardin County. To meet the increased demand for water, additional infrastructure is necessary to provide water to Bullitt, Hardin, and Nelson counties. Crews started the multi-year process of installing new water mains in Bullitt County along with expanding a booster pumping station.



Louisville Water negotiated a new contract with North Nelson Water District which will also supply drinking water to the city of Bardstown. These investments support long-term growth in water sales to our regional partners.

Installing a new water main in Bullitt County in fall 2024.

Watch how Water Grows KY

DIGITAL STRATEGIES FOR SUCCESS

Efforts to build and implement a comprehensive digital strategy moved forward in 2024. Employees from across the company are developing the plan with a goal to streamline operations, improve decision making, and engage customers more effectively.

The information technology team completed a large project to relocate many of the servers and storage devices that support our applications to an off-site location. The new platform provides enhanced security, scalability, cost savings, and improved data management.

OFFERING CUSTOMERS PEACE OF MIND

WaterPro
Water Leak Protection Plan

Small leaks can quickly add up to hundreds, even thousands of dollars if they're not caught early. Putting ourselves in the customer's shoes, Louisville Water developed the WaterPro Water Leak Protection℠ plan. The optional program covers the cost of excess water and wastewater charges up to $3,000 resulting from a qualified leak. WaterPro is the first water leak protection plan developed and offered by a public water utility. The company rolled out the plan publicly in fall 2024 with approximately 1,600 enrollments by the end of the year.

AWARDS FLOW IN FOR PURE SPOUT®

The list of awards kept flowing for Pure Spout, an innovative product designed specifically to reduce levels of lead in drinking water. Louisville Water's team developed Pure Spout for drinking fountains to ensure good water quality and reduce the risk of lead getting into the water through older pipes and plumbing fixtures. It is a low-cost solution that protects students at public schools that have aging infrastructure.

The Pure Spout filter is designed to reduce the risk of lead from drinking water fountains.

Pure Spout launched publicly in 2024 and is currently available through Blue Focus, LLC. The new-to-market product has received multiple accolades, including:

- Thomas Edison Award—Bronze Award in Social and Cultural Impact: Health and Wellness
- America by Design: Innovations People's Choice Award
- America by Design: Innovations Commentator's Choice Award
- International Design Excellence Award
- Core77 Design Award
- Good Design Award

Louisville Water strives to be a place where people want to work and develop fulfilling careers. The company works to attract, retain, motivate, and develop exceptional employees who make significant contributions to Louisville Water's success.

A MAJOR SAFETY ACHIEVEMENT

Employee safety is always a priority at Louisville Water. In 2024, the company recorded six OSHA-recordable injuries, with only three of those in distribution operations. This is the lowest number of injuries in both company history and within the distribution department. In addition to completing Louisville Water's mandatory safety training, some employees also participated in first aid, CPR, and AED (automatic external defibrillator) training offered in collaboration with Louisville Fire and Rescue.

These accomplishments stem from a consistent commitment to safety that has become ingrained in the company's culture. This focus includes safety field audits, weekly safety tailgate meetings with staff, and annual safety awareness giveaways along with team incentives.

RECOGNIZING THE VALUE OF EMPLOYEES

Louisville Water has employee-led groups that focus on acknowledging everyone's contributions to the company and fostering a positive work environment.

Louisville Water's Employee Activities Committee (EAC) organized several events to celebrate the value of our employees. These included employee breakfasts and lunches, a company picnic, and a holiday party. Employees enjoyed an evening at Slugger Field for a Louisville Water employee night at a Louisville Bats game. Health and wellness fairs at multiple facilities gave employees a chance to enjoy massages and healthy snacks. Many employees also took advantage of free biometric screenings and engaged in discussions with representatives from healthcare and benefit providers.

Employee Night at a Louisville Bats game was a big hit.

The company's Culture of Ownership, Respect, and Engagement (CORE) Council hosted events including a Neurodiversity Month program, Men's Health Month breakfast, and a Juneteenth lunch and learn.

Louisville Water also participated in the city's Veterans Day parade and co-hosted the 20th annual Veterans Recognition Breakfast with Louisville MSD. Louisville Water's workforce includes 30 self-identifying veterans, many of whom continue to serve in the reserve.

Louisville's Veterans Day Parade featured some of Louisville Water's veterans and two of our trucks.

SPOTLIGHTING LOUISVILLE WATER CAREERS

Louisville Water is always searching for skilled people to join our team. To help with recruitment, the human resources department elevated the careers page on **LouisvilleWater.com** with videos showing what it's like to work for the company. Prospective employees heard directly from the scientists, crew members, customer service representatives, metering professionals, and engineers about their day-to-day activities.

CELEBRATING YEARS OF SERVICE

We celebrated nearly 60 Louisville Water employees for their milestone years of service. Employees with 5, 10, 15, 20, 25, 30, 35, and even 40 years of service were honored at a service award event and received a range of gifts, including Louisville Water meter lids that an employee crafted into clocks.

- *453 employees worked at Louisville Water at the end of 2024.*
- *Six OSHA-recordable injuries were reported, the lowest number in the company's history.*

Quality water is paramount for quality of life. Our commitment to improving the communities we serve goes far beyond serving a glass of Louisville Pure Tap®. We are invested in serving our communities by connecting with customers at events and in our schools, through volunteering and partnerships, and providing financial assistance with our Drops of Kindness℠ program.

Louisville Water's education and outreach team connected with more than 635,000 customers in our communities.

Louisville Water collected 337 pounds of shoes during a Service Board-led competition against Louisville MSD.

The Louisville Water Service Board further established itself as a group that increases employee engagement while giving back to the community. The Board expanded its reach in supporting local organizations through employee donations in the company Pledge Drive and volunteer projects.

- Coordinated a shoe drive competition with MSD to benefit WaterStep; Louisville Water collected over 300 pounds of shoes for a total of 530 pounds with MSD donations.
- Received Salvation Army's Joy Center Heroes Award; Volunteered with Angel Tree Program for third straight year (150+ hours collectively) to adopt 63 Angels
- Partnered with Dare to Care; employees filled 24 boxes with non-perishable food items and donated more than $350.
- Partnered with Metro United Way to stuff 400 backpacks for local students and fill 1,500 bags with holiday meal items in the Boxes of Love campaign.

The employee-led CORE Council continued efforts to create and nurture an inclusive work environment. As part of its mission, the group hosted a Juneteenth celebration for employees featuring a local museum, helped the outreach team provide Louisville Pure Tap at Kentuckiana Pride Fest, and joined Noche de Familia y Amigos at a soccer game during National Hispanic Heritage Month. Members also organized an event to serve lunch and provide bags with personal care items to unhoused veterans at Wayside Christian Mission.

CORE Council hosted Juneteenth celebration at Louisville Water Tower.

Ballard High School senior Cionna Wilson awarded $10,000 Thomas Family Scholarship

Daniel O'Malley awarded $10,000 Dr. Rengao Song Water Research Scholarship

Through two separate scholarships, Louisville Water helped aspiring students in their higher education journey. Cionna Wilson received the $10,000 Thomas Family Scholarship to pursue a degree in computer science at the University of Kentucky. The scholarship is in honor of the first documented Black family on Louisville Water's payroll.

In September, the Dr. Rengao Song Water Research Scholarship was awarded to Daniel O'Malley at the Water Professionals Conference hosted in Louisville. O'Malley will use the $10,000 for his doctoral degree in chemistry at the University of Memphis. Dr. Song retired in 2020 following a distinguished career as Louisville Water's Director of Water Quality and Research. He is considered an industry icon who was passionate about innovation and excellence in water quality.

Louisville Water approved a $250,000 donation to Louisville Water Foundation.That money provided financial assistance for 2,900 customers through the Drops of Kindness℠ program, and benefited water-related educational programs. Louisville Water also made a $2 million commitment to the program.

Louisville Water co-hosted the KY/TN Water Professionals Conference to welcome approximately 2,000 attendees. From giving presentations to winning awards to making sure everyone had plenty of Pure Tap to drink, employees throughout Louisville Water played a critical role in the conference held at the Kentucky International Convention Center.

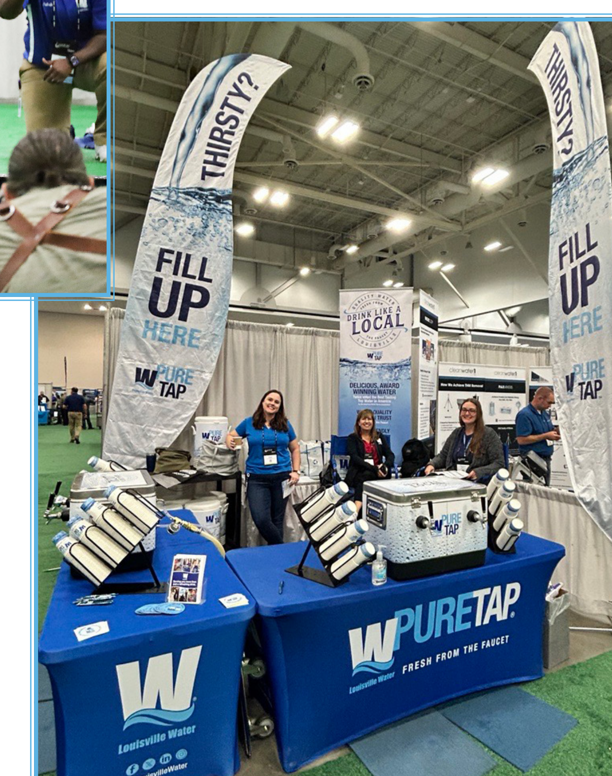
"One in five Kentuckians enjoy our water, and we're proud of it," Louisville Water President and CEO Spencer Bruce said during opening ceremonies.

Louisville Water won the People's Choice Taste Test during the conference.

About two dozen Louisville Water employees from several departments presented in educational sessions.

Presentations included a Women of Water forum and a panel discussion with women from Louisville Water's Local 1683.

The Lady Legends of Louisville Water competed in the tapping competition, which involved tapping a ductile iron water main as quickly as possible. Our team qualified for the national competition in 2025.



The Pure Tap team worked tirelessly to keep ice-cold drinking water flowing. Guests never had to worry about going thirsty with coolers and cups abound.

Award-winning Taste

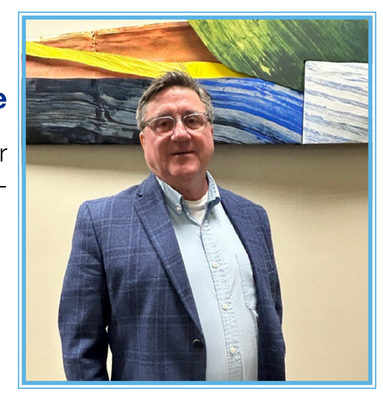
Louisville Pure Tap® received the "People's Choice Award" for best-tasting water. The award came as guests to the Water for Life Festival at the conference sampled water from seven Kentucky and Tennessee drinking water utilities.

Outstanding Service Award

Louisville Water Manager of Advanced Metering Infrastructure Scott Clark received the Outstanding Service Award at the WPC's award breakfast. The award honors a member who has gone above and beyond in their service to the Kentucky/Tennessee AWWA section through their work as an officer, committee activities, or other involvement.

Tapping a New Legacy

Louisville Water's all-female tapping team, the "Lady Legends", successfully opened a ductile iron pipe and tapped a water main. Emergency turners Toni Estes and Jesse Jewell, Field Technician Taya Burrell, and Distribution Associate Devinn Tytus beat the clock to earn a spot in the national competition in 2025.



A Seat at the AWWA Table

Pete Goodmann was selected for a three-year term on the AWWA's National Water Utility Council. Goodmann, who is Louisville Water's Director of Water Quality and Research, brings vast experience in water policy issues to the role.

Passing the Torch

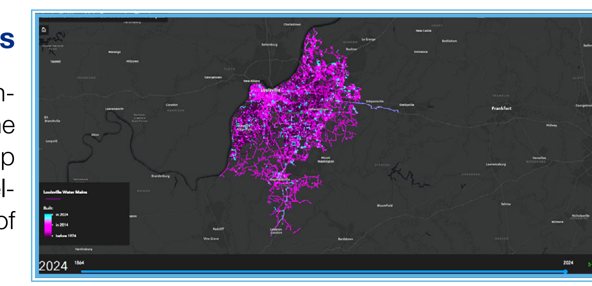
Vice President of Communications and Marketing Kelley Dearing Smith concluded her term as the Chair of AWWA's National Public Affairs Council. During her tenure, Dearing Smith helped create communication tools for the water sector and represented AWWA and Louisville Water in dozens of speaking engagements across the United States.

Towering Achievements for the Tower

Louisville Water Tower reopened to the public in remarkable fashion in spring 2024. The multi-million-dollar restoration earned glowing reviews followed by two awards in October. The American Institute of Architects Citation Award honored K. Norman Berry Associates Architects and Corbett Construction Company for their work on the Tower. Preservation Kentucky presented Louisville Water with its Kentucky Excellence in Cultural Heritage Tourism Award, noting "the outstanding restoration and interpretation of the Louisville Water Tower and Pumping Station No. 1."

Pure Spout Honors

Designed to reduce the risk of lead in drinking water fountains, Louisville Water's innovative product, Pure Spout, collected several awards. Among the recognitions: the Thomas Edison Award, America by Design's Innovations People's Choice Award, and the International Design Excellence Award. (see page 11 for full list of awards)



Mapped for Success

An interactive map that shows the evolution of water main installations in Louisville Water's history landed a big honor. The Kentucky Association of Mapping Professionals selected the app for best interactive map. Geographic Information Systems Developer Eric O'Neal used company data to create a time lapse of the company's water mains installed since 1864.

Joy Center Heroes

The collective efforts of dozens of employees across Louisville Water in the Angel Tree program garnered us with the Salvation Army's Joy Center Heroes Award. The award recognizes the 150+ hours our employees spent sorting through bags, shopping for Angels, and delivering the gifts to local families to ensure children had a merry Christmas. The Service Board accepted the award on behalf of Louisville Water.

Louisville Water's net income in 2024 increased by $19.4 million or 27%, marking a second year in a row of exceptionally strong results. Total shareholder value provided to Louisville Metro through the dividend and free water service showed impressive growth as well, climbing from $50.6 million in 2023 to $55.1 million in 2024. Water revenue was higher than in 2023, as was other operating revenue, resulting in growth in operating revenue of 6.3%. Non-operating income was also up significantly because of an increase in grant revenue. A large positive actuarial adjustment related to pension and post-retirement benefits lessened the overall increase in operating expenses.

Water consumption rose to 34.8 billion gallons in 2024, an increase of 1.8% over the prior year and our highest level since 2015. Every customer category except for private fire service and Metro Government increased in 2024, with growth in residential, irrigation, and wholesale consumption accounting for the majority of the overall increase. Wholesale water sales and alternative lines of revenue remain a key strategy to moderate the impact of the long-term trend of declining retail water consumption.

Operating expenses were up 4.2% in 2024 compared to the prior year. Positive actuarial adjustments related to pension and other post-retirement benefits provided a significant offset to operating expenses and limited the overall increase. Excluding these actuarial adjustments, the increase in operating expenses was 5.5%. This increase resulted from higher operating and maintenance expenses, depreciation and amortization, and water and fire service provided in lieu of taxes. Operating and maintenance expenses increased 7.5% compared to the previous year. Excluding the impact of the special $2 million donation commitment made to the Louisville Water Foundation for the Drops of Kindness℠ program, operating and maintenance expenses increased 5.6%. This increase is less than experienced in 2023, reflecting a reduction of inflationary pressures.

In 2024, Louisville Water invested $131 million in its capital program, with the majority of the funds going to infrastructure renewal and growth-related improvements. The top three initiatives accounted for one third of capital funds spent: installation of pipelines to facilitate regionalization, the advanced metering project, and the replacement of a giant water main in downtown Louisville. In 2025, the capital program budget net of grant funds is $197 million, more than half of which is devoted to infrastructure renewal.

Louisville Water anticipates financial performance will remain strong in 2025. We are ready to take appropriate steps to preserve our strong financial performance if the state of the economy or adverse weather conditions threaten our results. While retail water sales will remain our core revenue stream, we will remain focused on regional partnerships and innovation to enhance long-term financial viability.

FINANCIAL VIABILITY

Operations

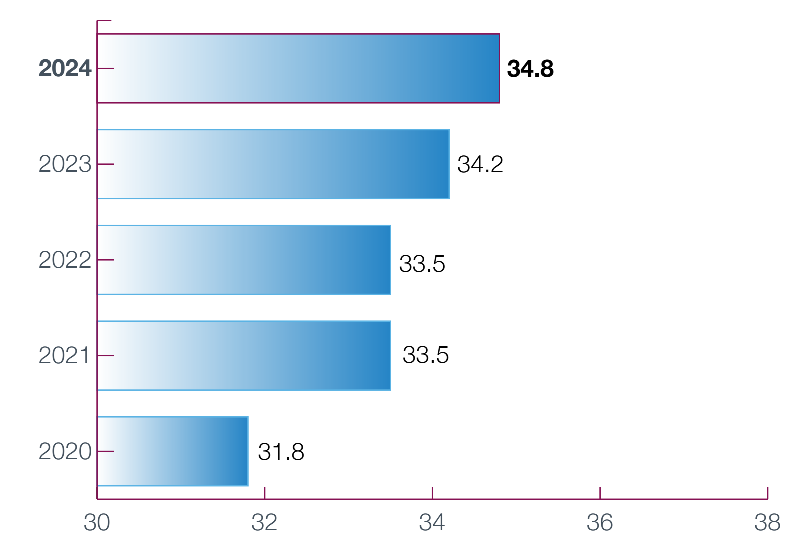
(amount in millions of gallons)	2020	2021	2022	2023	2024
Water Delivered to Mains (Net System Delivery)	42,523	44,946	46,440	47,020	48,125
Average Daily Pumpage	116	123	127	129	131
Maximum Daily Pumpage	147	161	172	166	174
Percent of Water Metered	75%	76%	73%	73%	73%

Historical Review

(000s)	2020	2021	2022	2023	2024
Water Revenue	$ 183,839	$ 195,962	$ 203,187	$ 217,064	$ 230,980
Other Operating Revenue	$ 17,913	$ 18,638	$ 20,948	$ 21,287	$ 22,338
Operating Expenses*	$ 152,534	$ 156,799	$ 167,593	$ 179,516	$ 189,408
GASB 68/75 Pension/OPEB Actuarial Adjustment	$ 10,361	$ 2,657	$ (393)	$ (9,686)	$ (12,380)
Net Non-Operating Expenses	$ (5,813)	$ (4,795)	$ (4,947)	$ 2,873	$ 14,519
Net Income before Distributions and Contributions	$ 33,044	$ 50,349	$ 51,988	$ 71,395	$ 90,810

**Does not include GASB 68/75 Pension/OPEB Actuarial Adjustment*

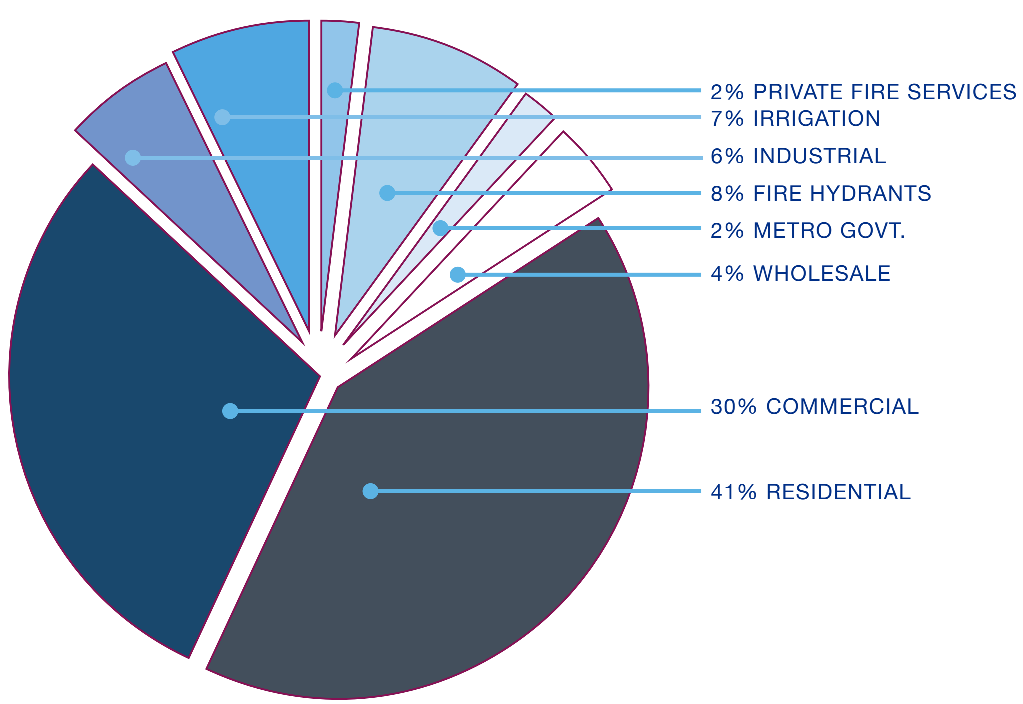
Total Consumption
(in billion gallons)



Sale of Water

	Number of customers at December 31		Consumption - YTD gallons (000s)		Revenue - YTD (in 000s)	
	2024	2023	2024	2023	2024	2023
Residential	259,862	258,633	12,653,829	12,307,836	$ 94,520	$ 88,677
Commercial	23,792	23,646	12,072,383	12,000,338	68,371	64,313
Industrial	469	460	3,491,731	3,484,011	14,206	13,583
Irrigation	14,132	14,219	2,314,797	2,202,902	17,337	15,728
Fire Services	4,930	4,869	55,972	60,742	4,735	4,498
Wholesale	9	9	3,294,978	3,167,400	8,888	8,276
Total	303,194	301,836	33,883,690	33,223,229	208,057	195,075
Public Fire Hydrants	25,224	25,079	-	-	18,354	17,419
Metro Govt	608	608	915,119	969,210	4,569	4,570
Total	25,832	25,687	915,119	969,210	22,923	21,989
Grand Totals	329,026	327,523	34,798,809	34,192,439	$ 230,980	$ 217,064

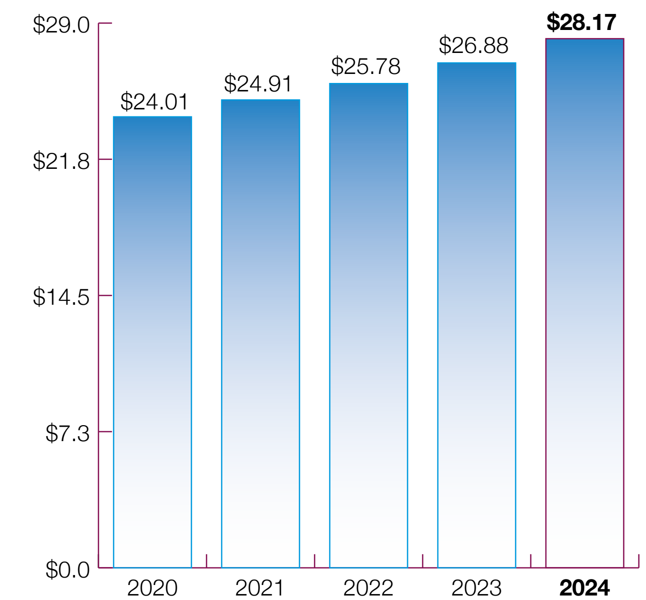
2024 Water Revenue



FINANCIAL PERFORMANCE - OPERATIONS

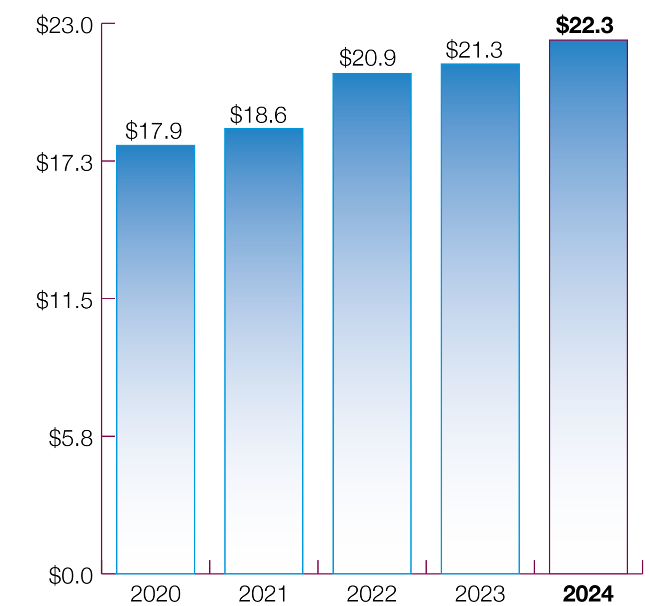
Average Residential Monthly Water Bill

based upon median usage of 4,000 gallons per month



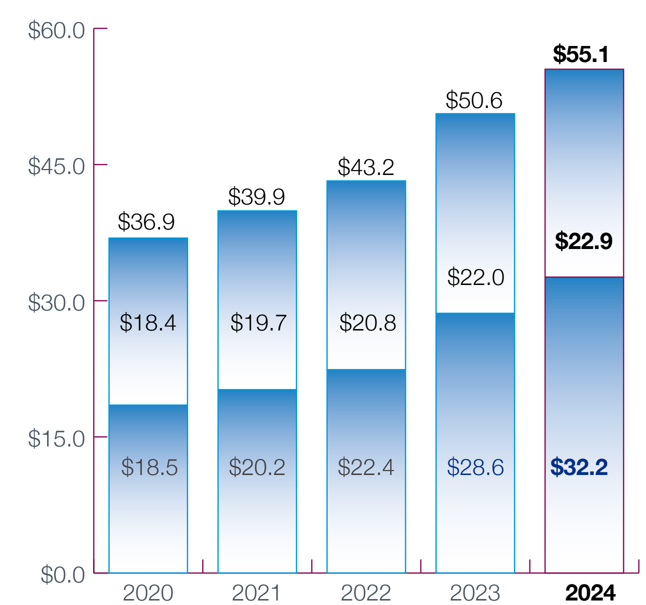
Other Operating Revenue

(in millions)

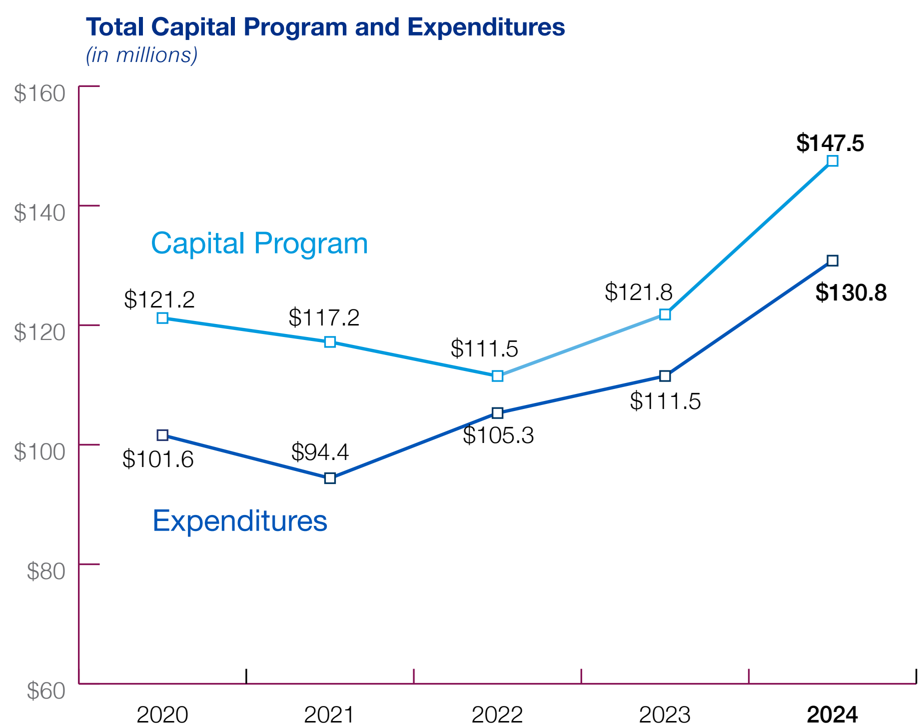


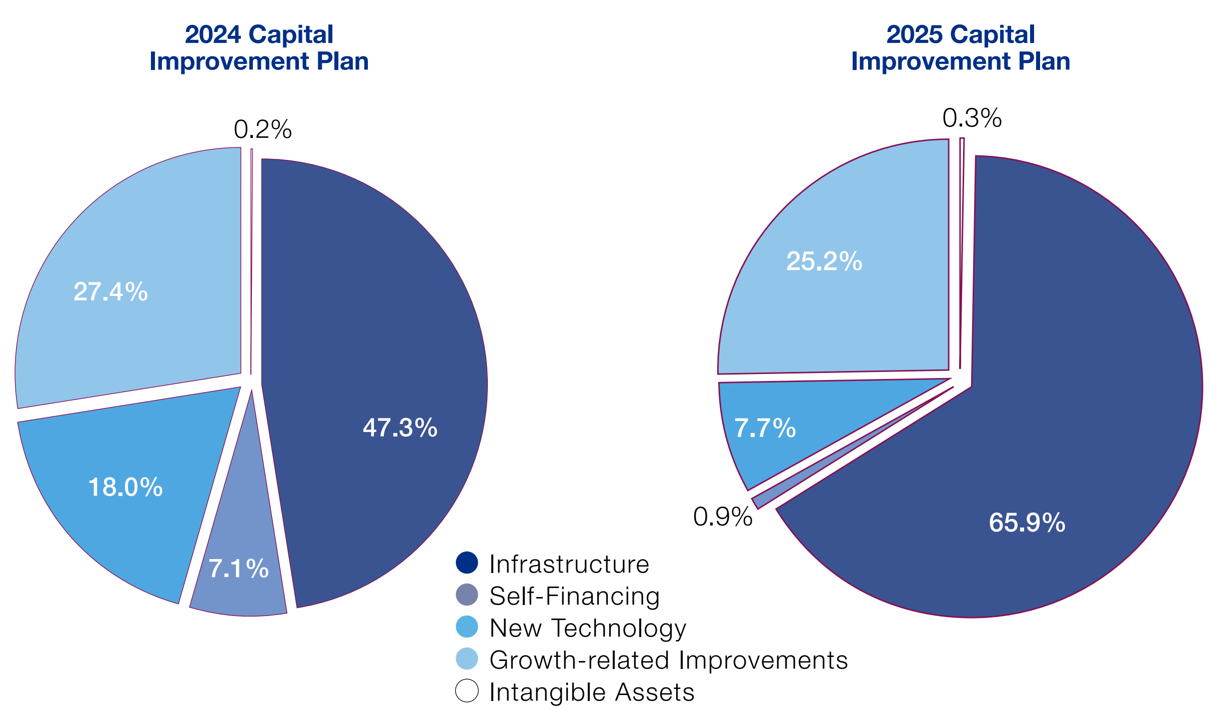
Total Contributions to Metro

(in millions)



FINANCIAL PERFORMANCE - CAPITAL





REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Louisville Water Company ("Company"), a component unit of Louisville/Jefferson County Metro Government, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Louisville Water Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Louisville Water Company, as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisville Water Company'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited Louisville Water Company's 2023 financial statements, and we expressed an unmodified audit opinion on the financial statements of Louisville Water Company in our report dated May 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of the Company's proportionate share of the net pension liability, the schedule of the Company's proportionate share of the net other postemployment benefits ("OPEB") liability, the schedule of the Company's pension contributions, and the schedule of the Company's OPEB contributions on pages 27-32 and 57-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Louisville Water Company's basic financial statements. The supplemental schedule of investments, summarized schedule of bond issues, schedule of outstanding bond indebtedness and annual debt service requirements, and schedule of operating and maintenance expenses are 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 supplemental schedule of investments, summarized schedule of bond issues, schedule of outstanding bond indebtedness and annual debt service requirements, and schedule of operating and maintenance expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 22, 2025 on our consideration of Louisville Water Company'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 Louisville Water Company'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 Louisville Water Company's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Louisville, Kentucky
May 22, 2025

The following management's discussion and analysis of Louisville Water Company's (the "Company" or "Louisville Water") financial performance provides an overview of the Company's financial activities for the fiscal year ended December 31, 2024 as compared with the prior year.

Overview of the Financial Statements

This annual financial report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information and Supplementary Information. The Financial Statements also include notes that provide additional details and are an integral part of the statements. The Supplementary Information further explains and supports the information within the Financial Statements.

The Financial Statements of the Company report information using accounting methods similar to those used by private-sector water utility companies, except for the reporting of contributions in aid of construction, equity capital and retained earnings. These statements offer short-term and long-term financial information about the Company's activities.

The Statement of Net Position includes all of the Company's assets and liabilities. It provides information about the nature and amounts of investments in resources (assets) and the obligations owed to outside entities and individuals (liabilities). It also provides the basis for evaluating the capital structure of Louisville Water and assessing the liquidity and financial flexibility of the Company.

All of the current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the Company's operations over the past year and can be used to help determine whether the Company has successfully met its financial objectives, recovered all of its costs through its water rates and other charges, increased its net position and maintained credit-worthiness.

The Statement of Cash Flows provides information about the Company's cash receipts and cash payments, along with net changes in cash resulting from operating, financing and investing activities. The statement provides information on the sources and uses of cash and the changes in the balance of cash during the year.

Summary of 2024 Performance

Operating Revenue grew substantially in 2024, as a result of increased water revenue, and to a lesser extent other operating revenue. Water revenue from every customer category with the exception of Metro Government increased in 2024, with growth in residential, commercial and irrigation water consumption accounting for the majority of the overall increase. Higher consumption, along with a 2024 average rate increase of 4.8%, resulted in growth in water revenue of $13.9 million or 6.4%. Other Operating Revenue also grew in 2024, increasing by $1.1 million or 4.9%. Operating Expense increased by $7.2 million or 4.2%, driven primarily by increases in Operating and Maintenance Expense and Depreciation and Amortization, offset to an extent by a decline in Pension/OPEB actuarial adjustment expense. As a result, Net Operating Revenue increased by $7.8 million for the year.

Net income before Distributions and Contributions totaled $90.8 million in 2024. The resulting dividend of $32.2 million, combined with free water and fire protection valued at $22.9 million, provided a total shareholder value of $55.1 million, an 9% increase from 2023. This improvement was a result of a higher dividend, and to a lesser extent an increase in the combined value of free water and fire protection provided to Louisville Metro.

Financial Highlights

- Total Net Position increased by $75 million, or 6.6% primarily due to funds generated from operations, net of dividend paid to the Company's shareholder.
- Operating Revenues increased by $15 million or 6.3%, due to higher water consumption and a water rate increase of 4.8% effective January 1, 2024 along with higher revenue from non-water sources. Water sales in 2024 of 34.8 billion gallons were 1.8% higher than 2023 sales.
- Operating Expenses increased by $7.2 million, or 4.2%, primarily as a result of increases in Operating and Maintenance Expense of $7.8 million, Depreciation and Amortization Expense of $1.5 million and Water and Fire Service Provided in Lieu of Taxes of $1 million, offset to an extent by a decline in Pension/OPEB Actuarial Adjustment expense of $2.7 million.
- Net Non-Operating Income/Expense went from net income of $2.9 million in 2023 to net income of $14.5 million in 2024, a net positive change of $11.6 million, due to an increase in grant revenue and a decrease in interest costs in 2024, partially offset by lower interest income.
- Net Income before Distributions and Contributions increased by $19.4 million, or 27%.

- Dividends Paid and Payable were up by $3.7 million, as the three-year average of adjusted net income utilized for the dividend calculation increased by $7.3 million.

Statement of Net Position

Total Net Position increased by $75 million, or 6.6%, in 2024 (see Figure 1). The largest portion of Net Position is Net Utility Plant, which increased by $69.3 million in 2024 as a result of additional investment in capital assets. The capital assets were funded by cash generated from operations, grants and Contributions in Aid of Construction from developers, customers, and governmental agencies. Current Assets decreased by $19.6 million in 2024, primarily due to a decline in Short-term Liquid Investments, partially offset by an increase in Cash and Accounts Receivable. Non-current Assets fell by $3.7 million. This reduction was a result of a decline in Restricted Reserves of $9 million, offset by an increase in Prepaid Regulatory Assets of $5 million. Current Liabilities increased by $8 million in 2024, with Accounts Payable responsible for the largest portion of the growth. Long-term Liabilities fell by $30.8 million due to decreases in Bonds Payable and related Unamortized Premium and Discount of $25.2 million and Net Pension Liability of $5.7 million.

FIGURE 1 - Condensed Statement of Net Position

	2024	2023	Difference	Percent
Current Assets	$ 118,593,086	$ 138,206,511	$ (19,613,425)	(14.2%)
Noncurrent Assets	53,964,758	57,685,407	(3,720,649)	(6.4%)
Deferred Outflows of Resources	11,124,460	13,643,609	(2,519,149)	(18.5%)
Net Utility Plant	1,522,422,679	1,453,124,277	69,298,402	4.8%
Total Assets and Deferred Outflows of Resources	1,706,104,983	1,662,659,804	43,445,179	2.6%
Current Liabilities	73,364,152	65,343,936	8,020,216	12.3%
Long-term Liabilities	379,270,247	410,078,777	(30,808,530)	(7.5%)
Deferred Inflows of Resources	29,391,631	38,449,420	(9,057,789)	(23.6%)
Total Liabilities and Deferred Inflows of Resources	482,026,030	513,872,133	(31,846,103)	(6.2%)
Total Net Position	$ 1,224,078,953	$ 1,148,787,671	$ 75,291,282	6.6%

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues grew by $15 million, or 6.3%, in 2024 (see Figure 2) due to an increase in Water Revenue and to a lesser extent, Other Operating Revenue. The increase in Water Revenue is attributable to higher rates and increased water consumption. Every customer category with the exception of private fire services and Metro Government increased in 2024, with growth in residential, irrigation and wholesale consumption accounting for the majority of the overall increase. Other Operating Revenue increased by $1.1 million or 4.9% in 2024, primarily as a result of higher revenue from the service line protection program and sewer billing services.

The key components of Operating Expenses are: Operating and Maintenance Expenses; GASB 68/75 Pension and OPEB Actuarial Adjustments; Depreciation and Amortization; Water and Fire Service Provided in Lieu of Taxes; and Loss from Sale and Salvage of Retired Assets. Operating Expenses increased $7.2 million, or 4.2% in 2024. An increase in positive actuarial adjustments of $2.7 million related to pension and other post-retirement benefits provided a significant offset to operating expenses and limited the overall increase. Excluding these actuarial adjustments, the increase in operating expenses was 5.5%. Operating and Maintenance Expenses increased $7.8 million in 2024. The most significant increases were in chemicals, contractual services, insurance, donation to the Louisville Water Foundation and labor and labor-related costs. Depreciation and Amortization increased by $1.5 million due to additional investment in capital assets. Water and Fire Service Provided in Lieu of Taxes increased by $1 million as a result of the water rate increase implemented on January 1, 2024. Loss from Sale and Salvage of Retired Assets decreased by $268 thousand.

Net Non-Operating Income grew by $11.6 million in 2024, due to an increase in grant revenue and a decrease in interest costs in 2024, partially offset by lower interest income. Grant revenue increased by $11.9 million as the company received American Rescue Plan grants and Community Development Block grants to fund capital projects. Interest costs related to outstanding bonds declined by $887 thousand as a result of principal payments made during the year. Interest income fell by $1.1 million due to a decrease in funds invested along with lower interest rates. Net Income before Distributions and Contributions increased by $19.4 million, or 27%.

The formula for computing the dividend, as established by covenant in the Series 2009 Bond Resolution (the Master Bond Resolution), is 50% of the average of current year and prior two fiscal years' net income after certain stated adjustments. Three-year averaging is used to compensate for the volatility in Net Income that results principally from the unpredictability of water consumption. Dividends Paid and Payable for 2024 increased by $3.7 million or 12.8%.

Contributions in Aid of Construction are comprised of: pipeline contributions from developers for water main extensions and from governmental agencies for water main relocations; service installation fees from customers; apportionment warrant fees and tapping fees from customers to extend water service to unserved areas; and system development charges from customers for growth-related expansion. The level of capital contributions varies from year to year and is affected by economic cycles. These types of projects are fully funded or nearly fully funded by outside entities in advance of construction. Contributions in Aid of Construction increased by $5.7 million or 51.4%, from the previous year.

FIGURE 2 - Condensed Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	Difference	Percent
Operating Revenue	$ 253,317,959	$ 238,351,396	$ 14,966,563	6.3%
Operating Expenses	177,027,332	169,829,745	7,197,587	4.2%
Net Operating Revenue	76,290,627	68,521,651	7,768,976	11.3%
Net Non-Operating Income	14,519,256	2,873,476	11,645,780	405.3%
Net Income Before Distributions and Contributions	90,809,883	71,395,127	19,414,756	27.2%
Dividends	32,243,827	28,580,363	3,663,464	12.8%
Contributions in aid of Construction	16,725,226	11,048,486	5,676,740	51.4%
Change in Net Position	75,291,282	53,863,250	21,428,032	39.8%
Net Position, Beginning of Year	1,148,787,671	1,094,924,421	53,863,250	4.9%
Net Position, End of Year	$ 1,224,078,953	$ 1,148,787,671	$ 75,291,282	6.6%

Statement of Cash Flows

Cash at the end of 2024 was $4.3 million higher than at the end of 2023 (see Figure 3).

- Cash from Operating Activities was $121.4 million, increasing by $3.5 million as compared to the prior year. More cash was received from customers compared to 2023 as a result of higher Water Revenue, while the total of cash paid to employees, suppliers and others increased, partially offsetting that growth.
- Cash used by Capital and Related Financing Activities was $136 million in 2024, up $9 million from 2023. This change was a result of a $17 million increase in cash expended on the acquisition and construction of utility plant and non-utility property and an increase in bond principal and interest paid of $2 million, offset by an increase in grant funds received of $9 million.
- Cash provided by Investing Activities was $50.3 million in 2024, an increase of $18.6 million from the prior year. An increase in investment maturities of $29 million, offset by an increase of $10 million in investment purchases accounts for the difference.

In addition to the amounts held in unrestricted Cash and Investments, Louisville Water also held funds in restricted capital and bond related accounts and reserves totaling $36 million, reported as part of Restricted, Expendable Bond Accounts in Current Assets and Restricted Reserves in Noncurrent Assets on the Statement of Net Position and described in Note 3.

FIGURE 3 - Condensed Statement of Cash Flows

	2024	2023	Difference	Percent
Cash Flows From				
Operating Activities	$ 121,412,349	$ 117,904,060	$ 3,508,289	3.0%
Non-Capital Financing Activities	(31,451,384)	(25,676,342)	(5,775,042)	(22.5%)
Capital and Related Financing Activities	(135,974,544)	(126,982,539)	(8,992,005)	(7.1%)
Investing Activities	50,319,348	31,753,512	18,565,836	58.5%
Net Change in Cash	4,305,769	(3,001,309)	7,307,078	(243.5%)
Cash, Beginning of Year	42,715,595	45,716,904	(3,001,309)	(6.6%)
Cash, End of Year	$ 47,021,364	$ 42,715,595	$ 4,305,769	10.1%

Capital Assets

Louisville Water uses a five-year Capital Improvement Program ("CIP") that is updated annually. Periodically, a twenty-year facility plan is prepared by our Consulting Engineer. The most recent Comprehensive Facilities Plan was prepared by Hazen and Sawyer and was adopted by the Board of Water Works in September 2021. Development of the CIP is based on the Company's current Comprehensive Facilities Plan and recommendations from the biennial inspection of facilities. The Company's current Comprehensive Facilities Plan covers the years from 2021 through 2040. The CIP approved by the Board of Water Works in late 2024 shows the Company plans to invest $789.2 million in improvements during 2025-2029.

The Company spent $110.7 million on its capital program in 2024, with the largest portion being spent on infrastructure renewal. As shown in Figure 4, total investment in Utility Plant was $1.5 billion as of the end of 2024, an increase of $69.3 million from the prior year. Infrastructure renewal projects account for 66% of the planned 2025 capital expenditures. In 2025, the Company will make significant investments in water treatment plant improvements, main replacement and rehabilitation and projects related to its regionalization initiatives. Please see Note 6 for capital assets detail.

FIGURE 4 - Condensed Summary of Capital Assets

	2024	2023	Difference	Percent
Capital Assets	$ 2,154,090,696	$ 2,083,757,243	$ 70,333,453	3.4%
Less Accumulated Depreciation	(825,911,836)	(773,310,308)	(52,601,528)	(6.8%)
Capital Assets, Net	1,328,178,860	1,310,446,935	17,731,925	1.4%
Capital Assets not being Depreciated	194,243,819	142,677,342	51,566,477	36.1%
Utility Plant, Net	$ 1,522,422,679	$ 1,453,124,277	$ 69,298,402	4.8%

Debt Administration

As of December 31, 2024, the Company has principal outstanding of $83 million for the Series 2015 Bonds, $110.5 million for the Series 2019 Bonds, $115.1 million for the Series 2022 Bonds and $759 thousand for the KIA loan for a total of $309.4 million. The Series 2015 Bonds are not insured and are callable beginning in 2025. The Series 2019 Bonds are not insured and are callable beginning in 2029. The Series 2022 Bonds are not insured and are callable beginning in 2032. All the Company's bonds carry ratings of Aaa from Moody's and ratings of AAA from Standard & Poor's. The ratings on all of the Company's previously issued bonds were affirmed in August and September 2022, concurrent with the assignment of Aaa/AAA to its newly issued Series 2022 bonds. The Company's debt rating is among the highest in the United States for water utility revenue bonds. As shown in Figure 5, the Company's debt service coverage was 2.47 times in 2024, an increase from the prior year. Please see Notes 7 and 8 for long-term debt detail.

FIGURE 5 - Debt Service Coverage

	2024	2023	Difference	Percent
Income Available for Debt Service	$ 87,037,914	$ 71,473,194	$ 15,564,720	21.8%
Current Aggregate Net Debt Service	35,186,818	33,172,818	2,014,000	6.1%
Debt Service Coverage Times	2.47	2.15	0.32	14.9%

Economic Factors and Next Year's Budgets and Rates

The long-term trend of declining water consumption has been a challenging issue for water utilities nationwide including Louisville Water, though the Company has seen stabilization in recent years. Management has implemented strategies to enhance revenue growth via both traditional and non-traditional avenues to offset the negative impact of lower water sales. The Company has had notable success in its regionalization efforts, through additional sales to existing customers and the execution of new wholesale contracts. Management will continue to actively pursue these opportunities. The Company has also had positive results with non-traditional revenue initiatives. Management will continue to work to optimize revenue from existing revenue streams and will seek new growth opportunities that capitalize on our existing competencies, expertise and strengths, focusing on innovative new products and services.

Management believes that the 2025 Budget adequately addresses all revenue requirements, which are defined as the summation of the operating, maintenance and capital costs that a utility must recover during the time period for which the rates will be in place. Water rates increased for retail water service by 4.25% on January 1, 2025. Water rates for wholesale customers are recommended to increase on July 1, 2025. Rate changes for five wholesale customers are subject to approval by the Kentucky Public Service Commission

Computation of Stockholder's Equity

Stockholder's equity for Louisville Water is no longer published in the audited Financial Statements following adoption of GASB 34 in 2002. Using the common stock, retained earnings, and total equity capital reported in the 2001 audited Financial Statements and using Income before Distributions and Contributions less Dividends Paid and Payable from audited Financial Statements for subsequent years, Figure 6 below shows management's computation of stockholder's equity for the years ended December 31, 2024 and 2023.

FIGURE 6 - Computation of Stockholder's Equity

	2024	2023	Difference	Percent
Total Equity Capital - Beginning of Year	$ 754,872,749	$ 712,057,985	$ 42,814,764	6.0%
Plus: Income Before Distributions and Contributions	90,809,883	71,395,127	19,414,756	27.2%
Less: Dividends	32,243,827	28,580,363	3,663,464	12.8%
Total Equity Capital - End of Year	813,438,805	754,872,749	58,566,056	7.8%
Less: Cumulative Deposits to Infrastructure Replacement Reserve	75,157,839	56,428,244	18,729,595	33.2%
Stockholder's Equity Eligible for Return Computation	$ 738,280,966	$ 698,444,505	$ 39,836,461	5.7%

Certain stated adjustments are made to Net Income before Distributions and Contributions to arrive at Adjusted Net Income, which is utilized for the dividend and return on equity computations. For 2024, Adjusted Net Income was $72.1 million. The return on equity earned by Louisville Water in 2024 was 9.76%.

Comparative Analysis of Financial Results

To optimize long-term financial viability, Louisville Water management plans for and monitors five groups of financial metrics: liquidity, capitalization, coverage, profitability and dividend payout. Figure 7 below shows management's computation of certain financial ratios within each of these groups of metrics.

FIGURE 7 - Comparative Analysis of Financial Results

Liquidity	Access Readily Available Assets to Meet Near-Term Obligations	2023	2024	2025 Budget	Target
Days of Funded Operations	Cash + Short-Term Liquid Inv.) / (O&M Expense / 365)	381	254	534	>250
Capitalization	**Reliance on Debt Financing for Capital Investments**	**2023**	**2024**	**2025 Budget**	**Target**
Debt to Net Utility Plant	Debt / Net Utility Plant	22.80%	20.32%	31.93%	<35%
Debt to Capitalization	Debt / (Debt + Net Position)	22.38%	20.18%	18.87%	<24%
Coverage	**Capacity to Make Debt Service Payments**	**2023**	**2024**	**2025 Budget**	**Target**
Debt Service Coverage	Income Available for Debt Service / Debt Service	2.15	2.47	2.17	Current Target >2.0
Section 603 Rate Covenant	Net Revenue / Max Agg. Debt Service	363%	389%	248%	>130%
Debt Service Safety Margin	(1 - O&M Expense + Debt Service) / (Operating Revenue + Non-Operating Revenue)	44.57%	43.76%	42.01%	>30%
Profitability	**Profitability of the Company**	**2023**	**2024**	**2025 Budget**	**Target**
Return on Equity	(Net Income – Infrastructure Reserve Replacement ("IRR") + Bond Reserve Adjustment) / Stockholder Equity Eligible for Return	10.01%	9.76%	6.88%	>7.5%
Return on Net Utility Plant	Net Income / Net Utility Plant	4.91%	5.96%	4.38%	>3.5%
Net Profit Margin	Net Income / Operating Revenue	29.95%	35.85%	25.97%	>20%
Dividend Payout	**Measurement of Distribution of Profit as a Dividend**	**2023**	**2024**	**2025 Budget**	
Dividend Payout	Dividends Declared / (Net Income - IRR)	40.89%	44.73%	57.18%	
Total Transfers	(Water in Lieu of Taxes + Dividends) / Operating Revenue	21.26%	21.81%	20.64%	

Contacting the Company's Financial Management

This financial report is designed to provide our citizens, customers, creditors and stockholder with a general overview of the Company's finances and to show the Company's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Vice-President, Finance—Treasurer at Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

December 31,2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
ASSETS		
Current Assets		
Cash	$ 47,021,364	$ 42,715,595
Short-term liquid investments	30,078,982	64,913,117
Cash and short-term liquid investments	77,100,346	107,628,712
Accounts receivable, net	21,504,496	12,665,348
Contracts receivable, current portion	594,259	585,028
Materials and supplies	10,214,388	9,626,297
Restricted, expendable bond accounts	3,534,071	3,414,795
Other current assets	5,554,582	4,233,064
Accrued interest receivable	90,944	53,267
Total Current Assets	118,593,086	138,206,511
Utility Plant, net of accumulated depreciation	1,522,422,679	1,453,124,277
Noncurrent Assets		
Restricted reserves	32,596,558	41,612,805
Non-utility property	2,160,119	2,240,270
Unamortized bond issuance costs	1,045,335	1,202,122
Net OPEB asset	2,051,249	1,645,994
Contracts receivable	282,899	329,682
Preliminary engineering charges	550,386	397,308
Prepaid regulatory assets	15,278,212	10,257,226
Total Noncurrent Assets	53,964,758	57,685,407
Total Assets	1,694,980,523	1,649,016,195
Deferred Outflows of Resources		
Pension	7,468,172	7,925,772
OPEB	3,656,288	5,717,837
Total Deferred Outflows of Resources	11,124,460	13,643,609
Total Assets and Deferred Outflows of Resources	$ 1,706,104,983	$ 1,662,659,804

(Continued)

December 31,2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	$ 28,529,919	$ 22,623,739
Sewer collections (contra)	2,173,241	2,474,810
Customer deposits and advances	5,569,363	5,329,175
Tax collections payable	933,135	688,767
Accrued interest payable	1,541,648	1,677,909
Contracts payable, retainage percentage	7,262,474	5,997,933
Accrued payroll	687,879	465,969
Accrued compensated absences	2,036,620	1,705,442
Insurance reserve	2,572,746	2,505,078
Bonds and notes payable, current portion	22,057,127	21,875,114
Total Current Liabilities	73,364,152	65,343,936
Long-Term Liabilities		
Net pension liability	70,847,927	76,498,832
Unamortized debt premium and discount	21,104,978	24,205,477
Bonds and notes payable, less current portion	287,317,342	309,374,468
Total Long-Term Liabilities	379,270,247	410,078,777
Total Liabilities	452,634,399	475,422,713
Deferred Inflows of Resources		
Pension	8,828,897	10,797,509
OPEB	20,497,100	27,371,924
Gain on refunding of debt	65,634	279,987
Total Deferred Inflows of Resources	29,391,631	38,449,420
Total Liabilities and Deferred Inflows of Resources	482,026,030	513,872,133
Net Position		
Net investment in capital assets	1,197,243,748	1,098,644,764
Unrestricted	(9,295,494)	5,115,308
Restricted, expendable – debt service	36,130,629	45,027,599
Total Net Position	1,224,078,953	1,148,787,671
Total Liabilities and Net Position	$ 1,706,104,983	$ 1,662,659,804

See accompanying Notes to Financial Statements

December 31,2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
Revenues		
Operating revenues	$ 253,317,959	$ 238,351,396
Operating Expenses		
Operating and maintenance expenses	110,996,700	103,224,026
GASB 68 pension actuarial adjustment	(7,161,917)	(4,874,022)
GASB 75 OPEB actuarial adjustment	(5,218,530)	(4,811,907)
Depreciation and amortization	54,161,362	52,686,470
Water and fire service provided in lieu of taxes	23,005,492	22,092,526
Loss from sale and salvage of retired assets	1,244,225	1,512,652
Total Operating Expenses	177,027,332	169,829,745
Net Operating Revenue	76,290,627	68,521,651
Non-Operating Income (Expense)		
Interest income	6,625,918	7,738,805
Interest expense	(7,364,253)	(8,251,344)
Grant revenue	15,257,591	3,386,015
Net Non-Operating Income	14,519,256	2,873,476
Net Income Before Distributions and Contributions	90,809,883	71,395,127
Distributions and Contributions		
Dividends	(32,243,827)	(28,580,363)
Contributions in aid of construction	16,725,226	11,048,486
Total Distributions and Contributions, Net	(15,518,601)	(17,531,877)
Change in Net Position	75,291,282	53,863,250
Net Position, Beginning of Year	1,148,787,671	1,094,924,421
Net Position, End of Year	$ 1,224,078,953	$ 1,148,787,671

See accompanying Notes to Financial Statements

December 31,2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Cash received from customers	$ 226,611,240	$ 216,059,112
Cash paid to suppliers and others	(66,972,225)	(63,122,648)
Cash paid to employees for services or benefits	(38,226,666)	(35,032,404)
Net Cash Provided by Operating Activities	121,412,349	117,904,060
Cash Flows from Non-capital Financing Activities		
Dividends paid to stockholder	(31,451,384)	(25,676,342)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of utility plant	(108,400,327)	(91,090,128)
Acquisition of non-utility property	(2,254,738)	(3,014,228)
Grant funds	10,058,289	779,250
Contributions in aid of construction	78,936	126,068
Preliminary engineering charges	(153,078)	(493,359)
Principal paid	(21,875,114)	(18,918,142)
Interest paid	(13,428,512)	(14,372,000)
Net Cash Used in Capital and Related Financing Activities	(135,974,544)	(126,982,539)
Cash Flows from Investing Activities		
Investment – purchases	(29,873,698)	(20,273,495)
Investment – maturities	66,554,400	37,811,000
Restricted cash reserves	9,016,247	(4,876,328)
Restricted, expendable bond accounts	(119,276)	14,412,540
Interest received	4,741,675	4,679,795
Net Cash Provided by Investing Activities	50,319,348	31,753,512
Net Change in Cash	4,305,769	(3,001,309)
Cash, Beginning of Year	42,715,595	45,716,904
Cash, End of Year	$ 47,021,364	$ 42,715,595

(Continued)

STATEMENT OF CASH FLOWS

December 31,2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
Reconciliation of Net Operating Revenue to Net Cash Provided by Operating Activities		
Net operating revenue	$ 76,290,627	$ 68,521,651
Adjustments to reconcile net operating revenue to cash provided by operating activities		
Depreciation	53,555,032	51,404,056
Amortization	2,334,889	3,094,379
Loss from sale and salvage of retired assets	1,244,225	1,512,652
Changes in current assets and liabilities		
Accounts receivable	(3,639,846)	153,883
Materials and supplies	(588,091)	(2,105,083)
Net OPEB asset	(405,255)	(1,645,994)
Other current assets	5,028,330	(26,541)
Accounts payable	(1,236,113)	4,478,145
Accounts payable, sewer collections	(301,569)	158,544
Customer deposits	240,188	(512,185)
Tax collections payable	244,368	172,726
Accrued compensated absences	331,178	102,512
Accrued payroll	221,910	17,851
Net pension liability	(5,650,905)	(11,239,126)
Net OPEB liability	-	(23,948,469)
Deferred outflows of resources – pension	457,600	(657,587)
Deferred outflows of resources – OPEB	2,061,549	3,354,739
Deferred inflows of resources – pension	(1,968,612)	7,022,691
Deferred inflows of resources – OPEB	(6,874,824)	17,427,817
Insurance reserve	67,668	617,399
Net Cash Provided by Operating Activities	$ 121,412,349	$ 117,904,060
Supplemental Information		
Non-cash capital and related financing activities		
Accrued utility plant acquisitions	$ 6,237,745	$ 6,866,152
Contributions in aid of construction	$ 17,948,383	$ 13,647,780

See accompanying Notes to Financial Statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Description of the Business: Louisville Water Company (the "Company" or "Louisville Water") is a provider of retail water and related services to residential, commercial, industrial and fire customers in Jefferson County and parts of Oldham and Bullitt counties in Kentucky. The Company also provides wholesale water service to nine utility customers located in Bullitt, Nelson, Shelby and Spencer counties in Kentucky and has a contract to operate a water treatment facility in southern Indiana. Throughout its 164-year history, the Company has engaged the communities it serves through philanthropic and charitable outreach activities, directly contributing to improving the health and well-being of those communities.

The Company is a component unit of Louisville/Jefferson County Metro Government ("Louisville Metro"). The Company is a legally separate entity that provides water utility services to the residents of the Louisville metropolitan area and charges fees for those services. It is shown as a discreetly presented Component Unit because Louisville Metro is the sole shareholder of Louisville Water's stock, receives a quarterly dividend, and the Mayor appoints the Company's Board of Directors. Water and fire services valued at $23 million were provided to Louisville Metro in lieu of taxes during the year ended December 31, 2024. The Company remitted $27,111,853 in dividends to Louisville Metro during Louisville Metro's fiscal year ended June 30, 2024.

The Company has demonstrated its commitment to the community by founding a nonprofit organization, the Louisville Water Foundation (the "Foundation"). The Foundation's mission is to improve the health and wellbeing of the communities it serves and around the world by providing water assistance and water education. The creation of a separate, nonprofit entity allows financial and/or in-kind support to flow into the Foundation from a broad base of public and private sources. The related financial activity of the Foundation is not deemed to be a component unit of the Company.

Basis of Presentation: The accompanying Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental organizations reporting as a business-type activity and enterprise fund accounting, a type of proprietary fund. Business-type activities are those activities that are financed in whole or in part by fees charged to external parties for goods and services. An enterprise fund is accounted for under the economic resource measurement focus and uses the accrual basis of accounting which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses. The Financial Statements have been prepared on the accrual basis of accounting, which allows for revenues to be recognized when earned and expenses to be recorded when an obligation has been incurred.

Method of Accounting: The Company adopts common industry accounting policies for water utilities. Although the Company is not subject to regulation, the accounts are maintained in accordance with the uniform system of accounts prescribed by the National Association of Regulatory Utility Commissioners, except with respect to the treatment of gains and losses from the retirement or disposition of utility plant. The Company recognizes gain or loss, including cost of removal, upon the retirement or disposition of utility plant rather than the transfer of cost to accumulated depreciation, as provided by the National Association of Regulatory Utility Commissioners. Due to the election as a regulated operation under GASB 62, to meet industry accounting standards and follow transactional intent, the Company uses, as applicable, Accounting Standards Codification ("ASC") 980, Regulated Accounting.

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

Prior-Year Comparative Information: The Financial Statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's Financial Statements for the year ended December 31, 2023, from which summarized information was derived.

Reclassification: Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the Company's reported results of operations.

Statement of Cash Flows: For purposes of the Statement of Cash Flows, the Company considers all unrestricted highly liquid investments with a remaining maturity of twelve months or less to be short-term investments. Significant non-cash transactions during the year that were excluded from the Statement of Cash Flows consisted of accrued utility plant acquisitions of $6,237,745 and contributions in aid of construction of $17,948,383.

Implementation of Accounting Standards: The Company adopted the following accounting standards during the year:

- GASB Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62". The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Adoption of this standard had no material impact on the Company's financial position or results of operations.
- GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of this standard had no material impact on the Company's financial position or results of operations.

Accounts Receivable and Allowance for Credit Losses: Accounts receivable are stated at the estimated amount management expects to collect from outstanding customer accounts. The allowance for credit losses is established based on historical collection experience and a review of the status of existing water, contract and miscellaneous receivables. See Note 2 for more information.

Inventory: Materials and supplies inventories are stated at the average cost.

Investments: Investments are reported at fair value with gains and losses included in the Statements of Revenues, Expenses and Changes in Net Position. Gains or losses on dispositions are determined using the specific identification method. Treasury securities with maturity of one year or less at the time of purchases are recorded at amortized cost in accordance with GASB 72.

Capitalized Interest: In accordance with the provisions for regulated utility entities under GASB 62, the Company follows the practice of capitalizing the portion of interest incurred as part of the cost of acquiring assets that are debt-financed for rate-making purposes. Total interest cost of $10,134,188 was incurred during the year, of which $2,769,917 was capitalized as a regulatory asset.

Utility Plant: Utility plant is stated at cost of acquisition or construction, including certain indirect costs. Direct purchases with a unit cost of $2,500 or more and a useful life of greater than one year are capitalized. The Company applies the straight-line method of depreciation to the estimated useful lives of the various classes of depreciable property. The estimated useful lives of some significant asset categories are as follows:

Buildings	50 to 100 years
Pipelines	65 to 100 years
Fire hydrants	50 years
Services	40 years
Meters	15 years
Equipment	5 to 25 years
Trucks and autos	5 years

Depreciation and amortization expense related to utility plant was $53,555,032 for 2024 of which $1,728,559 was allocated to other operating expenses.

Non-utility Property: Non-utility property is stated at cost of acquisition or construction, including certain indirect costs. Direct purchases with a unit cost of $2,500 or more and a useful life of greater than one year are capitalized. The Company applies the straight-line method of depreciation to the estimated useful lives of the various classes of depreciable property. Depreciation expense of non-utility plant was $2,334,889 for 2024.

Prepaid Regulatory Assets: Prepaid regulatory assets include abandoned plant assets and capitalized interest. The Company capitalizes and depreciates abandoned plant assets generally over five to eight years. The Company depreciates capitalized interest over the life of the related asset. The prepaid regulatory assets have historical cost of $21,296,570. The carrying value, stated net of depreciation, was $15,278,212 as of December 31, 2024.

Customer Deposits: The Company has implemented a security deposit policy for all customers applying for residential, commercial or industrial water service who: (i) have had a previous account in bad debt or bankruptcy status; or (ii) have had a service disconnected due to nonpayment within the last three years of service; or (iii) have a utility score below the threshold set by the Company. The Company refunds the security deposit when a customer closes the account and any unrefunded deposit on an active account will be applied to the account after three years. Additionally, the Company charges a security deposit for temporary meters for construction which is applied to charges incurred on the account. Total security deposits at December 31, 2024 were $2,596,514.

The Company also requires customers to make a deposit for the cost of construction of pipelines and special services. Deposits are refundable to the extent the deposit is in excess of the construction cost. Total construction deposits were $2,972,849 at December 31, 2024. All customer and security deposits are included as customer deposits and advances in current liabilities on the Statement of Net Position.

Accrued Compensated Absences: Employees' vested and accumulated absence is recorded as a liability on the Statement of Net Position. Accrued absence balances were $2,036,620 as of December 31, 2024.

Pensions and Other Postemployment Benefits ("OPEB"): For purposes of measuring the net pension and OPEB liabilities, deferred outflows and inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to and 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.

Deferred Outflows and Inflows of Resources: Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the Company's Financial Statements consist of any unamortized deferred loss on refunding of debt and CERS pension and OPEB related unamortized balances. Deferred inflows of resources consist of the CERS pension and OPEB related unamortized balances and unamortized deferred gains on refunding of debt.

Debt and Bond-related Costs: Debt-related policies include the following:

- Bonds payable are recorded at the principal amount outstanding, net of any applicable premium or discount.
- Original issue discounts and premiums on bonds are amortized as a component of interest expense using the effective interest method over the lives of the bonds to which they relate.
- Refunding bonds outstanding, which have been refunded and economically defeased, are not included in long-term debt. The related assets are not included in investments. Gains or loss on refunding, which is the difference between the reacquisition price and the net carrying amount of the old debt, is deferred inflow or outflow of resources and amortized as a component of interest expense over the average remaining life of the old debt.
- Bond issue costs are capitalized and amortized over the life of the respective bond issue using the effective interest method, pursuant to the election of regulatory operation under GASB 62, as they are deemed recoverable through future rates.

Contributed Capital and Construction Grants: Construction and acquisition of water lines and other facilities and plants are financed, in part, from governmental grants and contributions in aid of construction from property owners and developers. Governmental grants in aid of construction represent the portion of construction cost incurred where paperwork has been submitted to the entity. These amounts are recorded as a receivable and revenues from contributions at the time the documentation is submitted. The revenues from contributions are part of the change in net position.

Restricted and Unrestricted Funds: Restricted funds are externally reserved for the purpose of bond debt service, funding of capital expenditures and debt service reserves. Unrestricted funds are used to pay operating expenses. When an expense or outlay is incurred for which both restricted and unrestricted funds are available, it is the Company's practice to use revenue from operations to finance construction, then reimburse from restricted funds as needed. Restricted funds can be used to pay operating expenses in the case of an emergency caused by some extraordinary occurrence, so characterized in a Certificate of an Authorized Officer filed with the Trustee, and an insufficiency of moneys to the credit of the Operation Fund to meet such emergency.

Net Position: The Company classifies resources for accounting and reporting purposes into the following net position categories:

- *Net Investment in Capital Assets:*
  Capital assets, net of accumulated depreciation and outstanding principal balances of debt and related liabilities attributable to the acquisition, construction or improvement of those assets.
- *Restricted: Restricted net position includes two categories:*
  Nonexpendable—Net position subject to externally imposed stipulations that they be maintained permanently by the Company.

  Expendable— Net position whose use by the Company is subject to externally imposed stipulations that can be fulfilled by actions of the Company pursuant to those stipulations or that expire by the passage of time.

- *Unrestricted:*
  Net position whose use by the Company is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Water Works or may otherwise be limited by contractual agreements with outside parties.

Operating / Non-Operating Revenues and Expenses: Operating Revenues are those revenues that are generated directly from the primary activities of the Company. These revenues include water service and commodity charges, late and other water-related fees, contract operations and service line warranty fees, and compensation for service provided to others. Operating expenses are expenses incurred through the activities of operating and maintaining the Company, including depreciation, water provided in lieu of taxes, and loss on disposition of assets. Non-operating revenues and expenses are comprised of investment earnings, grant revenue, financing interest cost, and any other revenues or expenses that do not meet the definition of operating revenues or operating expenses.

Revenue: Operating revenue is recognized in the period in which billings are rendered to customers. The Company does not accrue revenue for water delivered but not billed.

Taxes: The Company, by virtue of its ownership by Louisville Metro, is exempt from taxation by federal, state and local taxing authorities. However, the Company is liable for certain other taxes and provides water and fire services in lieu of taxes to Louisville Metro. Tax expense, which includes water and fire service provided in lieu of taxes, for 2024 was $23,005,492.

Union Employees: The Company has employees who are covered by a collective bargaining agreement. At December 31, 2024, approximately 34% of the Company's full-time employees were covered by the collective bargaining agreement. The 5-year agreement currently in effect expires on February 29, 2028.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable, net, as of December 31, 2024 includes:

Water	$ 13,309,084
Other	9,094,129
	22,403,213
Allowance for doubtful accounts	(898,717)
	$ 21,504,496

NOTE 3 – 2009 MASTER BOND RESOLUTION FUNDS

The Company maintains a 2009 Master Bond Resolution ("Resolution") that documents the legal requirements for the outstanding bonds payable for the 2015, 2019 and 2022 bond series. The following accounts and funds are established by the Resolution:

Construction and Acquisition Fund: The Resolution establishes a Construction and Acquisition Fund. Individual accounts are established, maintained and accounted for within this fund for each Series of Bonds. The Company pays into such accounts amounts received from the proceeds of the sale of Bonds, to be applied to the cost of construction or acquisition of capital projects and to the Cost of Issuance for the Series of Bonds.

Bond Service Account: Except to the extent that the interest and principal are to be paid from other available sources, the Company is required to deposit monthly, into the Trustee's Bond Service Accounts, one-sixth of the amount of the next succeeding interest payment on the Series 2015, 2019 and 2022 Bonds outstanding and one-twelfth of the next maturing principal of those related bonds. The Bond Service Accounts are invested in government obligation mutual funds stated at fair value.

Bond Reserve Account: The Resolution requires that the Bond Reserve Account be established at one-half of the highest future annual maximum aggregate debt service. The fund is to be used to pay maturing bonds and interest in the event funds in the Bond Service Account are not sufficient. Otherwise, funds may not be withdrawn until the bond issue is paid in full. However, the income earned on investments may be transferred to the Bond Service Account. The reserve is invested in government obligation mutual funds, stated at fair value.

Depreciation Fund: The Resolution requires the Company to make monthly deposits of an amount equal to one-twelfth of an amount not less than the annual depreciation charges into the Depreciation Fund. The balance also includes interest income earned. These funds are available to fund capital expenditures. The Depreciation Fund is collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Infrastructure Replacement Reserve Fund: The Resolution provides for the funding of the Infrastructure Replacement Reserve Fund to support infrastructure replacement and rehabilitation projects. Budgeted funding was $20.1 million for 2024. This fund is collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Revenue Fund: The Resolution requires all revenues received by the Company, and not required to be deposited elsewhere or otherwise reserved for Special Investments, will be collected by the Company and deposited with a Depository or Depositories to the credit of the Revenue Fund.

Operating Reserve Fund: Per the Resolution, each month the Company shall, after making required payments to the Bond Service Account, the Bond Reserve Account, and the Depreciation Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Company to the credit of the Operation Fund the balance remaining in the Revenue Fund. The current expenses of the Company are paid from the Operation Fund.

Rebate Fund: The Board and the Company have covenanted to rebate excess earnings to the United States in accordance with law. The Rebate Fund is established for this purpose and amounts credited to the Rebate Fund shall be free from the lien of the Resolution. Payment of any amount due shall be made by the Board of Water Works and the Company within 15 days following each five-year computation period for the calculation of excess rebate arbitrage under the Internal Revenue Code. There were no deposits required to be made to this fund during 2024.

The Company has Bond and Capital-related accounts within cash and investments as of December 31, 2024 as follows:

Restricted, Expendable Bond Accounts:	
Bond Service Accounts:	
Series 2015	$ 1,157,322
Series 2019	1,195,695
Series 2022	1,181,054
Total restricted, expendable bond service accounts	3,534,071
Total Restricted, Expendable Bond Accounts	$ 3,534,071
Restricted Reserves – Noncurrent Assets:	
Bond Related Reserves:	
Bond reserve account	$ 17,419,071
Capital Related Reserves:	
Depreciation Fund	120,111
Infrastructure Replacement Reserve Fund	15,057,376
Total capital related reserves	15,177,487
Total Restricted Reserves – Noncurrent Assets	32,596,558
Total	$ 36,130,629

NOTE 4 – CASH AND INVESTMENTS

The Company's investment policy specifies that the primary objectives, in priority order, of investment activities are safety, liquidity and yield. In addition, funds are to be invested in conformity with federal, state and other legal requirements, including the Resolution.

At December 31, 2024, in addition to the reserve funds and the bond service account balances with trustees, as reflected in Note 3, the Company had $44,598,549 of cash deposits with financial institutions, collateralized by the financial institutions with pledged assets.

Information related to all cash and investments for December 31, 2024 is included below. Investments (long-term) are presented at fair value.

		Weighted Average Maturity in Years	Credit Rating
Reserve and Bond Accounts:			
Money market mutual funds	$ 20,953,142	0.08	Aaa
Total bond reserve and bond service	20,953,142		
Cash in bank – capital related reserves	15,177,487		
Total restricted reserves and restricted, expendable bond accounts	36,130,629		
Short-term liquid investments:			
U.S. Treasury securities	30,470,000	0.33	N/A
Unamortized discount	(391,018)		
Total short-term liquid investments	30,078,982		
Cash:			
Cash in bank	44,598,549		
Petty cash	4,369		
Checks outstanding and deposits in transit	2,418,446		
Cash and temporary investments	47,021,364		
Total cash and investments	$ 113,230,975		

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Company's deposits may not be returned to it. The Company does not have a formal deposit policy for custodial credit risk; however, the Company has mitigated this risk as all deposits with depository institutions are collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Company will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Company's bond reserve and bond service investments are held in the name of the Company by a trustee. All other investments currently held are invested in or collateralized by U.S Treasury securities.

Credit Risk: The Company's Investment Guidelines ("the Guidelines") allow it to invest only in certain authorized investments which include only "Investment Securities" as defined in the Amended and Restated Revenue Bond Resolution adopted on November 10, 2009, as supplemented on March 15, 2016. These authorized investments consist of U.S. Government and Federal Agency securities, money market mutual funds, repurchase agreements, highly rated commercial paper and corporate fixed income securities, FDIC insured bank deposits and other high quality, low risk investments. The Guidelines also require diversification of the overall portfolio to eliminate the risk of loss from an over concentration of assets in a specific class of security, a specific maturity, or a specific issuer.

Interest Rate Risk: The Company does not have a formal policy limiting maturities of its investments. Investments are made based on the prevailing market conditions and anticipated cash needs at the time of the transaction. The Company's interest rate risk is mitigated by the relatively short maturity of the securities in which it invests.

NOTE 5 – FAIR VALUE MEASUREMENTS OF INVESTMENTS

The Company categorizes its fair value measurements using the fair value hierarchy established in GASB 72. The hierarchy is based on the valuation inputs used to measure fair value. Assets classified in Level 1 of the fair value hierarchy are valued using prices quoted for identical assets in active markets. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing approach. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Assets classified in Level 3 are valued based on unobservable inputs.

The Company's fair value measurements as of December 31, 2024 of investments held in operating, reserves and bond funds are:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level:				
Money market mutual funds	$ 20,953,142	$ -	$ -	$ 20,953,142
U.S. Treasury Securities	-	-	-	-
Total	$ 20,953,142	$ -	$ -	$ 20,953,142

At December 31, 2024, a portion of U.S. Treasury securities had maturities at the time of purchase of less than twelve months. These securities are recorded at amortized cost of $30,078,982.

NOTE 6 – UTILITY PLANT, NET

The following is a schedule of utility plant for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets and depreciable buildings	$ 269,967,731	$ 3,008,750	$ (1,117,915)	$ 271,858,566
Machinery and equipment	150,738,089	14,734,188	(1,163,482)	164,308,795
Infrastructure	1,663,051,423	59,684,633	(4,812,721)	1,717,923,335
Total	2,083,757,243	77,427,571	(7,094,118)	2,154,090,696
Less accumulated depreciation for				
Buildings	(112,679,141)	(9,145,831)	58,358	(121,766,614)
Machinery and equipment	(99,092,885)	(12,556,826)	850,314	(110,799,397)
Infrastructure	(561,538,282)	(34,020,186)	2,212,643	(593,345,825)
Total	(773,310,308)	(55,722,843)	3,121,315	(825,911,836)
Capital assets, net	1,310,446,935	21,704,728	(3,972,803)	1,328,178,860
Capital assets not being depreciated				
Land	18,018,814	281,143	-	18,299,957
Construction in progress	124,658,528	155,621,128	(104,335,794)	175,943,862
Total	142,677,342	155,902,271	(104,335,794)	194,243,819
Utility plant, net	$ 1,453,124,277	$ 177,606,999	$ (108,308,597)	$ 1,522,422,679

Some project costs tracked in construction in progress as additions may ultimately be expensed during the year or when the project closes.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities at December 31, 2024, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	$ 330,390,000	$ -	$ (21,775,000)	$ 308,615,000	$ 21,955,000	$ 286,660,000
KIA note payable	859,582	-	(100,113)	759,469	102,127	657,342
Unamortized debt premiums and discounts	24,205,477	-	(3,100,499)	21,104,978	-	21,104,978
Net pension liability	76,498,832	-	(5,650,905)	70,847,927	-	70,847,927
Total long-term liabilities	$ 431,953,891	$ -	$ (30,626,517)	$ 401,327,374	$ 22,057,127	$ 379,270,247

NOTE 8 – BONDS AND NOTES PAYABLE

Bonds and notes payable (without bond premium or discounts) consisted of the following at December 31, 2024:

Bonds payable (publicly traded)	
Water System Revenue Bonds, 2015 tax exempt, fixed interest rates ranging from 2.0% to 5.0% with maturities from 2016 through 2035	$ 82,990,000
Water System Revenue and Refunding Revenue Bonds, 2019 tax exempt, interest rates ranging from 2.75% to 5.0% with maturities from 2020 through 2039	110,495,000
Water System Revenue Bonds, 2022 tax exempt, fixed interest rates ranging from 3.875% to 5.0% with maturities from 2024 through 2042	115,130,000
Total bonds payable (publicly traded)	308,615,000
Notes payable (direct borrowing)	
Kentucky Infrastructure Authority ("KIA"), Drinking Water State Revolving Fund Loan Program, fixed interest rate of 2.0% and maturities from 2012 through 2031, with remaining interest payments totaling $58,188	759,469
Total bonds and notes payable	309,374,469
Less current portion	22,057,127
Bonds and notes payable, less current portion	$ 287,317,342

All bonds are subject to optional redemption provisions.

The 2009 Master Bond Resolution contains a rate covenant requiring that the schedule of rates and charges, and the rules and regulations for water services will not be revised so as to result in a decrease of revenues. Also, future adjustments to water rates and charges are required, as necessary, so that annual net revenues will not be less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all outstanding bonds. All revenues of the Company are pledged for the revenue bonds.

The outstanding bonds payable are publicly traded debt. According to the Master Bond Resolution, if there is an event of default (non-payment for principal or interest, bankruptcy, or violation of covenants that aren't remedied), a vote of 25% or more of the bondholders can cause an acceleration of the bonds.

The KIA loan program is considered a direct borrowing. Under the assistance agreements entered into with the KIA, upon the occurrence and continuance of any events of default, the KIA may declare all payments due. Additionally, when an event of default occurs and is continuing, the KIA can declare all payments due, exercise all rights and remedies, take legal action to enforce its rights under the agreement, and submit a formal referral to the appropriate federal agency.

The Company currently has two loan agreements with KIA, the first of which originated in 2009. A second loan agreement with KIA was executed in October 2024 to fund the identification and replacement of private lead services in economically disadvantaged areas of Louisville Metro. There were no draws made on this loan during 2024. The available principal on this loan is $32,134,730 and it bears a fixed interest rate of 0.5%. The initial draw of funds is expected to take place in 2025, with interest payments commencing six months after the initial draw. A total of 70.9% of the principal, not to exceed $22,791,330, is eligible for forgiveness. Principal that is forgiven will be credited to the loan balance on a pro-rata basis as principal is disbursed during construction. Principal payments will commence within one year of the completion of the project which is currently estimated to be June 2028.

Maturities of bonds and notes payable, as of December 31, 2024, are as follows:

	Principal	Interest	Total
Year ended December 31			
2025	$ 22,057,127	$ 12,337,750	$ 34,394,877
2026	22,194,180	11,302,248	33,496,428
2027	22,266,273	10,328,854	32,595,127
2028	22,393,410	9,355,917	31,749,327
2029	21,865,589	8,380,888	30,246,477
2030-2034	99,937,890	28,513,719	128,451,609
2035-2039	79,545,000	11,625,135	91,170,135
2040-2042	19,115,000	1,639,232	20,754,232
	$ 309,374,469	$ 93,483,743	$ 402,858,212

NOTE 9 – DIVIDENDS

The Company is required by the 2009 Master Bond Resolution to pay a dividend to Louisville Metro, the sole stockholder. The annual dividend, calculated in accordance with the provisions of the 2009 Master Bond Resolution, is equal to fifty percent (50%) of the average of the current and prior two fiscal years' net income before distributions and contributions with certain adjustments and exclusions (adjusted net income). The dividend is paid quarterly each year based on estimated annual adjusted net income. The dividend is adjusted upon completion of the annual audit to reflect any difference between estimated and actual net income, with such adjustment to be made in the quarterly dividend payments of the following year. The 2024 dividend computed under this provision was $32,243,827, resulting in an underpayment of $7,142,293 which will be added to the 2025 dividend payments. The underpayment is included in accounts payable.

NOTE 10 – DEFERRED COMPENSATION PLANS

The Company offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating employees to defer a portion of their salary until future years. An employee may defer up to 100% of adjusted gross compensation or $23,000, whichever is less, to the plan. Participants over 50 can utilize additional catch-up limits as regulated by the IRS. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Plan assets and liabilities are not recorded by the Company. The plan was amended effective July 1, 2023 to establish separate maximum Company contribution amounts for employees in each of the three tiers of the County Employee Retirement System (CERS) pension plan (see Note 11 for information regarding the CERS pension plan). For employees in all three CERS tiers, the Company contributes $0.60 for every $1.00 of an employee's contribution. However, the maximum Company contribution for employees in each tier is as follows: Tier One - $500; Tier Two - $625; Tier Three - $1,500. The amount contributed to the plan by the Company and charged to expense was $253,832 for the year ended December 31, 2024.

The Company also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). An eligible employee may defer up to 100% of adjusted gross compensation or $23,000, whichever is less, to the plan. As of January 1, 2015, the Company no longer contributes to this plan.

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS

General Information about the Pension and OPEB Plan: All full-time and eligible part-time employees of the Company participate in County Employee Retirement System ("CERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System ("KRS"), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 78.520, the Board of Trustees (the Board) of KRS administers CERS, Kentucky Employee Retirement System, and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs.

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

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

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Members whose participation began before 8/1/2004:

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

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

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

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

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

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

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

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

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

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

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

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

Benefit: Each year that a member is an active contributing member to the System, the member contributes 5.00% of creditable compensation, and the member's employer contributes 4.00% of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4.00%. If the System's geometric average net investment return for the previous five years exceeds 4.00%, then the hypothetical account will be credited with an additional amount of interest equal to 75.00% of the amount of the return which exceeds 4.00%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the System as a lump sum or annuitized into a single life annuity option.

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

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

Benefit Eligibility: Recipient of a retirement allowance

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

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2024, participating employers contributed 23.34% (23.34% allocated to pension and 0.00% allocated to OPEB) as set by KRS, respectively, of each Non-hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings.

The Company has met 100% of the contribution funding requirement for the year ended December 31, 2024. Total contributions for the year were $8,575,899 for pension and $0 for OPEB.

Members whose participation began before 9/1/2008:

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

Members whose participation began on or after 9/1/2008:

Non-hazardous contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1%

deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Members are entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

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

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

PENSION INFORMATION

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2023. An expected TPL was determined at June 30, 2024 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

Price inflation	2.30%
Salary increases	3.30% to 10.30%, varying by service years, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the 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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Discount rate assumptions:

(a) Discount Rate: The discount rate used to measure the TPL was 6.50%, an increase from 6.25% used in the prior year.

(b) Projected Cash Flows: The projection of cash flows used to determine the discount rate 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 30 years (closed) amortization period of the unfunded actuarial accrued liability.

(c) Long-Term Expected Rate of Return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) Municipal Bond Rate: The discount rate determination does not use a municipal bond rate. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

(e) Periods of Projected Benefit Payments: The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the TPL.

(f) Assumed Asset Allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 7.19% based on a blending of the factors described above.

(g) Sensitivity Analysis: This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Company's allocated portion of the net pension liability ("NPL") of the System, calculated using the discount rate of 6.5%, as well as what the Company's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower 5.5% or 1 percentage-point higher 7.5% than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability - Non-hazardous	$91,334,554	$70,847,927	$53,849,425

Employer's Portion of the Collective Net Pension Liability: The Company's proportionate share of the NPL, as indicated in the prior table, is $70,847,927 or approximately 1.18%. The NPL was distributed based on 2023 actual employer contributions to the plan. The Company's previous year's proportionate share of the NPL was approximately 1.19%.

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

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there were no changes in assumptions and benefit terms.

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

Pension Expense: The Company was allocated pension expense of $1,652,097 related to the CERS for the year ending June 30, 2024.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,429,170	$ -
Change of assumptions	-	3,200,935
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	1,072,822
Differences between expected and actual investment earnings on plan investments	-	4,555,140
	3,429,170	8,828,897
Contributions subsequent to the measurement date	4,039,002	-
Total	$ 7,468,172	$ 8,828,897

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $4,039,002 will be recognized as a reduction of NPL in the year ending December 31, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

Year ending June 30:	
2025	$ (3,728,318)
2026	1,094,798
2027	(1,751,048)
2028	(1,015,159)
	$ (5,399,727)

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

OPEB INFORMATION

Total OPEB Liability: The total other postemployment benefits plan ("OPEB") liability was determined by an actuarial valuation as of June 30, 2023. An expected total OPEB liability was determined at June 30, 2024 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

Price inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varying by service years, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
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 12 years.
Post-65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the 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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

Discount rate assumptions:

(a) Discount Rate: The discount rate used to measure the total OPEB liability was 5.99%, which increased from the prior year rate of 5.93%.

(b) Projected Cash Flows: The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation for each future year calculated in accordance with the current funding policy.

(c) Long-Term Expected Rate of Return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) Municipal Bond Rate: The discount rate determination used a municipal bond rate of 3.97% as reported in Fidelity Index's "20—Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, 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 is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(e) Period of Projected Benefit Payments: Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(f) Assumed Asset Allocations: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 7.19% based on a blending of the factors described above.

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

The following presents the Company's allocated portion of the net OPEB liability of the System, calculated using the discount rate of 5.99%, as well as what the Company's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.99% or 1-percentage-point higher 6.99% than the current rate for non-hazardous:

	1% Decrease (4.99%)	Current Discount Rate (5.99%)	1% Increase (6.99%)
Net OPEB (asset) liability	$ 2,773,520	$ (2,051,249)	$ (6,107,923)

The following presents the Company's allocated portion of the net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the Company's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for non-hazardous:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB (asset) liability	$ (4,935,056)	$ (2,051,249)	$ 1,308,183

Employer's Portion of the Collective OPEB (Asset) Liability: The Company's proportionate share of the net OPEB (asset) liability, as indicated in the prior table, is $(2,051,249), or approximately 1.19%. The net OPEB liability was distributed based on 2024 actual employer contributions to the plan. The Company's previous year's proportionate share of the net OPEB liability was approximately 1.19%.

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

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there were changes in assumptions and benefit terms. See required supplementary information.

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

OPEB Expense: The Company was allocated OPEB expense of $(5,205,172) related to the CERS for the year ending June 30, 2024.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,138,009	$ 16,139,287
Change of assumptions	1,858,679	1,447,373
Changes in proportion and differences between employer contributions and proportionate shares of contributions	101,736	1,038,555
Differences between expected and actual investment earnings on plan investments	-	1,871,885
	3,098,424	20,497,100
Contributions subsequent to the measurement date	557,864	
Total	$ 3,656,288	$ 20,497,100

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $557,864, which includes the implicit subsidy reported of $557,864, will be recognized as a reduction of net OPEB liability in the year ending December 31, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

Year ending June 30:	
2025	$ (7,000,763)
2026	(5,536,005)
2027	(4,649,827)
2028	(212,081)
	$ (17,398,676)

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

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Self-Insurance: The Company retains certain insurable risks up to a fixed maximum per claim exposure. The risk is mitigated by maintaining a self-insured retention ("S.I.R.") of $1,000,000 per occurrence for auto and general liability claims and lawsuits with excess liability insurance above the S.I.R. in multiple layers totaling $40,000,000. Claims and suits are managed by the Company with the assistance of outside counsel.

The Company is self-insured for workers' compensation claims with excess insurance in place with a specific (per occurrence) retention of $600,000, and an aggregate limit of $3,000,000. Workers' compensation claims are managed by a third-party administrator with oversight by the Company.

Changes in the liability for self-insurance for liability and workers' compensation claims are as follows:

	2024	2023
Liability – beginning of year	$ 2,505,078	$ 1,887,679
Accruals for current year claims and changes in estimate	1,300,077	1,333,478
Claims paid	(1,232,409)	(716,079)
Liability – end of year	$ 2,572,746	$ 2,505,078

Claims have not exceeded coverage for the last two years.

Claims and Litigation: The Company is involved in litigation, which has arisen out of operations in the ordinary course of business. The Company accrues losses from litigation as a liability based on estimates. While it is not possible to forecast the outcomes of litigation, it is the opinion of the Company's management, based on evaluations by outside counsel, that they will not have a material adverse effect on the Financial Statements of the Company.

Construction Commitments: The estimated cost to complete construction projects under contract was approximately $49.4 million at December 31, 2024.

**SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS**

For the past 10 years

	2024	2023	2022
Company's proportion of the net pension liability	1.18%	1.19%	1.21%
Company's proportionate share of the net pension liability	$ 70,847,927	$ 76,498,832	$ 87,737,958
Company's covered payroll	$ 37,183,349	$ 34,607,213	$ 32,935,091
Company's proportionate share of the net pension liability as a percentage of its covered payroll	190.54%	221.05%	266.40%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2021	2020	2019
Company's proportion of the net pension liability	1.28%	1.25%	1.26%
Company's proportionate share of the net pension liability	$ 81,675,519	$ 95,654,375	$ 88,788,390
Company's covered payroll	$ 32,541,243	$ 31,946,178	$ 31,845,498
Company's proportionate share of the net pension liability as a percentage of its covered payroll	250.99%	299.42%	278.81%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2018	2017	2016
Company's proportion of the net pension liability	1.27%	1.24%	1.19%
Company's proportionate share of the net pension liability	$ 77,085,962	$ 72,516,743	$ 58,797,619
Company's covered payroll	$ 31,370,897	$ 29,830,808	$ 28,494,478
Company's proportionate share of the net pension liability as a percentage of its covered payroll	245.72%	243.09%	206.35%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2015
Company's proportion of the net pension liability	1.28%
Company's proportionate share of the net pension liability	$55,122,691
Company's covered payroll	$29,911,208
Company's proportionate share of the net pension liability as a percentage of its covered payroll	184.29%
Plan fiduciary net position as a percentage of the total pension liability	59.97%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2024	2023	2022
Company's proportion of the net OPEB (asset) liability	1.19%	1.19%	1.21%
Company's proportionate share of the net OPEB (asset) liability	$ (2,051,249)	$ (1,645,994)	$ 23,948,469
Company's covered payroll	$ 37,183,349	$ 34,607,213	$ 32,935,091
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.52%)	(4.76%)	72.71%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	104.89%	104.23%	60.95%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2021	2020	2019
Company's proportion of the net OPEB (asset) liability	1.28%	1.25%	1.26%
Company's proportionate share of the net OPEB (asset) liability	$ 24,518,858	$ 30,106,670	$ 21,229,097
Company's covered payroll	$ 32,541,243	$ 31,946,178	$ 31,845,498
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	75.35%	94.24%	66.66%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	62.91%	51.67%	60.44%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2018
Company's proportion of the net OPEB (asset) liability	1.27%
Company's proportionate share of the net OPEB (asset) liability	$ 22,471,844
Company's covered payroll	$ 31,370,897
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	71.63%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	57.62%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

SCHEDULE OF THE COMPANY'S PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2024	2023	2022	2021	2020
Statutorily required contribution	$ 8,575,899	$ 7,980,779	$ 7,760,752	$ 7,059,687	$ 6,481,652
Contributions in relation to the statutorily required contribution	(8,575,899)	(7,980,779)	(7,760,752)	(7,059,687)	(6,481,652)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%
Company's covered payroll	$ 38,363,144	$ 32,215,632	$ 33,053,390	$ 33,449,857	$ 32,757,355
Contributions as a percentage of its covered payroll	22.35%	24.77%	23.48%	21.11%	19.79%

SCHEDULE OF THE COMPANY'S PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the past 10 years

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 5,651,953	$ 4,994,870	$ 4,402,741	$ 3,848,753	$ 3,680,646
Contributions in relation to the statutorily required contribution	(5,651,953)	(4,994,870)	(4,402,741)	(3,848,753)	(3,680,646)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%
Company's covered payroll	$ 32,166,042	$ 31,805,010	$ 30,405,336	$ 29,125,528	$ 29,787,416
Contributions as a percentage of its covered payroll	17.57%	15.70%	14.48%	13.21%	12.36%

SCHEDULE OF THE COMPANY'S PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

Changes in Assumptions and Benefit Terms:

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

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

- The assumed rate of inflation was increased from 2.30% to 2.50%.
- The assumed investment rate of return was increased from 6.25% to 6.50%.
- The assumed Short-Service Salary Increase rate was increased for members with four to seven years of service from a range of 4.80% - 4.30% to a range of 5.30% - 4.55%.
- The assumed Cash Balance Interest Credit was increased to 6.50%.
- The Mortality Table was changed to the 2024 Public Retirees of Kentucky Mortality Table (2024 PRK).
- The assumed rates of Termination and Disability were updated to more accurately reflect experience.

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

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

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

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

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

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

2018: There were no changes in assumptions and benefit terms since the prior measurement date.

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

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

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

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.•Payroll growth assumption was reduced from 4.50% to 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the last 10 years

	2024	2023	2022
Statutorily required contribution	$ -	$ 1,156,190	$ 1,420,647
Contributions in relation to the statutorily required contribution	-	(1,156,190)	(1,420,647)
Annual contribution deficiency (excess)	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%
Company's covered payroll	$ 38,363,144	$ 32,215,632	$ 33,053,390
Contributions as a percentage of its covered payroll	0.00%	3.59%	4.30%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the last 10 years

	2021	2020	2019
Statutorily required contribution	$ 1,741,146	$ 1,598,584	$ 1,832,878
Contributions in relation to the statutorily required contribution	(1,741,146)	(1,598,584)	(1,832,878)
Annual contribution deficiency (excess)	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%
Company's covered payroll	$ 33,449,875	$ 32,757,355	$ 32,166,042
Contributions as a percentage of its covered payroll	5.21%	4.88%	5.70%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

For the last 10 years

	2018
Statutorily required contribution	$ 1,621,263
Contributions in relation to the statutorily required contribution	(1,621,263)
Annual contribution deficiency (excess)	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100.00%
Company's covered payroll	$ 31,805,010
Contributions as a percentage of its covered payroll	5.10%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS

Changes in Assumptions and Benefit Terms:

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

- The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%.
- The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated (i.e., increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

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

- The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93%.
- The assumed rate of inflation was increased from 2.30% to 2.50%.
- The assumed investment rate of return was increased from 6.25% to 6.50%.
- The assumed Short-Service Salary Increase rate was increased for members with four to seven years of service from a range of 4.80% - 4.30% to a range of 5.30% - 4.55%.
- The assumed Cash Balance Interest Credit was increased to 6.50%.
- The Mortality Table was changed to the 2024 Public Retirees of Kentucky Mortality Table (2024 PRK).
- *The assumed rates of Termination and Disability were updated to more accurately reflect experience.*

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

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

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

- The discount rate used to calculate the total OPEB liability decreased from 5.34% to 5.20%.
- The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated (i.e., increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

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

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

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

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

2018: There were no changes in assumptions and benefit terms since the prior measurement date.

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

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

SCHEDULE OF INVESTMENTS

	Yield	Maturity	Cost
Bond Reserve and Service Accounts			
Treasury Obligation Fund (FOCXX)	4.980%	01/31/25	$ 20,953,142
Short-term Liquid Investments			
US Treasury Note	4.331%	04/30/25	$ 30,078,982

SUMMARIZED SCHEDULE OF BOND ISSUES

2022 Series Bond Issue

The tax-exempt Water System Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2022
Seventh supplemental resolution date	August 16, 2022
Original amount	$125,160,000
Interest rate	3.875% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2032

2019 Series Bond Issue

The tax-exempt Water System Revenue Bonds and Refunding Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2009
Sixth supplemental resolution date	September 17, 2019
Original amount	$155,540,000
Interest rate	2.75% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2029

2015 Series Bond Issue

The tax-exempt Water System Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2009
Fourth supplemental resolution date	October 20, 2015
Original amount	$119,445,000
Interest rate	2.00% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2025

Kentucky Infrastructure Authority (KIA)

Date of Assistance Agreement	December 1, 2009
Original amount	$1,915,499
Interest rate	2.00%
Principal & Interest payable	June 1 and December 1
Loan Maturity	December 1, 2031

SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS AND ANNUAL DEBT SERVICE REQUIREMENTS

December 31,2024

	2022 Bonds		Aggregate
Year ending December 31	Principal Installments	Interest	Bond Service
2025	$ 6,850,000	$ 5,384,600	$ 12,234,600
2026	7,170,000	5,042,100	12,212,100
2027	7,510,000	4,683,600	12,193,600
2028	7,860,000	4,308,100	12,168,100
2029	8,240,000	3,915,100	12,155,100
2030	8,630,000	3,503,100	12,133,100
2031	9,050,000	3,071,600	12,121,600
2032	4,300,000	2,619,100	6,919,100
2033	4,515,000	2,404,100	6,919,100
2034	4,740,000	2,178,350	6,918,350
2035	4,980,000	1,941,350	6,921,350
2036	5,225,000	1,692,350	6,917,350
2037	5,430,000	1,489,881	6,919,881
2038	5,645,000	1,272,681	6,917,681
2039	5,870,000	1,046,881	6,916,881
2040	6,115,000	804,744	6,919,744
2041	6,365,000	552,500	6,917,500
2042	6,635,000	281,988	6,916,988
	$ 115,130,000	$ 46,192,125	$ 161,322,125

SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS AND ANNUAL DEBT SERVICE REQUIREMENTS

December 31,2024

	2019 Bonds		Aggregate
Year ending December 31	Principal Installments	Interest	Bond Service
2025	$ 8,675,000	$ 4,353,550	$ 13,028,550
2026	8,260,000	3,919,800	12,179.800
2027	7,790,000	3,506,800	11,296,800
2028	7,355,000	3,117,300	10,472,300
2029	6,230,000	2,749,550	8,979,550
2030	5,050,000	2,438,050	7,488,050
2031	3,805,000	2,185,550	5,990,550
2032	7,750,000	1,995,300	9,745,300
2033	6,625,000	1,607,800	8,232,800
2034	5,305,000	1,409,050	6,714,050
2035	3,950,000	1,249,900	5,199,900
2036	11,580,000	1,131,400	12,711,400
2037	10,425,000	784,000	11,209,000
2038	9,135,000	497,313	9,632,313
2039	8,560,000	246,100	8,806,100
	$ 110,495,000	$ 31,191,463	$ 141,686,463

SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS AND ANNUAL DEBT SERVICE REQUIREMENTS

December 31,2024

	2015 Bonds		Aggregate
Year ending December 31	Principal Installments	Interest	Bond Service
2025	$ 6,430,000	$ 2,584,919	$ 9,014,919
2026	6,660,000	2,327,719	8,987,719
2027	6,860,000	2,127,919	8,987,919
2028	7,070,000	1,922,119	8,992,119
2029	7,285,000	1,710,019	8,995,019
2030	7,510,000	1,491,469	9,001,469
2031	7,745,000	1,256,781	9,001,781
2032	7,980,000	1,024,431	9,004,431
2033	8,225,000	785,031	9,010,031
2034	8,480,000	538,281	9,018,281
2035	8,745,000	273,279	9,018,279
	$ 82,990,000	$ 16,041,967	$ 99,031,967

SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS AND ANNUAL DEBT SERVICE REQUIREMENTS

December 31,2024

	KIA Note		
Year ending December 31	Principal Installments	Interest	Aggregate Bond Service
2025	$ 102,127	$ 14,681	$ 116,808
2026	104,180	12,629	116,809
2027	106,273	10,535	116,808
2028	108,410	8,398	116,808
2029	110,589	6,219	116,808
2030	112,811	3,997	116,808
2031	115,079	1,729	116,808
	$ 759,469	$ 58,188	$ 817,657

SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Operating and maintenance expenses for year ended December 31, 2024

Pumping	$ 9,343,038
Water Treatment	16,994,732
Transmission and distribution	20,363,884
Customer accounts expenses	10,330,531
Administrative and general expenses	52,347,403
Operating expenses over (under) applied	1,617,112
Total operating and maintenance expenses	$ 110,996,700

Board of Water Works

As of December 31, 2024

The Board of Water Works is the governing body of Louisville Water Company. It includes six members appointed by the Mayor of Louisville Metro, who also serves as an ex officio member. No more than three of the appointed members may be from the same political party. Board members serve staggered four-year terms and may succeed themselves.

CRAIG GREENBERG
Mayor, Louisville Metro (ex officio)

DR. SUNDEEP DRONAWAT
Chair - CEO, Samiteon
CEO, Fetal Life

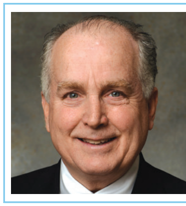
JAKE BROWN
Founder and Principal,
The Marian Group

CATHE DYKSTRA
Chief Possibility Officer,
President and CEO of
Family Scholar House

JENNIFER FUST-RUTHERFORD
Charitable Principal,
The Glenview Trust Company

DR. SHARON KERRICK
Associate Professor,
Asst. Vice President Digital
Transformation Center
University of Louisville

WILLIAM E. SUMMERS IV
Former Louisville Metro
Deputy Mayor



PAUL ESSELMAN, Chief Financial Officer, Mint Julep Experiences

Esselman left his position as Vice Chair of the Board of Water Works in summer 2024.

We thank him for his service and support of Louisville Water.

Executive Leadership Team

As of December 31, 2024









Left to Right:

SPENCER BRUCE, President and Chief Executive Officer

LARRY BRYANT, Vice President, Production Operations and Chief Engineer

JEFF KNOTT, Vice President, Information Technology and Chief Information Officer

DAVID JARED, AFSCME, Local 1683 President

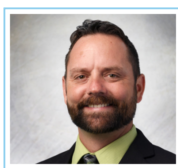
LYNN PEARSON, Vice President, Finance and Treasurer

KELLEY DEARING SMITH, Vice President, Communications and Marketing

TERRENCE SPENCE, Vice President, Human Resources and Labor Relations

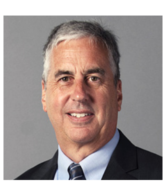
MICHAEL TIGUE, Vice President, Compliance, General Counsel and Corporate Secretary

DAVE VOGEL, Executive Vice President, Customer Service and Distribution Operations



ADAM CARTER, President AFSCME Local 1683
Retired in April 2024

We appreciate his 23 years of service with Louisvillle Water and Local 1683.



TIM KRAUS, Vice President, Production Operations and Chief Engineer
Retired in November 2024

We appreciate his eight years of service with Louisville Water.

Louisville Water

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Louisville, KY 40202
(502) 569-3600

LouisvilleWater.com