



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020



Cover by: Amy Wallot/Communications

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
LEXINGTON, KENTUCKY



PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

*Paid for with Lexington-Fayette Urban County Government Funds*



This page intentionally left blank.

## TABLE OF CONTENTS

### LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT Comprehensive Annual Financial Report Year Ended June 30, 2020

#### INTRODUCTORY SECTION

|   |    |
|---|----|
| Mayor's Letter of Transmittal.....  | 1  |
| Elected Officials .....   | 2  |
| Commissioner of Finance and Administration Letter of Transmittal .....      | 3  |
| GFOA Certificate of Achievement for Excellence in Financial Reporting ..... | 9  |
| Organizational Chart.....   | 10 |
| Directory of Governmental Officials .....                                   | 11 |

#### FINANCIAL SECTION

|   |     |
|---|-----|
| Independent Auditors' Report .....  | 13  |
| Management's Discussion and Analysis.....   | 16  |
| Basic Financial Statements .....  | 30  |
| Government-Wide Financial Statements  |     |
| Statement of Net Position.....  | 31  |
| Statement of Activities .....   | 33  |
| Fund Financial Statements   |     |
| Governmental Fund Financial Statements  |     |
| Balance Sheet – Governmental Funds .....  | 35  |
| Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds .....   | 36  |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....  | 37  |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances<br>of Governmental Funds to the Statement of Activities ..... | 38  |
| Proprietary Fund Financial Statements Statement of Net Position .....   | 39  |
| Proprietary Fund Financial Statement of Revenues, Expenses, and Changes in Net Position .....   | 41  |
| Statement of Cash Flows .....   | 43  |
| Fiduciary Fund Financial Statements   |     |
| Statement of Net Position .....   | 45  |
| Statement of Changes in Net Position .....  | 46  |
| Component Unit Financial Statements   |     |
| Statement of Net Position .....   | 47  |
| Statement of Activities .....   | 48  |
| Notes to Financial Statements .....   | 49  |
| Required Supplementary Information  |     |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Comparison –<br>General Fund.....   | 110 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Comparison –<br>Full Urban Services District Fund .....                  | 113 |
| Schedule of Changes in the Net Pension Liability and Related Ratios .....   | 115 |
| Schedule of the Government Contributions .....  | 116 |
| Schedule of Changes in the Net Pension Liability and Related Ratios .....   | 117 |
| Schedule of Changes in the Net OPEB Liability and Related Ratios.....   | 118 |
| Schedule of the Government's Proportionate Share of the Net Pension Liability.....  | 119 |
| Schedule of the Government's Pension Contributions .....  | 120 |
| Schedule of the Government's Proportionate Share of the Net OPEB Liability .....  | 121 |
| Schedule of the Government's OPEB Contributions .....   | 122 |
| Other Supplementary Information   |     |
| Combining Balance Sheet – Nonmajor Governmental Funds.....  | 125 |

|   |     |
|---|-----|
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds..... | 127 |
| Schedule of Expenditures of Federal Awards .....  | 129 |
| Schedule of Expenditures of State Awards .....  | 132 |
| Combining Statement of Net Position – Nonmajor Enterprise Funds.....  | 134 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds.....       | 135 |
| Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....  | 136 |
| Combining Statement of Net Position – Internal Service Funds.....   | 138 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds.....     | 139 |
| Combining Statement of Cash Flows – Internal Service Funds .....  | 140 |
| Combining Statement of Net Position – Investment Trust Funds .....  | 142 |
| Combining Statement of Changes in Net Position – Investment Trust Funds.....                                  | 143 |
| Combining Statement of Net Position – Custodial Funds .....   | 144 |
| Combining Statement of Changes in Net Position – Custodial Funds .....  | 145 |
| Combining Statement of Net Position – Nonmajor Component Units.....   | 147 |
| Combining Statement of Activities – Nonmajor Component Units .....  | 148 |

## STATISTICAL SECTION

|  |     |
|--|-----|
| Net Position.....  | 150 |
| Changes in Net Position.....                                   | 151 |
| Fund Balances, Governmental Funds.....                         | 153 |
| Changes in Fund Balances, Governmental Funds.....              | 154 |
| Changes in Fund Balance, General Fund .....                    | 155 |
| Sanitary Sewer System, Summary of Revenues and Expenses.....   | 156 |
| Net Assessed Value – Real, Tangible & Intangible Property..... | 157 |
| Property Tax Levies and Collections .....                      | 158 |
| Direct and Overlapping Property Tax Rates .....                | 159 |
| Principal Property Tax Payers.....                             | 160 |
| Direct and Overlapping License Fee Rates .....                 | 161 |
| Ten Major Occupational Tax Withholders.....                    | 162 |
| Ratios of Outstanding Debt by Type.....                        | 163 |
| Ratios of General Bonded Debt Outstanding.....                 | 164 |
| Schedule of Direct and Overlapping Indebtedness .....          | 165 |
| Legal Debt Margin Information .....                            | 166 |
| Revenue Bond Coverage.....                                     | 167 |
| Demographic and Economic Statistics.....                       | 168 |
| Principal Employers, Fayette County.....                       | 169 |
| Employment by Industry, Fayette County .....                   | 170 |
| U.S. Census Bureau Statistics .....                            | 171 |
| LFUCG Employees by Function/Program.....                       | 172 |
| Operating Indicators by Function/Program.....                  | 173 |
| Capital Asset Statistics by Function/Program .....             | 174 |

## INTRODUCTORY SECTION



Lexington-Fayette Urban County Government  
OFFICE OF THE MAYOR

Linda Gorton  
Mayor

November 23, 2020

Dear Citizen,

The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, reflects fiscal discipline and strong financial management in the face of significant economic fallout from the COVID-19 pandemic.

The impact of the pandemic on our economy and on the city budget was sudden and deep. Beginning in early March, when Lexington reported its first case of COVID-19, virtually all economic activity slowed in our city, throughout our state, and across our nation.

In March 2020, over 18,200 Lexington citizens filed first-time claims for unemployment. A year earlier, in March 2019, Fayette's initial unemployment claims numbered 408. Naturally, there was a significant drop in fourth quarter revenues.

Before the pandemic struck, we were following a tight budget designed to maintain and protect the basic services our citizens value. We funded a continuation budget for FY 20 ... a continuation of excellent government services through a fiscally responsible budget that reset our spending. We tightened our belt, and limited borrowing to the lowest level since 2013. The pandemic required that we cut expenses to tighten that belt even more.

The success of our financial management is reflected in a bond rating that has remained unchanged despite the change in our economy. Bond rating agencies measured the health of our city and affirmed our excellent rating in spite of economic upheaval. We have recently refinanced several bonds, saving \$500,000 this year in debt costs, and a total savings over several years of \$4.7 million. Those savings would have not been possible without a low bond rating.

Sincerely,

Linda Gorton  
Mayor

FOLLOW MAYOR GORTON:

[www.facebook.com/MayorGorton](https://www.facebook.com/MayorGorton) [www.twitter.com/MayorGorton](https://www.twitter.com/MayorGorton)

## ELECTED OFFICIALS

MAYOR  
Linda Gorton

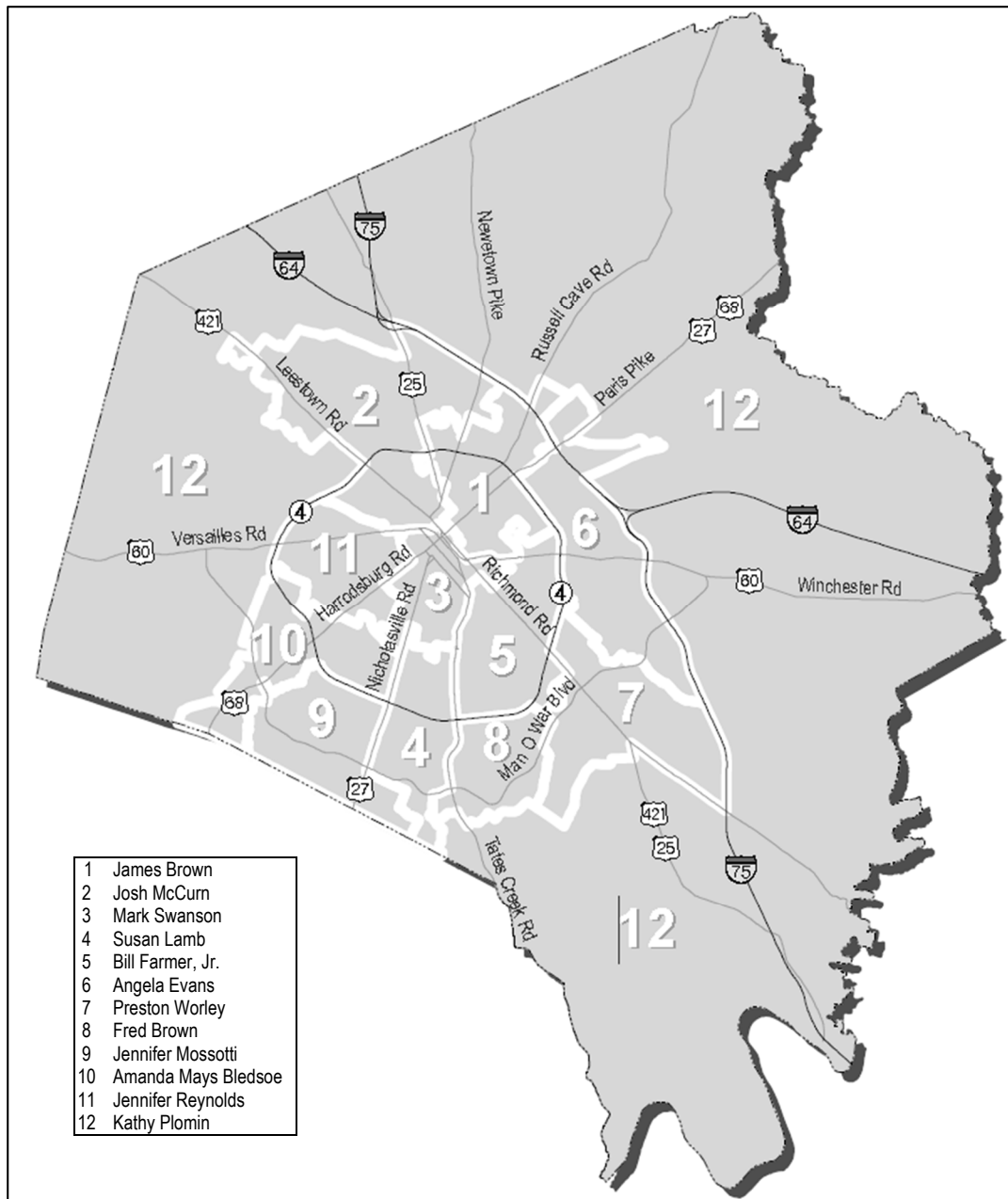
### COUNCILMEMBERS-AT-LARGE

Steve Kay – Vice Mayor

Richard Moloney

Chuck Ellinger

### DISTRICT COUNCILMEMBERS







November 23, 2020

Citizens of Lexington-Fayette Urban County  
Honorable Mayor Linda Gorton  
Members of the Urban County Council  
Lexington-Fayette Government

Dear Citizens, Mayor and Members of the Urban County Council:

As Commissioner of Finance, it is my pleasure to present the Comprehensive Annual Financial Report (CAFR) of the Lexington-Fayette Urban County Government (the Government) (LFUCG) for the fiscal year ended June 30, 2020. The CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the Government and its component units.

The report is organized into three sections: an introductory section, a financial section, and a statistical section. The introductory section provides general information on the Government's structure, as well as information useful in assessing the Government's financial condition. The financial section contains the independent auditors' report on the financial statement audit, management discussion and analysis, basic financial statements, required supplementary information, and information on individual funds not separately provided in the basic financial statements. The statistical section provides a broad range of trend data covering financial, demographic, and economic activity useful in assessing the Government's financial condition.

This CAFR was prepared by the Division of Accounting with assistance from staff in the Divisions of Finance, Revenue, and Budgeting. These entities are responsible for both the accuracy of the data presented and the completeness and fairness of the presentation. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the Government's assets from loss, theft or misuse, and to compile sufficient reliable information for preparation of the financial statements in conformance with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use and that such cost-benefit evaluation requires estimates and judgment by management.

State statute and the Charter of the Government both require that an independent financial audit be conducted annually. The accounting firm of Strothman and Company, performed the audit for the fiscal year ended June 30, 2020. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Government for the fiscal year ended June 30, 2020 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the



Government's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

Additionally, the audit engagement also included an audit of federal grants meeting the requirements of federal grantor agencies as outlined by the Federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and the related Uniform Guidance. These standards require the auditor to report not only on the fairness of the representation of the financial statement, but also on the internal controls and compliance with legal requirements of the federal awards. These reports will be available in the Government's separately issued Single Audit Report.

### **Profile of the Government (As of June 30, 2020)**

#### ***Demographic Profile***

The City of Lexington, with a population of 323,152, is the second largest city in Kentucky. It is ideally located within 600 miles of 50% of the US population. Besides being the horse capital of the world, Lexington is also home to the state's flagship university, the University of Kentucky, with 30,545 postsecondary students in the talent pool. Incorporated in 1775, Lexington has since grown to encompass just over 286 square miles of land.

#### ***Form of Government***

The Government is an urban county with the powers of both a city of the second class and a county created from the merger of the City of Lexington and the County of Fayette in 1974. The Government operates pursuant to Chapter 67A of the Kentucky Revised Statutes. The Government operates under a Mayor-Council form of government, where executive and administrative functions are vested with the Mayor, and legislative authority is vested with the Urban County Council. The Mayor is assisted in the administration of the government by the Chief of Staff, a Chief Administrative Officer (CAO), the Chief Information Officer (CIO), and seven Department Commissioners. The senior advisors, CAO, CIO and Commissioners are appointed by the Mayor with the approval of the Urban County Council. A list of principal officers begins on page 11.

The Government provides a full range of services typical to Municipal governments, including:

- General Government – Mayor, Councilmembers, Chief of Staff, Chief Administrative Officer, Chief Development Officer, Council Clerk, Office of Bluegrass Farm to Table, Office of Diversity and Inclusion, Office of Economic Development, Office of Homelessness Prevention & Intervention, Office of Multicultural Affairs, Office of Purchase of Development Rights, Division of Government Communications, Division of Grants & Special Programs, Division of Historic Preservation, Division of Human Resources, Division of Internal Audit, Division of LexCall, and the Division of Planning
- Information Technology – Divisions of Computer Services and Enterprise Solutions
- Environmental Quality & Public Works – Divisions of Building Inspection, Engineering, Environmental Services, Waste Management, Water Quality, Streets & Roads, and Traffic Engineering
- Finance – Divisions of Accounting, Budgeting, Purchasing, and Revenue
- General Services – Divisions of Facilities & Fleet Management and Parks & Recreation
- Law – Divisions of Corporate Counsel, Litigation, and Claims Management
- Public Safety – Divisions of Code Enforcement, Community Corrections, Emergency Management, Enhanced 911, Fire & Emergency Services, and Police
- Social Services – Divisions of Community and Resident Services, Aging and Disability Services, Family Services, and Youth Services.



## **Significant Events (as of November 1, 2020)**

### ***Response to COVID-19***

Lexington-Fayette County began to see the impacts of the COVID-19 global pandemic in March 2020. During the third and fourth quarters of fiscal year 2020, the City's main revenue sources, Occupational License Tax and Net Profits Tax, showed noticeable signs of decline as businesses adjusted operations to meet state and local guidelines. To assist local businesses and residents, Lexington-Fayette County created grant programs for small businesses and emergency financial assistance programs for residents facing evictions or utility shutoffs. These actions were combined with expenditure controls within the local government to ensure fiscal soundness and stability. The effects of COVID-19 and subsequent needs of the community will continue to have an impact throughout fiscal year 2021.

### ***Lexington Convention Center***

In July 2018, the Lexington Convention Center broke ground on a more than \$240 million renovation and expansion, which is the single largest capital project in Lexington's history. The project is scheduled for completion in November 2021. In March 2020, when the spread of COVID-19 worsened, the convention center and arena began to see a sharp decline in hotel tax revenues which backed the bonds issued for this project. In response to the decline in revenue and less favorable financial outlook, the Government took an active management approach and sought to restructure the existing debt. The refunding bonds issued will pay for capitalized interest through and including March 1, 2023, with the debt maturing from 2049 to 2053, a period that will include the useful life of the renovated facilities. The GO pledge earned the deal ratings of Aa2 from Moody's Investors Service and AA from S&P Global Ratings, matching the GO ratings of Lexington-Fayette County. Both rating agencies said the outlook is stable.

### ***Town Branch Commons and Trail***

Construction began in July 2018 for the Town Branch Commons. The project is a linear urban trail closing the gap between our downtown parks and two major trails. Once on the Town Branch Trail, users will be able to access 22 continuous miles of dedicated walking, jogging, and cycling trails connecting the city center to the countryside. Water is featured along the path in interactive fountains and planting areas work to collect storm water. The trail is separated and buffered from adjacent vehicular traffic. The trail is fully funded by a diverse array of federal and state grants that leverage local dollars. Funding sources include a \$14.1M federal TIGER Grant, a \$5.2M federal CMAQ Grant, a \$2.3M federal TAP Grant, a \$1M SLX Grant, a \$5.6M Kentucky Infrastructure Loan, and \$11.8M of local dollars. Completion of the project is expected in 2022.

### ***Consent Decree***

The Government is required to reduce sanitary sewer overflows as part of a court ordered settlement, the Consent Decree, with the United States (US) Department of Justice, the US Environmental Protection Agency (EPA), and the Commonwealth of Kentucky. The Consent Decree requires Lexington to address structural, operational, and procedural issues within its storm and sanitary sewer systems in accordance with the schedule developed jointly with the EPA. To date Lexington has incurred no penalties for missing a Consent Decree imposed deadline.

The sanitary sewer capital construction component of the Consent Decree consists of 116 capital improvement projects intended to rehabilitate the sanitary sewer system to prevent recurring sanitary sewer overflows and unpermitted bypasses. The cost estimate for all the Remedial Measures Plan (RMP) capital projects is \$591 million, and LFUCG must complete the projects by December 31, 2026. In FY 2020, three new wet weather storage facilities were completed. The 24 million gallon West Hickman WWTP storage tank was completed in conjunction with the adjacent new head works facility. This



\$64 M project received a 2019 Performance and Innovation award from US EPA. Additionally, the 5 million gallon West Hickman 7 storage tank was completed at a total project cost of \$16.97 M, which is 88% of the originally projected cost contained in the RMP schedule. Upon completion of the West Hickman 7 project, Lexington was able to subdivide surplus property left over from the project site, recovering an additional \$1.3 million in site acquisition costs. Finally, the 6 million gallon East Hickman wet weather facility has been placed into service, mitigating Lexington's 4th most frequent pump station Sanitary Sewer Overflow (SSO). By the end of 2020, Lexington will have over 70 MG of storage completed as part of the RMP.

As of September 2020, a total of 35 RMP projects have been completed and another twenty four (24) are in the construction phase, totaling approximately \$278.7 million in capital expenditures. The most recent projections show total RMP capital project expenses trending approximately 20% below the original estimated expenditure for the projects completed or are under construction to date. The Government will continue to closely monitor this trend as the overall project scope has now begun to transition away from the storage tank projects and into the pipeline upgrade projects.

The Capacity, Management, Operation, and Maintenance (CMOM) Program is also a requirement of the Consent Decree. The CMOM Program outlines the operational changes that must be implemented and maintained. Since launching the Consent Decree, the Division of Water Quality has completed or implemented all 154 required CMOM Program elements. Many have ongoing, continuous compliance components which are being performed. In FY20, the Government hired two employees to provide daily management for the CMOM program. Utilizing internal staff and support from an external consulting firm, they have begun conducting gap analysis on existing program elements to proactively identify and correct compliance issues before they escalate.

All four (4) Supplemental Environmental Projects (SEPs) that were specifically required by the Consent Decree are now complete. The flood mitigation Commonwealth SEP completion report was submitted for state review and approval on October 13, 2020. The completion report documents a total expenditure equaling \$20,222,602 over a 10-year period for the mitigation of priority flood control projects in Fayette County.

The Government has met all Consent Decree compliance measures associated with the Municipal Separate Storm Sewer System (MS4) and is in full compliance with its state-issued KPDES permit. In June 2020, Lexington submitted a formal notice to EPA and the Department of Justice (DOJ) that documents Lexington's full compliance with the stormwater program provisions of the Consent Decree. That notice also contained Lexington's request to be dismissed from further stormwater program obligations under the Consent Decree.

The city is awaiting EPA / DOJ response. In regards to the KPDES permit, Lexington has submitted the required permit renewal application and is waiting for the state to complete the public notice process for a new permit. In the meantime, the city continues to operate under the permit that expired in May 2020.

Finally, as with many other municipal utilities, the COVID-19 pandemic has negatively impacted some project delivery schedules. Lexington has requested and received regulatory relief for several near-term project schedule milestones. Lexington will continue to work closely with US EPA and state government to ensure compliance with the term and conditions in these unprecedented times.

### ***Parks and Recreation***

In the past year, the Division of Parks and Recreation continued to prioritize many projects that stemmed directly from the 2018 Parks Master Plan. Projects included building improvements, improved access to new trails, increased shade



and interpretive signage, new basketball courts and water fountains. Under the goal of Great Stewardship, the Bring Back the Bluegrass naturalization effort includes system-wide and riparian improvement at Wellington Park. These projects allowed the department to preserve and restore sensitive areas while conserving resources. Additionally, the department continued their commitment to the goal of Great Engagement by completing an ADA Implementation Plan and upgrading accessible play equipment at Masterson Station and Shiloto Park. The onset of the COVID-19 pandemic forced parks to pivot programming, events, and facility offerings to maintaining green space and community engagement for the health and well-being of the community.

## **Strengthening Fiscal Management**

### **Introduction**

In the past several years, the Government has benefited from local economic growth and historically low interest rates that have allowed for significant investments in infrastructure and public safety. The Government has also restructured existing debt to benefit from the low interest rate environment and decrease its overall debt service burden. This restructuring is anticipated to create a savings of over \$4 million during the 15-year issue period. As the Federal Reserve considers future rate changes, the Government will monitor the bond market to ensure that it stays in a favorable position regarding its long-term debt.

### **Local Economy**

The unemployment rate in Fayette County was 4.5% in June 2020, as compared to 3.9% in June 2019. However, it should be noted that in April and May 2020, the unemployment rate was measured at 14.1% and 9.0% respectively. This increase shows the vast impact of the coronavirus on the local employment economy during 2020. Still, Fayette County compared favorably to the State rate of 16.2% and 10.7% in April and May 2020. Fayette County has begun to see some positive signs in employment as the area begins to slowly recover.

Total employment remains well above levels seen during The Great Recession. Employment, as measured by the Bureau of Labor Statistics, was 199,993 for the quarter ended December 31, 2019. By comparison, total employment was 194,528 for the quarter ended December 31, 2018 and 179,182 for the quarter ended December 31, 2007 (pre-recession). Average annual pay has also increased in Lexington-Fayette County during that time period. In 2019, the average annual pay was \$50,432 as compared to \$39,823 in 2007.

## **Budget Control and Financial Management**

The Mayor of the Government submits a proposed annual operating and a five-year capital improvement budget to the Urban County Council at least sixty days prior to the beginning of each succeeding fiscal year. The Urban County Council, upon receipt of the proposed budget, conducts a series of public hearings on the proposed budget. The Charter of the Government provides that the Urban County Council may amend the budget; however, the adopted budget shall provide for all expenditures required by law and for all debt service requirements. Other budgeting policies include that the budget must be balanced for each fund, and total available funds must equal or exceed total anticipated expenditures.

The Urban County Council adopts a line-item budget ordinance and must approve all budget amendments moving money within the personnel category or from one category to another (personnel, operating, capital). Budgetary control is maintained at the division level and is facilitated by the use of encumbrance accounting. As purchase orders are issued, corresponding amounts of divisional appropriations are reserved for later payment. Requests for disbursements, which will result in an overrun of budgeted expenditures, must be accompanied by a request for a budget amendment.

The Administration conducts monthly departmental budget reviews. Supplemental information on budget amendments, upcoming issues, and long-term plans are discussed. These meetings, along with the standing Urban County Council





Budget, Finance & Economic Development committee, give the Government a platform to discuss critical questions related to programs, policies and priorities in addition to the more routine aspects of governmental budget management.

As an added control, during 2020 Lexington-Fayette began encumbering unused budgetary funds to help manage expenses. This practice will continue as needed through 2021, and will help ensure financial security throughout the uncertainty of the pandemic.

### ***Long-Term Financial Policies***

Annually, the Government adopts a Capital Improvement Plan prior to the completion of the annual operating budget. The development of the capital improvement plan budget is coordinated with the development of the operating budgets. Requests for capital projects are accompanied by estimates of project impact on annual operating costs and revenues. Additionally, multi-year forecasts of revenues and expenditures, including operating and capital expenditures, are prepared throughout the year to monitor the adequacy of funding resources and debt capacity.

### ***Cash Management and Investment Policy***

The Department of Finance is responsible for the custody, investment, and disbursement of all funds of the Government in accordance with the procedures and standards adopted by the Urban County Council. It is the policy of the Government to invest funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Government. The Government's investments are governed by state statutes (KRS 66.480) and an investment policy approved by the Urban County Council. In fiscal year 2020 all funds were invested in either obligations of the United States and its agencies or instrumentalities, mutual funds comprised of those securities, repurchase agreements, collateralized Certificates of Deposit, or commercial paper.

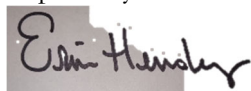
### ***Awards and Acknowledgements***

For the 28<sup>th</sup> consecutive year, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lexington-Fayette Urban County Government for its comprehensive annual financial report for the fiscal year ended July 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the Government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program standards. This report must also satisfy generally accepted accounting principles (GAAP) and applicable legal requirements.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Divisions of Accounting, Finance, Revenue and Budgeting. Further appreciation is extended to the Mayor, the members of the Urban County Council, Commissioners, and Division Directors for their cooperation and support.

Respectfully submitted,



Erin Hensley, Commissioner  
Department Of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Lexington-Fayette Urban County  
Kentucky**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

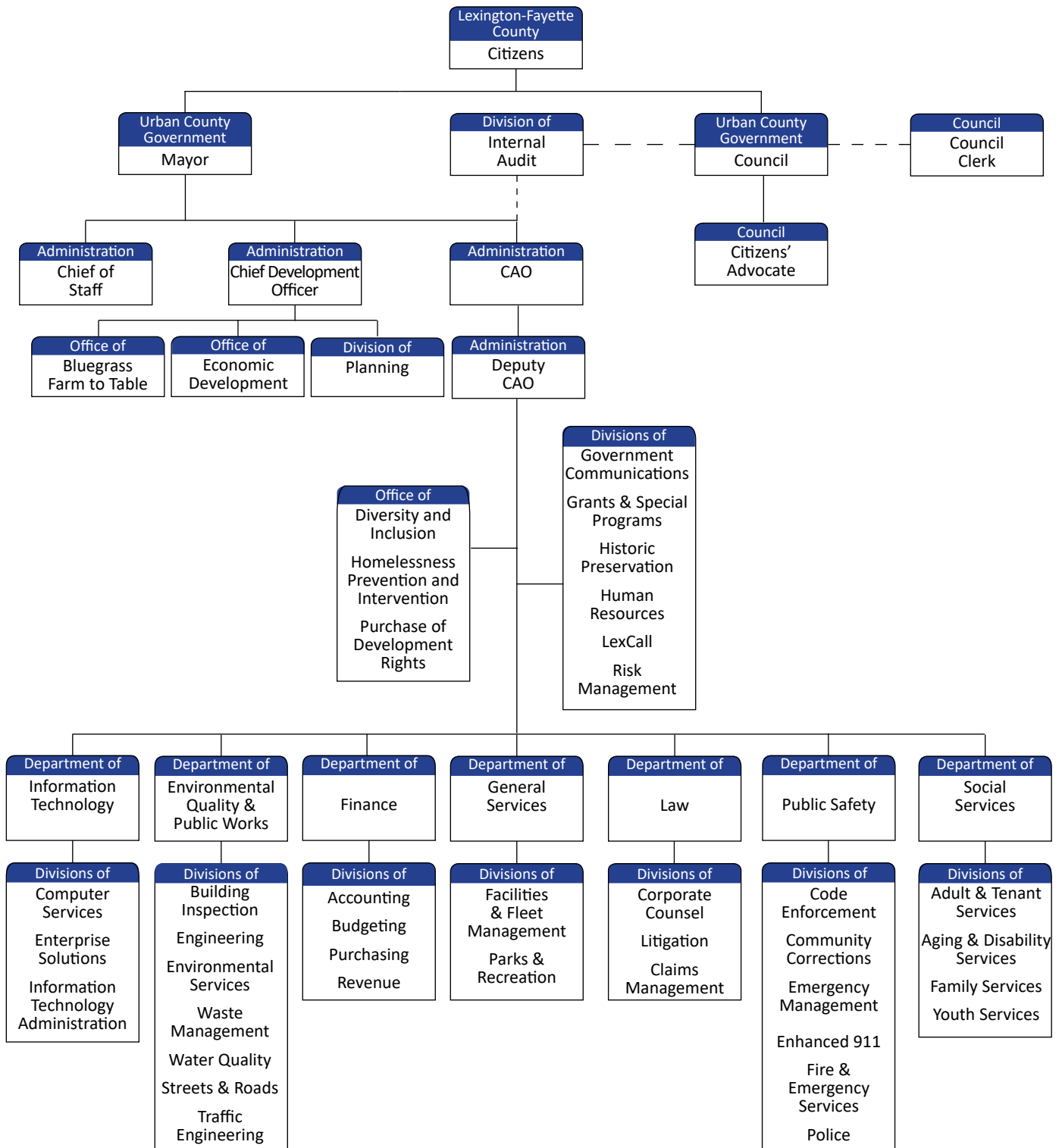
*Christopher P. Morill*

Executive Director/CEO



# LEXINGTON

## Lexington-Fayette Urban County Government Organizational Chart





## *DIRECTORY OF GOVERNMENTAL OFFICIALS*

***Council Office***  
Citizens' Advocate Office

***Council Clerk's Office***

***Office of the Mayor***

***Internal Audit***

***Office of the Chief Administrative Officer***  
Grants and Special Programs  
Risk Management  
Public Information Office  
LexCall  
GTV3  
Human Resources  
Office of Homelessness Prevention & Intervention  
Purchase of Development Rights  
Historic Preservation

***Chief Development Office***  
Planning

***Chief Information Office***  
Computer Services  
Enterprise Solutions

***Finance***  
Accounting and Payroll  
Purchasing  
Revenue  
Budgeting

***Environmental Quality and Public Works***  
Environmental Services  
Water Quality  
Waste Management  
Streets and Roads  
Traffic Engineering  
Building Inspection  
Engineering

***Law***

***Public Safety***  
Community Corrections  
Division of Emergency Management  
E911  
Fire and Emergency Services  
Police  
Code Enforcement

***Social Services***  
Adult Services  
Aging Services  
Family Services  
Youth Services

***General Services***  
Facilities and Fleet Management  
Parks and Recreation

***Stacey Maynard, Council Administrator***  
Amber Deitz, Citizens' Advocate

***Abigail Allen, Director***

***Linda Gorton, Mayor***

***Bruce Sahli, Director***

***Sally Hamilton, Chief Administrative Officer***  
Charlie Lanter, Director  
Vacant, Director  
Stacey Dimon, Supervisor  
Kendra Carter, Director  
Chris Edwards, Supervisor  
John Maxwell, Director  
Polly Ruddick, Director  
Elizabeth Overman, Program Manager  
Bettie L. Kerr, Director

***Kevin Atkins, Chief Development Officer***  
Jim Duncan, Director

***Aldona Valicenti, Chief Information Officer***  
Mike Nugent, Director  
Phillip Stiefel, Director

***William O'Mara, Commissioner***  
Phyllis Cooper, Director  
Todd Slatin, Director  
Jeffrey Lewis, Acting Director  
Melissa Lueker, Director

***Nancy Albright, Commissioner***  
Susan Plueger, Director  
Charles H. Martin, Director  
Tracey Thurman, Director  
Rob Allen, Director  
Jeff Neal, Director  
Dewey Crowe, Director  
Doug Burton, Director

***Susan Speckert, Commissioner***

***Ken Armstrong, Commissioner***  
Steven Haney, Director  
Patricia Dugger, Director  
Robert Stack, Director  
Kristin Chilton, Chief  
Lawrence Weathers, Chief  
Alex Olszowy, Director

***Chris Ford, Commissioner***  
Connie Godfrey, Director  
Kristina Stambaugh, Director  
Joanna Rodas, Director  
Stephanie Hong, Director

***Monica Conrad, Acting Commissioner***  
Jamshid Baradaran, Director  
Monica Conrad, Director



This page intentionally left blank.

## FINANCIAL SECTION



## **Independent Auditors' Report**

The Honorable Mayor, Members of the  
Urban County Council and Citizens  
Lexington-Fayette Urban County Government  
Lexington, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lexington-Fayette Urban County Government (the "Government"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following entities:

- Lexington Center Corporation
- Lexington Convention and Visitors Bureau
- Lexington-Fayette Urban County Airport Board
- Lexington-Fayette Urban County Department of Health
- Lexington Public Library
- Transit Authority of the Lexington-Fayette Urban County Government

Collectively, these entities represent 100% of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 to 29 and budgetary comparison information on pages 110 to 114 and pension and OPEB information on pages 115 to 122 be presented to supplement the basic financial statements. Such information, 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 and the other auditors 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the Government'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 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 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 the Government's internal control over financial reporting and compliance.

*Strothman and Company*

Louisville, Kentucky  
November 23, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the Government's financial performance for the fiscal year ended June 30, 2020. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide a readable explanation of the information within the basic financial statements. It should be read in conjunction with the Letter of Transmittal (which can be found preceding this narrative on page 3) and the financial statements immediately following the analysis.

### FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

#### Government–Wide Highlights

- In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements were available to be issued, the Government's operations have been adversely impacted by the COVID-19 outbreak. The currently known impacts are:
  - Revenues for license fees and permits are down \$9.74 million from the final budgeted amount.
  - The Government received grant funds from the Coronavirus Aid, Relief, and Economic Security Act (CARES) in fiscal year 2020 of \$20.92 million. Of that amount, \$20.77 million was Governmental Activities and \$0.15 million was Business-Type Activities expenditures. The Government anticipates receipt of additional grant funds of \$4.08 million in fiscal year 2021.
- Total assets plus deferred outflows of resources of the Primary Government exceeded total liabilities and deferred inflows of resources by approximately \$276.07 million at the close of fiscal year 2020. This amount includes a deficit of approximately (\$798.86) million in unrestricted net position.
- Governmental Activities' net position was (\$85.28) million at the end of fiscal year 2020. Of this amount, \$693.35 million was the net investment in capital assets. The net investment in capital assets comprises 813.05% of total net position.
- Business-Type Activities held a balance of \$361.35 million in net position. The unrestricted fund balance at June 30, 2020 is \$43.00 million, or 43.04% of Business-Type Activity expenses.

#### Fund Highlights

- As of June 30, 2020, the Government's governmental funds reported combined ending fund balances of \$158.05 million, an increase of \$10.26 million compared to the previous fiscal year. Of this total amount, \$75.31 million is restricted for various projects: public works, public safety, capital projects, grants, urban services, and energy improvements.
- The General Fund, the primary operating fund of the Government, held an unassigned fund balance of \$4.07 million or 1.17% of General Fund expenditures. There are two categories of committed fund balance; general government and economic stabilization. Committed funds represent amounts restricted for use by the highest level of governing authority, an ordinance passed by the Urban County Council. The total committed fund balance is \$47.79 million. The committed fund balance designation for economic stabilization held a balance of \$42.48 million, available for spending in the event of an economic downturn or unforeseen event. There is one category of assigned fund balance; general government. Assignments for general government represent planning for various projects combined with management's intent to complete these projects. These assignments total \$28.20 million for fiscal year 2020.

## OVERVIEW OF THE FINANCIAL STATEMENTS

Three key elements comprise the basic financial statements, including:

- A) Government-Wide Financial Statements;
- B) Fund Financial Statements, and;
- C) Notes to the Financial Statements

### A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Government's finances in a manner similar to a private-sector business. These statements report financial information about the entire Government, except for fiduciary activities, and provide both short-term and long-term information about the Government's financial position, and assist in the assessment of the Government's economic condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. They take into account all revenues and expenses of the fiscal year regardless of when cash is received or paid. The *Government-Wide Financial Statements* include two statements: The *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* reflects the financial position of the Government at fiscal year ended June 30, 2020. Accordingly, the Government's net position, the difference between assets (what the citizens own) plus deferred outflows of resources and liabilities (what the citizens owe), is one way to determine the financial condition of the Government. Over time, increases or decreases in net position are one indicator of whether the financial health of the Government is improving or deteriorating. However, additional factors such as changes in the Government's revenue structure, its tax base, and its level of assets held, should be considered in order to assess thoroughly the overall financial condition of the Government.

The *Statement of Activities* reflects the Government's revenues and expenses, as well as other transactions that increase or decrease net position. Program revenues are offset by program expenses in order to provide better information regarding program costs financed by general government revenues.

The *Government-Wide Financial Statements* divide the Government's activities into three types:

1. Governmental Activities – The activities in this section are mostly supported by intergovernmental revenues (federal grants) and taxes, namely licenses and permits, property taxes, and charges for services. Most services normally associated with local government fall into this category, including police, fire, solid waste, parks and general administration. Internal Service Fund balances are reported as part of Governmental Activities.
2. Business-Type Activities – These activities normally are intended to recover all or a significant portion of costs through user fees and charges to external users of goods and services provided by the Government. The Business-Type Activities of the Government include the operations of various Enterprise Funds, including sanitary sewer services, landfill and disposal costs, water quality, and leases and operating costs for public facilities related to debt issues.
3. Discretely Presented Component Units – The Government includes eight separate legal entities in its reports. Although legally separate and possessing independent qualities, the Government maintains financial accountability for these entities.

### B. Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* report the operations of the Government in greater detail than the *Government-Wide Financial Statements* by providing information about the Government's most significant funds. Local ordinance or bond covenants may require the creation of some funds; others may be created at the discretion of



the Administration for management and fiscal control of financial resources. All funds of the Government can be divided into three types of funds: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

1. Governmental funds – Governmental funds are used to account for essentially the same functions reported as Governmental Activities in the *Government-Wide Financial Statements*. However, unlike the *Government-Wide Financial Statements*, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

Most of the basic services performed by the Government are reported in the governmental funds category. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. Because the focus of governmental funds is narrower than that of the *Government-Wide Financial Statements*, it is useful to compare the information presented for governmental funds with similar information presented for Governmental Activities in the *Government-Wide Financial Statements*. By doing so, readers may better understand the long-term impact of the Government's near term funding decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and Governmental Activities.

2. Proprietary funds – When the Government charges a fee for services which is intended to cover the cost of providing those services – whether to outside customers or other units of the Government – those services are generally reported in the proprietary funds category. The subcategories of the proprietary funds include enterprise funds and internal service funds.

*Enterprise funds* are used to report the same functions presented as Business-Type Activities in the *Government-Wide Financial Statements*.

*Internal service funds* are used to accumulate and allocate costs internally among the various functions of the Government. The Government uses internal service funds to account for its health, general liability, auto, property and worker's compensation self-insurance. These services predominantly benefit Governmental Activities rather than Business-Type Activities and they have been included with Governmental Activities in the *Government-Wide Financial Statements*.

The proprietary funds are reported in the same way that all activities are reported in the *Government-Wide Financial Statements*, but the fund statements provide more detail. The Government considers the Sanitary Sewer System Fund, the Public Facilities Corporation Fund, the Landfill Fund, and the Water Quality Fund as its major proprietary funds.

3. Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the *Government-Wide Financial Statements* because the resources of those funds are not available to support the programs of the Government. The accounting used for the fiduciary funds is similar to that used for proprietary funds. The Government is the trustee, or fiduciary, for two employees' pension funds, the City Employees' Pension Fund and the Policemen's and Firefighters' Retirement Fund.

## **C. Notes to the Financial Statements**

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the *Government-Wide* and *Fund Financial Statements*. They are an integral part of the financial statements and focus on the primary government and its activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Net Position

Net position may serve as a useful indicator of a government's financial position. In Table 1 below, the Government's combined net position (Governmental and Business-Type Activities) totaled \$276.07 million as of June 30, 2020, a decrease of \$53.76 million from the previous year. Total depreciation expense government wide was \$76.23 million.

The largest proportion of the Government's net position, \$994.84 million, is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Government uses these capital assets to provide services to its citizens. As such, these assets are not available for future spending.

**Table 1**  
**Lexington-Fayette Urban County Government**  
**Summary of Net Position**  
**For Years As Stated**  
**(in thousands)**

|                                       | <b>Total Net Position</b> |                             |                   |
|---------------------------------------|---------------------------|-----------------------------|-------------------|
|                                       | <b>FY 2020</b>            | <b>Restated<br/>FY 2019</b> | <b>Change</b>     |
| <b>ASSETS</b>                         |                           |                             |                   |
| Current and other assets              | \$413,599                 | \$365,639                   | \$47,960          |
| Capital assets                        | 1,430,751                 | 1,428,817                   | 1,934             |
| Total assets                          | <u>1,844,350</u>          | <u>1,794,456</u>            | <u>49,894</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | 236,187                   | 222,116                     | 14,071            |
| <b>LIABILITIES</b>                    |                           |                             |                   |
| Current and other liabilities         | 81,754                    | 85,587                      | (3,833)           |
| Long-term liabilities                 | 1,575,906                 | 1,441,411                   | 134,495           |
| Total liabilities                     | <u>1,657,660</u>          | <u>1,526,998</u>            | <u>130,662</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 146,805                   | 176,189                     | (29,384)          |
| <b>NET POSITION</b>                   |                           |                             |                   |
| Net Investment in Capital Assets      | 994,842                   | 942,878                     | 51,964            |
| Restricted for:                       |                           |                             |                   |
| Capital Projects                      | 43,530                    | 47,789                      | (4,259)           |
| Energy Improvement Projects           | 1,115                     | 1,377                       | (262)             |
| Debt Service                          | 3,958                     | 3,762                       | 196               |
| Capital Replacement                   | 2,286                     | 1,794                       | 492               |
| Pension                               | 21,930                    | 21,449                      | 481               |
| Water Quality Incentive Program       | 5,794                     | 5,336                       | 458               |
| Grants                                | 266                       | 259                         | 7                 |
| Maintenance and Operations            | 1,215                     | 925                         | 290               |
| Unrestricted                          | <u>(798,864)</u>          | <u>(712,184)</u>            | <u>(86,680)</u>   |
| Total net position                    | <u>\$276,072</u>          | <u>\$313,385</u>            | <u>(\$37,313)</u> |

Approximately \$80.09 million, or 29.01% of total net position, is subject to external restrictions regarding its use. Restricted amounts within Governmental Activities include fund balances of the general fund, the urban services fund and various special revenue funds. Please refer to the fund analysis beginning on page 25 for more information.

Table 2 indicates that the net position of Governmental Activities totaled (\$85.28) million, or 7.36% of total assets, a decrease of \$52.60 million from the previous year. Of this total, \$693.35 million is invested in capital assets (e.g.

land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets.

**Table 2**  
**Lexington-Fayette Urban County Government**  
**Summary of Net Position**  
**For Years as Stated**  
**(in thousands)**

|                                       | <b>Governmental Activities</b> |                             |                   |
|---------------------------------------|--------------------------------|-----------------------------|-------------------|
|                                       | <b>FY 2020</b>                 | <b>Restated<br/>FY 2019</b> | <b>Change</b>     |
| <b>ASSETS</b>                         |                                |                             |                   |
| Current and other assets              | \$246,842                      | \$233,922                   | \$12,920          |
| Capital assets                        | 911,308                        | 939,782                     | (28,474)          |
| Total assets                          | <u>1,158,150</u>               | <u>1,173,704</u>            | <u>(15,554)</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | 219,997                        | 206,043                     | 13,954            |
| <b>LIABILITIES</b>                    |                                |                             |                   |
| Current and other liabilities         | 58,529                         | 60,704                      | (2,175)           |
| Long-term liabilities                 | 1,263,611                      | 1,180,692                   | 82,919            |
| Total liabilities                     | <u>1,322,140</u>               | <u>1,241,396</u>            | <u>80,744</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 141,285                        | 171,026                     | (29,741)          |
| <b>NET POSITION</b>                   |                                |                             |                   |
| Net Investment in Capital Assets      | 693,353                        | 667,270                     | 26,083            |
| Restricted for:                       |                                |                             |                   |
| Capital Projects                      | 39,554                         | 43,875                      | (4,321)           |
| Energy Improvement Projects           | 265                            | 632                         | (367)             |
| Debt Service                          | 1,223                          | 1,026                       | 197               |
| Pension                               | 21,930                         | 21,449                      | 481               |
| Grants                                | 266                            | 259                         | 7                 |
| Maintenance and Operations            |                                |                             |                   |
| Unrestricted                          | <u>(841,869)</u>               | <u>(767,186)</u>            | <u>(74,683)</u>   |
| Total net position                    | <u>(\$85,278)</u>              | <u>(\$32,675)</u>           | <u>(\$52,603)</u> |

Table 3 shows the net position of Business-Type Activities totaled \$361.35 million at the end of fiscal year 2020, an increase of \$15.29 million from the previous fiscal year. Of total net position, \$301.49 million, or 83.43%, is invested in capital assets, minus related debt which is still outstanding and used to acquire those assets. The Government uses these capital assets in the same way as the capital assets held by Governmental Activities.

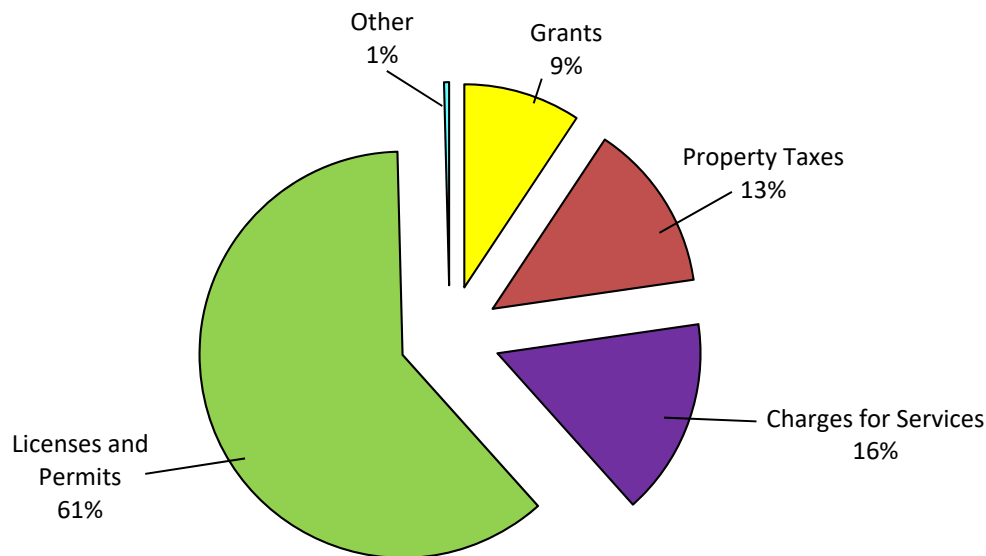
**Table 3**  
**Lexington-Fayette Urban County Government**  
**Summary of Net Position**  
**For Years as Stated**  
**(in thousands)**

|                                       | <b>Business-Type Activities</b> |                             |                 |
|---------------------------------------|---------------------------------|-----------------------------|-----------------|
|                                       | <b>FY 2020</b>                  | <b>Restated<br/>FY 2019</b> | <b>Change</b>   |
| <b>ASSETS</b>                         |                                 |                             |                 |
| Current and other assets              | \$166,756                       | \$131,718                   | \$35,038        |
| Capital assets                        | 519,443                         | 489,035                     | 30,408          |
| Total assets                          | <u>686,199</u>                  | <u>620,753</u>              | <u>65,446</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | 16,190                          | 16,073                      | 117             |
| <b>LIABILITIES</b>                    |                                 |                             |                 |
| Current and other liabilities         | 23,224                          | 24,883                      | (1,659)         |
| Long-term liabilities                 | 312,295                         | 260,719                     | 51,576          |
| Total liabilities                     | <u>335,519</u>                  | <u>285,602</u>              | <u>49,917</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 5,520                           | 5,163                       | 357             |
| <b>NET POSITION</b>                   |                                 |                             |                 |
| Net Investment in Capital Assets      | 301,489                         | 275,608                     | 25,881          |
| Restricted for:                       |                                 |                             |                 |
| Capital Projects                      | 3,976                           | 3,914                       | 62              |
| Energy Improvement Projects           | 850                             | 746                         | 104             |
| Debt Service                          | 2,736                           | 2,736                       |                 |
| Capital Replacement                   | 2,286                           | 1,794                       | 492             |
| Water Quality Incentive Program       | 5,794                           | 5,336                       | 458             |
| Maintenance and Operations            | 1,215                           | 925                         | 290             |
| Unrestricted                          | 43,004                          | 55,002                      | (11,998)        |
| Total net position                    | <u>\$361,350</u>                | <u>\$346,061</u>            | <u>\$15,289</u> |

### **Governmental Activities**

As indicated in Chart 1, the Government funds its Governmental Activities from revenue received from four significant categories. A clear majority, 61%, of the Government's revenue were provided through licenses and permits. This category includes fees placed on employee withholdings, business returns, insurance premiums, and franchise fees. Charges for Services were 16%, which was the second largest contributing category to governmental activity revenues. Revenues collected in this category included charges collected from the Detention Center, EMS charges, golf course collections, fees for building permits, and fees associated with parks and recreation programs. Property Taxes comprised 13% of governmental revenues. Federal and State grant funding represented 9% of governmental revenue. The remaining 1% in Other category represented miscellaneous revenues collected by the Government.

**Chart 1**  
**Distribution of Governmental Activity Revenues**



As indicated by Table 4, revenues from Governmental Activities totaled \$497.32 million, which was an increase of \$21.04 million, or 4.42%, from the previous fiscal year. Licenses and permits totaled \$304.49 million, representing 61.23% of total revenues. As stated earlier, this category includes employee withholdings in the form of an occupational license fee (OLF). This fee is comprised of an assessment of 2.25% on the total wages received by individuals employed in Lexington-Fayette County and an assessment of 2.25% on the net profits of businesses operating in the Lexington-Fayette County area. Licenses and permits increased by \$0.93 million, or 0.31% from the previous fiscal year. This is primarily due to an increase in insurance premiums collected during the fiscal year. Property taxes increased by \$2.05 million, due to an increase in realty taxes collected. Charges for services decreased by \$6.95 million from the previous fiscal year, or 8.19%. Operating and Capital grants increased by \$27.11 million from the previous fiscal year, or 161.51%. Both of these changes year over year are due to the impact of COVID-19.

As noted on Table 4, total expenses of Governmental Activities were \$547.83 million; a decrease of \$1.22 million from the previous fiscal year. This is primarily due to the Government's commitment to control budgets during the pandemic. In addition, the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition, the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

### **Business-Type Activities**

Also indicated on Table 4, revenues from Business-Type Activities increased by \$1.75 million from the previous fiscal year. Revenues collected for services provided by the Government increased \$1.85 million and other general revenues decreased \$0.97 million. Total expenses of Business-Type Activities increased when compared to fiscal year 2019, by \$3.84 million. Primarily Sanitary Sewer and Water Quality increased \$2.93 million and \$1.10 million, respectively. Public Facilities, Landfill and Other Business-Type Activities expenses decreased \$0.02 million, \$0.12 million, and \$0.05 million, respectively. The largest program among these activities is the Sanitary Sewer system, with expenses of \$65.67 million during the fiscal year, representing 65.73% of all Business-Type Activities expenses.

**Table 4**  
**Lexington-Fayette Urban County Government**  
**Summary of Statement of Activities**  
**For Years as Stated**

|  | <b>(in thousands)</b>          |             |                                 |             |                                 |             |
|--|--------------------------------|-------------|---------------------------------|-------------|---------------------------------|-------------|
|  | <b>Governmental Activities</b> |             | <b>Business-Type Activities</b> |             | <b>Total Primary Government</b> |             |
|  | <b>Restated</b>                |             | <b>Restated</b>                 |             | <b>Restated</b>                 |             |
|  | <b>2020</b>                    | <b>2019</b> | <b>2020</b>                     | <b>2019</b> | <b>2020</b>                     | <b>2019</b> |
| <b>Revenues</b>                                      |                                |             |                                 |             |                                 |             |
| Program Revenues:                                    |                                |             |                                 |             |                                 |             |
| Charges for Services                                 | \$77,903                       | \$84,848    | \$113,200                       | \$111,353   | \$191,103                       | \$196,201   |
| Operating Grants & Contributions                     | 34,184                         | 11,596      |                                 |             | 34,184                          | 11,596      |
| Capital Grants & Contributions                       | 9,710                          | 5,189       |                                 |             | 9,710                           | 5,189       |
| General Revenues:                                    |                                |             |                                 |             |                                 |             |
| Property Taxes                                       | 66,620                         | 64,574      |                                 |             | 66,620                          | 64,574      |
| Licenses & Permits                                   | 304,493                        | 303,563     |                                 |             | 304,493                         | 303,563     |
| Grants & Unrestricted Contributions                  | 2,433                          | 3,353       |                                 |             | 2,433                           | 3,353       |
| Other General Revenues                               | 1,974                          | 3,155       | 1,652                           | 1,749       | 3,626                           | 4,904       |
| Total Revenues                                       | 497,317                        | 476,278     | 114,852                         | 113,102     | 612,169                         | 589,380     |
| Program Expenses                                     |                                |             |                                 |             |                                 |             |
| General Government                                   | 32,299                         | 43,228      |                                 |             | 32,299                          | 43,228      |
| Administrative Services*                             | 11,694                         | 10,304      |                                 |             | 11,694                          | 10,304      |
| Health, Dental, Vision, Workers Comp,                |                                |             |                                 |             |                                 |             |
| General Insurance                                    | 28,528                         | 28,506      |                                 |             | 28,528                          | 28,506      |
| Chief Development Officer*                           | 4,475                          | 1,218       |                                 |             | 4,475                           | 1,218       |
| Information Technology                               | 11,933                         | 12,251      |                                 |             | 11,933                          | 12,251      |
| Finance  | 38,587                         | 36,315      |                                 |             | 38,587                          | 36,315      |
| Environmental Quality & Public Works*                | 99,635                         | 64,931      |                                 |             | 99,635                          | 64,931      |
| Planning, Preservation, & Development*               | 659                            | 46,409      |                                 |             | 659                             | 46,409      |
| Public Safety*                                       | 15,882                         | 14,640      |                                 |             | 15,882                          | 14,640      |
| Police   | 98,571                         | 88,198      |                                 |             | 98,571                          | 88,198      |
| Fire & Emergency Services                            | 97,422                         | 89,345      |                                 |             | 97,422                          | 89,345      |
| Community Corrections                                | 40,830                         | 42,490      |                                 |             | 40,830                          | 42,490      |
| Social Services                                      | 14,413                         | 15,095      |                                 |             | 14,413                          | 15,095      |
| General Services                                     | 13,772                         | 12,382      |                                 |             | 13,772                          | 12,382      |
| Parks & Recreation                                   | 21,974                         | 24,809      |                                 |             | 21,974                          | 24,809      |
| Law  | 2,277                          | 2,889       |                                 |             | 2,277                           | 2,889       |
| Interest on Long-Term Debt                           | 15,587                         | 16,045      |                                 |             | 15,587                          | 16,045      |
| Sanitary Sewer System                                |                                |             | 65,670                          | 62,740      | 65,670                          | 62,740      |
| Public Facilities                                    |                                |             | 6,899                           | 6,915       | 6,899                           | 6,915       |
| Landfill   |                                |             | 4,678                           | 4,801       | 4,678                           | 4,801       |
| Right of Way   |                                |             | 627                             | 595         | 627                             | 595         |
| Extended School Program                              |                                |             | 1,803                           | 2,156       | 1,803                           | 2,156       |
| Enhanced 911   |                                |             | 5,074                           | 4,799       | 5,074                           | 4,799       |
| CKY Network  |                                |             | 417                             | 421         | 417                             | 421         |
| Water Quality  |                                |             | 14,745                          | 13,647      | 14,745                          | 13,647      |
| Total Expenses                                       | 548,538                        | 549,055     | 99,913                          | 96,074      | 648,451                         | 645,129     |
| Increase (Decrease) in Net Position before Transfers | (51,221)                       | (72,777)    | 14,939                          | 17,028      | (36,282)                        | (55,749)    |
| Transfers  |                                |             |                                 |             |                                 |             |
| Transfers  | (350)                          | 565         | 350                             | (565)       | 0                               | 0           |
| Increase (Decrease) in Net Position                  | (51,571)                       | (72,212)    | 15,289                          | 16,463      | (36,282)                        | (55,749)    |
| Net Position, July 1                                 | (33,707)                       | 38,505      | 346,061                         | 329,598     | 312,354                         | 368,103     |
| Net Position, June 30                                | (\$85,278)                     | (\$33,707)  | \$361,350                       | \$346,061   | \$276,072                       | \$312,354   |

\*In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

## PERSONNEL COSTS

During the year, personnel related expenses for salaries and wages covered by collective bargaining agreements increased approximately \$0.23 million. Police and Community Corrections increased by \$0.01 million and \$0.68 million, respectively. Fire & Emergency Services decreased by \$.50 million. This is primarily due to CARES grant reimbursements of \$20.77 million. Salary and wage costs, including benefits, for non-collective bargaining employees increased 0.96%. See Chart 2 for more information on personnel costs for Governmental Activities during fiscal year 2020.

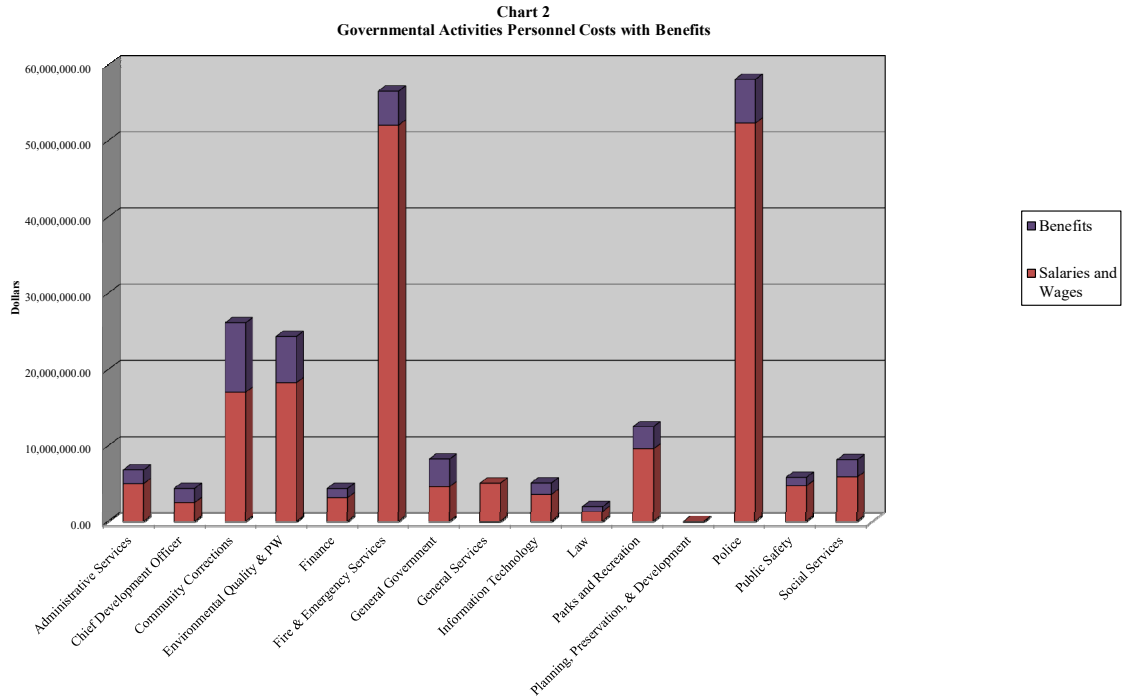
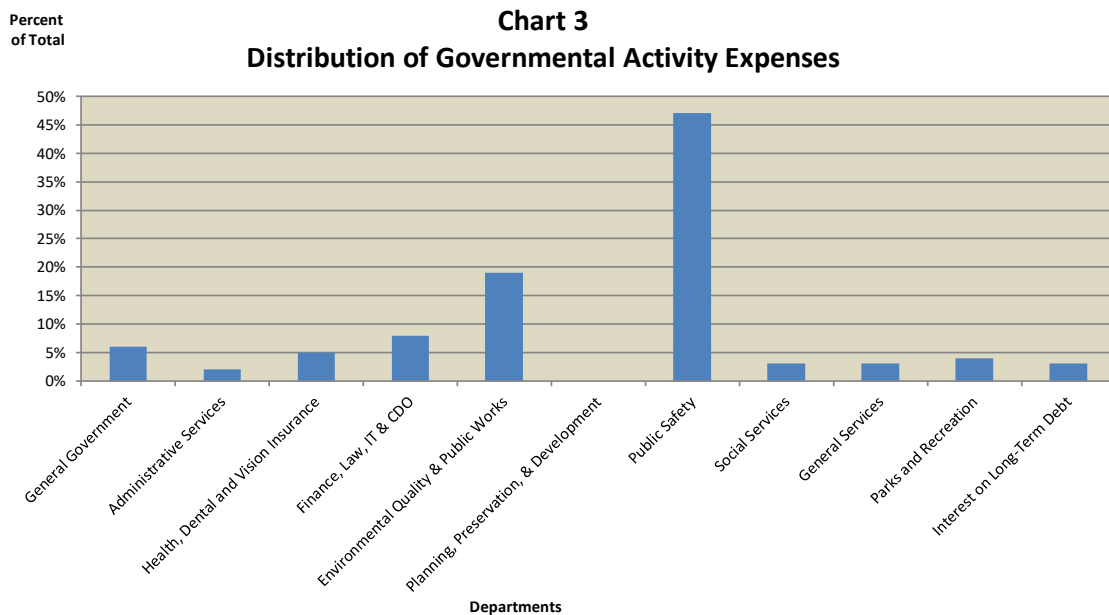


Chart 3 displays the distribution of total costs by governmental activity.



## FUNDS OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

As discussed earlier, the Government uses fund accounting to ensure and demonstrate compliance with Generally Accepted Accounting Principles (GAAP) and other finance-related legal requirements.

### Governmental Funds

The Government's total governmental funds for the year ended June 30, 2020 reflect a combined ending fund balance of \$158.05 million, an increase of \$10.26 million from the previous fiscal year. The Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 to the financial statements for detailed information on the fund balance classifications). The increase is primarily due to expenditures in excess of revenues of \$6.19 million, offset by net transfers out and proceeds from the issuance of bonds of \$20.03 million.

The Government had \$4.07 million of unassigned fund balance available in the General Fund at June 30, 2020. Unassigned fund balance of the General Fund (the Government's main operating fund) represents approximately 1.17% of total general fund expenditures for fiscal year 2020. At the end of fiscal year 2020, the fund balance held by the General Fund totaled \$83.91 million, an increase of \$16.0 million, or 23.56%, from the previous fiscal year. This was primarily due to revenues in excess of expenditures of \$19.37 million, offset by other financing uses of \$0.08 million. In addition, there is a decrease from a prior period adjustment of \$3.29 million (see footnote 2.D. for additional details).

The Urban Services Fund is used to finance solid waste collection, streetlights, and street cleaning services for properties within designated property tax districts. At the end of the fiscal year, the Urban Services Fund held a total fund balance of \$23.87 million, a decrease of \$1.97 million over the prior fiscal year. This decrease is primarily due to expenditures in excess of revenues of \$3.54 million, offset by transfers in of \$1.87 million. In addition, there is a decrease from a prior period adjustment of \$0.31 million (see footnote 2.D. for additional details). Operating expenditures increased \$1.97 million over the prior fiscal year. This was primarily due to an increase in equipment, acquisitions, and construction of \$0.99 million and an increase in department expenditures of \$1.23 million offset by a decrease in debt expenditures of \$0.24 million.

The Federal and State Grants Fund held a balance of \$0.27 million for fiscal year ended June 30, 2020, an increase of \$0.01 million over the prior fiscal year. This fund balance represents grant revenues received, but not spent, that are restricted for specific activities. During fiscal year 2012, an outstanding loan receivable balance was paid in full. The funding is being used for urban development projects.

The Other Governmental Funds primarily relate to costs associated with various capital bond projects. During fiscal year 2020, \$28.06 million was expended on these projects. Bonds in the amount of \$20.28 million were issued to reimburse these expenditures and cover any additional costs associated with the projects, for more information please see Note 3.D. to the financial statements.

### Proprietary Funds

The Government's proprietary fund statements provide the same type of information found in the *Government-Wide Financial Statements*, but in more detail. Total net position for the Government's proprietary funds totaled \$361.35 million as of June 30, 2020, an increase of \$15.23 million from the prior fiscal year. Revenues from charges for services increased \$1.85 million and total expenses increased \$3.84 million when compared to the prior fiscal year.

The Sanitary Sewer System Fund held a total net position of \$271.34 million, an increase of \$12.86 million over the prior year. Of the total net position held by the Sanitary Sewer System Fund, \$4.94 million is restricted by bond covenants for capital replacement, projects, and debt service. In addition, \$0.85 million is restricted for energy improvement projects.

The Public Facilities Corporation was created by the Government to act as an agency and instrumentality of the Government to finance and operate public projects. The net position of the Public Facilities Corporation was \$19.02 million, a decrease of \$0.65 million from the prior fiscal year. Operating income during fiscal year 2020 was \$5.98



million. The decrease in net position is primarily due to excess operating revenues of \$0.39 million and transfers of \$0.26 million, non-operating expenses of \$1.30 million.

The Water Quality Fund was established to account for the revenues and expenses of developing and operating storm water related activities. The net position of the Water Quality Fund totaled \$21.60 million, an increase of \$0.64 million from the prior fiscal year. Revenues in excess of expenses primarily contributed to this increase.

As of June 30, 2020, the total net position of the Landfill Fund held a balance of \$44.00 million, an increase of \$3.04 million from the prior fiscal year, a 7.42% increase. Revenues in excess of expenses primarily contributed to this increase.

The other enterprise funds were established to account for the acquisition, operation and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. As of June 30, 2020 the other enterprise funds held total net position of \$3.67 million, a decrease of \$0.69 million over the previous fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund is the primary operating fund of the Government. Over the course of the year, the Urban County Council revises the budget numerous times; thus, exercising one of the primary duties of the Urban County Council as guardian of the Government's funds. Supplemental appropriations are approved to reflect actual beginning fund balances and to re-appropriate funds for capital projects. As the year progresses and actual revenue collections and budgetary experience is known, amendments are processed in order to reflect the actual results and revised expectations of future revenue and expenditures.

For fiscal year 2020, General Fund revenues totaled \$367.59 million, a decrease of 0.63% from the previous fiscal year. Total revenues were \$10.00 million below the final budgeted amount. This decrease in actual revenue is the result of COVID-19 on the local economy, which negatively affected the growth rate of both business returns and franchise fees. Total ad valorem taxes and charges for services were \$0.61 million below the final budgeted amount. Fines and forfeitures, intergovernmental, and property sales were \$0.18 million above the final budgeted amount. Investment returns were \$0.10 million above the final budgeted amount. Other income was \$0.07 million above the final budgeted amount. Total licenses and permits were \$9.74 below the final budgeted amount.

General Fund expenditures of the Government totaled \$348.23 million, a decrease of \$21.04 million, or 5.70% over the previous fiscal year. This is primarily due to COVID-19 grant reimbursement of \$20.77 million for CARES. Expenditures were \$33.07 million below the final budgeted amount. Operating expenditures were \$8.19 million below the final budgeted amount. Personnel expenditures, accounting for 62.52% of General Fund expenditures, were \$24.45 million below the final budgeted amount. Divisions with collective bargaining agreements had expenditures \$19.96 million below the final budgeted amount. Personnel expenditures from these divisions account for 51.87% of the General Fund expenditures. Please see Table 5 below for more details regarding the distribution of General Fund personnel costs and the changes from prior year.

**Table 5**  
**Lexington-Fayette Urban County Government**  
**Summary of General Fund Personnel Costs with Benefits**  
**For Years as Stated**  
**(in Thousands)**

| Departments                                | 2020      | 2019      | Change     | % Change | % General Fund Expenditures |
|--|-----------|-----------|------------|----------|-----------------------------|
| Non-Collective Bargaining Divisions        |           |           |            |          |                             |
| Administrative Services                    | \$6,005   | \$5,432   | \$573      | 10.5%    | 1.7%                        |
| Chief Development Officer                  | 2,861     | 421       | 2,440      | 579.6%   | 0.8%                        |
| Information Technology                     | 4,984     | 4,938     | 46         | 0.9%     | 1.4%                        |
| Department of Finance                      | 4,524     | 4,781     | (257)      | (5.4%)   | 1.3%                        |
| Department of General Services             | 4,355     | 3,989     | 366        | 9.2%     | 1.3%                        |
| Department of Law                          | 1,913     | 2,100     | (187)      | (8.9%)   | 0.5%                        |
| Department of Public Safety                | 6,445     | 4,568     | 1,877      | 41.1%    | 1.9%                        |
| Department of Social Services              | 6,816     | 7,177     | (361)      | (5.0%)   | 2.0%                        |
| Department of Environmental Quality & PW   | 10,035    | 5,930     | 4,105      | 69.2%    | 2.9%                        |
| Department of Planning, Preservation & Dev |           | 9,079     | (9,079)    | (100.0%) | 0.0%                        |
| General Government                         | 6,406     | 6,492     | (86)       | (1.3%)   | 1.8%                        |
| Parks and Recreation                       | 12,631    | 13,543    | (912)      | (6.7%)   | 3.6%                        |
| Total Non-Collective Bargaining Divisions  | 66,975    | 68,450    | (1,475)    | (2.2%)   | 19.2%                       |
| Divisions with Collective Bargaining       |           |           |            |          |                             |
| Police                                     | 59,908    | 69,487    | (9,579)    | (13.8%)  | 17.2%                       |
| Community Corrections                      | 26,495    | 26,128    | 367        | 1.4%     | 7.6%                        |
| Fire & Emergency Services                  | 64,321    | 69,105    | (4,784)    | (6.9%)   | 18.5%                       |
| Total Collective Bargaining Divisions      | 150,724   | 164,720   | (13,996)   | (8.5%)   | 43.3%                       |
| Total Personnel Costs with Benefits        | \$217,699 | \$233,170 | (\$15,471) | (6.6%)   | 62.5%                       |

\*In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

## CAPITAL ASSETS

The Government's capital assets totaled \$1.43 billion as of June 30, 2020, details of which are in Note 3.B. to the financial statements. This investment includes land, buildings, equipment, park facilities, roads, bridges, and sewer systems. For Governmental Activities, the net investment in capital assets totaled \$693.35 million. Governmental Activities net investment in capital assets increased by \$26.08 million from the prior fiscal year. The net investment in capital assets of Business-Type Activities totaled \$301.49 million, an increase of \$25.88 million over the previous fiscal year.

This year's major changes in capital assets included:

- Governmental Activities total capital assets decreased by \$26.26 million compared to the previous fiscal year. The decrease was primarily due to depreciation of \$57.96 million and asset retirements of \$1.69 million, offset by a prior period adjustment increase of \$1.57 million and capital additions of \$31.82 million. Developments in progress decreased by \$0.14 million and were placed in service. Developments in progress relate to the Exaction Area Master Plan (EAMP), additional details can be found in Note 1.D. Infrastructure decreased \$27.00 primarily due to depreciation of \$35.13 million, offset by additions of \$1.68 million, a prior period adjustment of \$2.61 million, and assets placed in service of \$3.84 million.
- Capital assets for Business-Type Activities increased by \$30.82 million. The overall increase was primarily due to additions of \$49.13 million and a prior period adjustment of \$0.43 million, offset by depreciation of \$18.28 million and retirements of \$0.46 million. The increase represents several projects underway related to the Government's Remedial Measures Plan, filed with the Environmental Protection Agency. Additional information can be found in Note 5.B. to the financial statements.

- Construction in progress assets totaled \$19.94 million in the Governmental Activities and \$71.46 million in Business-Type Activities. The overall decrease from the previous year in construction in progress assets totaled \$61.77 million. The decrease was primarily due to additions of \$61.86 million offset by a prior period adjustment of \$1.04 million, net asset retirements of \$1.99 million, and assets placed in service of \$120.60 million.

**Table 6**  
**Lexington-Fayette Urban County Government**  
**Summary of Capital Assets**  
**For Years as Stated**  
**(in thousands)**

|                                      | <b>Governmental Activities</b> |                  | <b>Business-Type Activities</b> |                  | <b>Total Primary Government</b> |                    |
|--------------------------------------|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|--------------------|
|                                      | <b>2020</b>                    | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>        |
| Land                                 | \$62,895                       | \$62,866         | \$46,422                        | \$46,422         | \$109,317                       | \$109,288          |
| Purchase of Development Rights       | 81,923                         | 80,603           |                                 |                  | 81,923                          | 80,603             |
| Intangibles                          | 13,990                         | 12,891           | 2,951                           | 3,743            | 16,941                          | 16,634             |
| Buildings                            | 111,878                        | 108,617          | 24,757                          | 28,203           | 136,635                         | 136,820            |
| Vehicles, Equipment, & Furniture     | 46,887                         | 44,344           | 17,589                          | 19,476           | 64,476                          | 63,820             |
| Land and Leasehold Improvements      | 18,531                         | 15,762           | 5,988                           | 6,432            | 24,519                          | 22,194             |
| Infrastructure & Sewer Lines/Plants* | 555,105                        | 582,102          | 350,282                         | 261,149          | 905,387                         | 843,251            |
| Construction in Progress*            | 19,942                         | 30,082           | 71,455                          | 123,080          | 91,397                          | 153,162            |
| Developments in Progress             | 157                            | 296              | 0                               | 116              | 157                             | 412                |
| Total                                | <u>\$911,308</u>               | <u>\$937,563</u> | <u>\$519,444</u>                | <u>\$488,621</u> | <u>\$1,430,752</u>              | <u>\$1,426,184</u> |

\* Restated beginning balance due to prior period adjustment, see Note 2.D. to the financial statements.

Additional information on the Government's capital assets activity can be found in Note 3.B. to the financial statements.

## DEBT ADMINISTRATION

The Government began issuing General Obligation (GO) bonds in fiscal year 1999 because of changes in state law that had previously precluded this type of financing. Since GO bonds are backed by the full faith and credit of the Government, they carry a higher credit rating than other forms of debt and have lower interest rates. As a result, future debt issues on behalf of the Government will be GO debt, unless such debt is secured by Enterprise Fund activities.

Prior to the issuance of GO bonds, mortgage revenue bonds were issued through various public corporations in order to finance public projects. For mortgage revenue bonds, the Government enters into annual renewable lease agreements automatically with the corporations whereby lease payments from the Government, combined with revenues generated by the operation of the facilities, are sufficient to meet debt service obligations. The underlying security for the bond is the annual lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds, are issued to finance improvements to the sanitary sewer system.

At the end of fiscal year 2020, the Government had \$646.33 million in bonds and notes outstanding; Governmental Activities' debt decreased by \$13.92 million and total debt increased by \$34.64 million. The increase in debt for Governmental Activities resulted primarily from the issuance of GO bonds totaling \$20.28 million, offset by principal payments and amortized bond costs in the current fiscal year on outstanding debt of \$34.20 million. The Business-Type Activities debt increased \$48.57 million primarily from bond and note payable proceeds of \$62.36 million, offset by principal payments and amortized bond costs of \$13.79 million.

Despite legal changes that provide for the issuance of GO debt, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of GO debt cannot exceed 10% of the value of taxable property in the county, or \$3.46 billion. State law provides the same

limitation as set forth in the constitution except that the limitation applies to “net indebtedness”, which excludes self-supporting obligations, revenue bonds, special assessment debt and non-tax supported debt issued prior to July 15, 1996 (the effective date of the previously discussed statutory change). The total amount of debt subject to the legal limitation is \$362.80 million.

**Table 7**  
**Lexington-Fayette Urban County Government**  
**Summary of Outstanding Debt**  
**For Years as Stated**  
**(in thousands)**

|   | <b>Governmental</b> |                  | <b>Business-Type Activities</b> |                  | <b>Total Primary Government</b> |                  |
|---|---------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|
|   | <b>2020</b>         | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>      |
| General Obligation Bonds, Notes, Leases | \$388,498           | \$402,421        | \$138,742                       | \$138,261        | \$527,240                       | \$540,682        |
| Mortgage Revenue Bonds                  |                     |                  | 41,248                          | 43,965           | 41,248                          | 43,965           |
| Revenue Bonds                           |                     |                  | 77,837                          | 27,036           | 77,837                          | 27,036           |
| Total                                   | <u>\$388,498</u>    | <u>\$402,421</u> | <u>\$257,827</u>                | <u>\$209,262</u> | <u>\$646,325</u>                | <u>\$611,683</u> |

The Government maintains a general obligation bond rating of “Aa2” from Moody’s and “AA” from Standard & Poor’s. The revenue bonds of the sanitary sewer system have a bond rating of “Aa2” from Moody’s and “AA” from Standard & Poor’s. The rating of the Government’s mortgage revenue debt is “Aa3” from Moody’s and “AA-” from Standard & Poor’s. The Government has not issued mortgage revenue debt since 1998 due to changes in state law that provided for the issuance of general obligation debt. Additional information regarding the Government’s long-term debt can be found in Note 3.D. to the financial statements.

## **NEXT YEAR’S BUDGET**

The Lexington-Fayette Urban County Government Fiscal Year 2020 Budget, for all funds combined, net of interfund transfers, is \$605,007 million. Significant initiatives in the budget include:

- A commitment of \$67.77 million for storm sewer projects and programs as required by the Environmental Protection Agency Consent Decree, which will include the issuance of Sewer Revenue Bonds. For additional information see Note 7.
- GO bonds were approved as part of the fiscal year 2020 budget for \$6.80 million. The bonds will fund projects for Public Safety, building and infrastructure improvements, and fleet replacement.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Commissioner of Finance, 200 East Main Street, Lexington-Fayette Urban County Government, Lexington, Kentucky, 40507.

## **BASIC FINANCIAL STATEMENTS**

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

|  | <b>Primary Government</b>      |                                 |                        |                        |
|--|--------------------------------|---------------------------------|------------------------|------------------------|
|  | <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>           | <b>Component Units</b> |
| <b>ASSETS</b>                                    |                                |                                 |                        |                        |
| Cash   | \$60,433,621                   | \$51,697,668                    | \$112,131,289          | \$55,976,528           |
| Investments                                      | 45,817,180                     | 63,219,266                      | 109,036,446            | 23,961,690             |
| Receivables (Net)                                | 45,887,612                     | 5,769,278                       | 51,656,890             | 2,815,982              |
| Due from Other Governments                       | 25,378,274                     |                                 | 25,378,274             | 4,621,197              |
| Due from Primary Government                      |                                |                                 |                        | 1,965,970              |
| Other Current Assets                             |                                |                                 |                        | 762,402                |
| Inventories and Prepaid Expenses                 | 2,865,929                      | 115,832                         | 2,981,761              | 1,012,349              |
| Net Pension Asset                                | 21,929,685                     |                                 | 21,929,685             | 653,456                |
| Restricted Assets:                               |                                |                                 |                        |                        |
| Cash   |                                |                                 |                        | 11,762,824             |
| Receivables (Net)                                | 4,780,614                      |                                 | 4,780,614              | 1,143,052              |
| Grants Receivable                                | 1,000,000                      |                                 | 1,000,000              | 2,601,761              |
| Investments                                      | 37,380,922                     | 45,954,305                      | 83,335,227             | 186,518,310            |
| Other  |                                |                                 |                        | 48,079                 |
| Capital Assets:                                  |                                |                                 |                        |                        |
| Non-depreciable                                  | 175,028,842                    | 118,591,846                     | 293,620,688            | 232,499,695            |
| Depreciable (Net)                                | 736,279,031                    | 400,850,989                     | 1,137,130,020          | 210,979,185            |
| Other Assets                                     | 1,369,101                      |                                 | 1,369,101              | 2,029,503              |
| <b>Total Assets</b>                              | <b>\$1,158,150,811</b>         | <b>\$686,199,184</b>            | <b>\$1,844,349,995</b> | <b>\$739,351,983</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                                |                                 |                        |                        |
| Deferred Amount on Bond Refunding                | \$3,361,795                    | \$2,697,946                     | \$6,059,741            | \$1,183,176            |
| Deferred Pension Amounts                         | 173,331,885                    | 9,472,675                       | 182,804,560            | 12,568,050             |
| Deferred Other Post Employment Benefit Amounts   | 43,303,187                     | 4,019,084                       | 47,322,271             | 4,201,429              |
| Deferred Amount on Note Payable                  |                                |                                 |                        | 2,625,000              |
| <b>Total Deferred Outflows of Resources</b>      | <b>\$219,996,867</b>           | <b>\$16,189,705</b>             | <b>\$236,186,572</b>   | <b>\$20,577,655</b>    |
| <b>LIABILITIES</b>                               |                                |                                 |                        |                        |
| Accounts, Contracts Payable and                  |                                |                                 |                        |                        |
| Accrued Liabilities                              | \$16,940,804                   | \$8,745,650                     | \$25,686,454           | \$19,026,976           |
| Interest Payable                                 | 4,684,569                      | 411,201                         | 5,095,770              | 138                    |
| Internal Balances                                | 1,726,852                      | (1,726,852)                     |                        |                        |
| Due to Other Governments                         | 493,366                        |                                 | 493,366                |                        |
| Due to Component Units                           | 1,965,970                      |                                 | 1,965,970              | 2,625,000              |
| Unearned Revenue and Other                       | 3,355,603                      | 22,792                          | 3,378,395              | 357,472                |
| Claims Liabilities                               | 29,362,172                     |                                 | 29,362,172             |                        |
| Liabilities Payable from                         |                                |                                 |                        |                        |
| Restricted Assets:                               |                                |                                 |                        |                        |
| Accounts, Contracts and Retainage Payable        |                                | 3,620,224                       | 3,620,224              | 3,219,400              |
| Bonds and Notes Payable                          |                                | 11,195,216                      | 11,195,216             |                        |
| Interest Payable                                 |                                | 956,400                         | 956,400                | 1,319,783              |
| Noncurrent Liabilities:                          |                                |                                 |                        |                        |
| Due Within One Year:                             |                                |                                 |                        |                        |
| Bonds and Notes Payable                          | 33,720,000                     | 2,652,351                       | 36,372,351             | 9,339,999              |
| Compensated Absences                             | 4,017,978                      | 901,314                         | 4,919,292              | 602,853                |
| Landfill Closure and Postclosure Care Costs      |                                | 442,205                         | 442,205                |                        |
| Due in More Than One Year:                       |                                |                                 |                        |                        |
| Unearned Revenue and Other                       | 5,750                          |                                 | 5,750                  | 341,027                |
| Bonds and Notes Payable                          | 354,778,338                    | 243,979,021                     | 598,757,359            | 316,794,524            |
| Compensated Absences                             | 24,681,862                     | 1,492,353                       | 26,174,215             | 911,766                |
| Landfill Closure and Postclosure Care Costs      |                                | 11,522,165                      | 11,522,165             |                        |
| Unfunded Other Post Retirement Benefit Liability | 337,040,126                    | 10,124,441                      | 347,164,567            | 14,575,870             |
| Unfunded Pension Liability                       | 509,367,009                    | 41,180,750                      | 550,547,759            | 82,440,466             |
| <b>Total Liabilities</b>                         | <b>\$1,322,140,399</b>         | <b>\$335,519,231</b>            | <b>\$1,657,659,630</b> | <b>\$451,555,274</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                                |                                 |                        |                        |
| Deferred Pension Amounts                         | 23,745,609                     | \$1,907,324                     | \$25,652,933           | \$4,484,895            |
| Deferred Other Post Employment Benefit Amounts   | 117,539,322                    | 3,612,998                       | 121,152,320            | 3,524,247              |
| Deferred Amount on Bond Refunding                |                                |                                 |                        | 185,890                |
| <b>Total Deferred Inflows of Resources</b>       | <b>\$141,284,931</b>           | <b>\$5,520,322</b>              | <b>\$146,805,253</b>   | <b>\$8,195,032</b>     |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

|                                  | <b>Primary Government</b>          |                                     |                      |                            |
|----------------------------------|------------------------------------|-------------------------------------|----------------------|----------------------------|
|                                  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         | <b>Component<br/>Units</b> |
| <b>NET POSITION</b>              |                                    |                                     |                      |                            |
| Net Investment in Capital Assets | \$693,353,437                      | \$301,488,408                       | \$994,841,845        | \$266,836,240              |
| Restricted for:                  |                                    |                                     |                      |                            |
| Governmental and Program Funds   |                                    |                                     |                      | 1,472,084                  |
| Fees                             |                                    |                                     |                      | 492,153                    |
| Capital Projects                 | 39,554,277                         | 3,976,035                           | 43,530,312           | 2,601,761                  |
| Energy Improvement Projects      | 264,880                            | 849,710                             | 1,114,590            |                            |
| Debt Service                     | 1,222,654                          | 2,735,764                           | 3,958,418            | 41,163,014                 |
| Capital Replacement              |                                    | 2,285,855                           | 2,285,855            |                            |
| Pension                          | 21,929,685                         |                                     | 21,929,685           |                            |
| Water Quality Incentive Program  |                                    | 5,793,779                           | 5,793,779            |                            |
| Grants                           | 266,013                            |                                     | 266,013              |                            |
| Maintenance and Operations       |                                    | 1,215,302                           | 1,215,302            |                            |
| Unrestricted (Deficit)           | (841,868,598)                      | 43,004,483                          | (798,864,115)        | (12,385,920)               |
| <b>Total Net Position</b>        | <b>(\$85,277,652)</b>              | <b>\$361,349,336</b>                | <b>\$276,071,684</b> | <b>\$300,179,332</b>       |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

| Function/Program Activities           | Program Revenues   |                      |                                    |                                  | Net (Expenses) Revenue and Changes in Net Position |                          |                      |
|---------------------------------------|--------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|
|                                       | Expenses           | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                 |                          |                      |
|                                       |                    |                      |                                    |                                  | Governmental Activities                            | Business-Type Activities | Total                |
| <b>Primary Government:</b>            |                    |                      |                                    |                                  |  |                          |                      |
| Governmental Activities:              |                    |                      |                                    |                                  |  |                          |                      |
| Administrative Services               | \$11,693,590       | \$480,879            | \$1,680,271                        | \$1,099,282                      | (\$8,433,158)                                      | \$0                      | (\$8,433,158)        |
| Chief Development Officer             | 4,475,178          | 190,118              |                                    | 855,151                          | (3,429,909)  |                          | (3,429,909)          |
| Community Corrections                 | 40,829,856         | 9,225,735            | 188,980                            |                                  | (31,415,141)                                       |                          | (31,415,141)         |
| Environmental Quality & Public Works  | 99,634,822         | 4,851,621            | 319,779                            | 7,526,024                        | (86,937,398)                                       |                          | (86,937,398)         |
| Finance                               | 38,586,921         | 399,959              |                                    |                                  | (38,186,962)                                       |                          | (38,186,962)         |
| Fire & Emergency Services             | 97,423,698         | 8,724,174            | 3,565,280                          |                                  | (85,134,244)                                       |                          | (85,134,244)         |
| General Government                    | 32,298,976         | 17,275,262           | 1,071,157                          | 63,510                           | (13,889,047)                                       |                          | (13,889,047)         |
| General Services                      | 13,771,668         | 7,724                |                                    |                                  | (13,763,944)                                       |                          | (13,763,944)         |
| Health, Dental, and Vision            | 28,527,889         | 28,527,889           |                                    |                                  |  |                          |                      |
| Information Technology                | 11,932,762         | 598                  |                                    |                                  | (11,932,164)                                       |                          | (11,932,164)         |
| Law                                   | 2,276,542          | 20,731               |                                    |                                  | (2,255,811)  |                          | (2,255,811)          |
| Parks & Recreation                    | 21,973,908         | 3,418,739            | 203,984                            |                                  | (18,351,185)                                       |                          | (18,351,185)         |
| Planning, Preservation, & Development | 658,637            | (651)                |                                    |                                  | (659,288)  |                          | (659,288)            |
| Police                                | 98,572,293         | 1,889,897            | 12,245,742                         | 166,481                          | (84,270,173)                                       |                          | (84,270,173)         |
| Public Safety                         | 15,881,668         | 792,741              | 13,498,077                         |                                  | (1,590,850)  |                          | (1,590,850)          |
| Social Services                       | 14,413,447         | 2,097,349            | 1,410,454                          |                                  | (10,905,644)                                       |                          | (10,905,644)         |
| Interest on Long-Term Debt            | 15,587,055         |                      |                                    |                                  | (15,587,055)                                       |                          | (15,587,055)         |
| <b>Total Governmental Activities</b>  | <b>548,538,910</b> | <b>77,902,765</b>    | <b>34,183,724</b>                  | <b>9,710,448</b>                 | <b>(426,741,973)</b>                               | <b>0</b>                 | <b>(426,741,973)</b> |
| Business-Type Activities:             |                    |                      |                                    |                                  |  |                          |                      |
| Sanitary Sewer System                 | 65,670,252         | 77,458,054           |                                    |                                  |  | 11,787,802               | 11,787,802           |
| Public Facilities                     | 6,898,732          | 5,978,762            |                                    |                                  |  | (919,970)                | (919,970)            |
| Landfill                              | 4,677,693          | 7,217,580            |                                    |                                  |  | 2,539,887                | 2,539,887            |
| Right of Way                          | 626,891            | 773,172              |                                    |                                  |  | 146,281                  | 146,281              |
| Extended School Program               | 1,802,941          | 1,500,645            |                                    |                                  |  | (302,296)                | (302,296)            |
| Enhanced 911                          | 5,074,477          | 4,470,178            |                                    |                                  |  | (604,299)                | (604,299)            |
| CKY Network                           | 417,102            | 458,376              |                                    |                                  |  | 41,274                   | 41,274               |
| Water Quality                         | 14,744,923         | 15,343,166           |                                    |                                  |  | 598,243                  | 598,243              |
| <b>Total Business-Type Activities</b> | <b>99,913,011</b>  | <b>113,199,933</b>   | <b>0</b>                           | <b>0</b>                         | <b>0</b>   | <b>13,286,922</b>        | <b>13,286,922</b>    |
| Total Primary Government              | \$648,451,921      | \$191,102,698        | \$34,183,724                       | \$9,710,448                      | (\$426,741,973)                                    | \$13,286,922             | (\$413,455,051)      |



**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

| Function/Program Activities<br>Component Units:               | Program Revenues     |                         |                                       |                                     | Net (Expenses) Revenue and<br>Changes in Net Position |                             |                      |
|---|----------------------|-------------------------|---------------------------------------|-------------------------------------|---|-----------------------------|----------------------|
|   | Expenses             | Charges for<br>Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Primary Government                                    |                             |                      |
|   |                      |                         |                                       |                                     | Governmental<br>Activities                            | Business-Type<br>Activities | Total                |
| Lexington Center Corporation                                  | \$43,288,850         | \$12,899,085            | \$747,502                             | \$167,800                           |   |                             |                      |
| Lexington Airport Board                                       | 26,721,884           | 19,887,238              | 3,228,827                             | 11,696,405                          |   |                             |                      |
| Fayette County Department of Health                           | 20,245,796           | 3,916,704               | 6,578,849                             |                                     |   |                             |                      |
| Nonmajor Component Units                                      | 52,468,665           | 3,827,687               | 10,946,369                            | 1,356,035                           |   |                             |                      |
| <b>Total Component Units</b>                                  | <b>\$142,725,195</b> | <b>\$40,530,714</b>     | <b>\$21,501,547</b>                   | <b>\$13,220,240</b>                 | <b>\$0</b>  | <b>\$0</b>                  | <b>\$0</b>           |
| <b>General Revenues:</b>                                      |                      |                         |                                       |                                     |   |                             |                      |
| Property Taxes  |                      |                         |                                       |                                     | \$66,619,933  | \$0                         | \$66,619,933         |
| Licenses Fees - Wages and Net Profits Taxes                   |                      |                         |                                       |                                     | 304,493,274   |                             | 304,493,274          |
| Grants and Contributions Not Restricted to Specific Programs: |                      |                         |                                       |                                     |   |                             |                      |
| Community Development Block Grant                             |                      |                         |                                       |                                     | 2,433,102   |                             | 2,433,102            |
| Income on Investments   |                      |                         |                                       |                                     | 1,974,061   | 1,652,479                   | 3,626,540            |
| Net Change in Fair Value of Investments                       |                      |                         |                                       |                                     |   |                             | 5,944,753            |
| Gain on Sale of Capital Assets                                |                      |                         |                                       |                                     |   |                             | 463,895              |
| Miscellaneous   |                      |                         |                                       |                                     |   |                             | 45,783               |
| Transfers   |                      |                         |                                       |                                     | (349,759)   | 349,759                     | (317,904)            |
| <b>Total General Revenues and Transfers</b>                   |                      |                         |                                       |                                     | <b>375,170,611</b>                                    | <b>2,002,238</b>            | <b>377,172,849</b>   |
| Change in Net Position  |                      |                         |                                       |                                     | (51,571,362)  | 15,289,160                  | (36,282,202)         |
| Net Position, Beginning                                       |                      |                         |                                       |                                     | (31,516,697)  | 345,925,829                 | 314,409,132          |
| Adjustment to Opening Net Position (Note 2.D.)                |                      |                         |                                       |                                     | (2,189,593)   | 134,347                     | (2,055,246)          |
| Net Position, Beginning - Restated                            |                      |                         |                                       |                                     | (33,706,290)  | 346,060,176                 | 312,353,886          |
| Net Position, Ending  |                      |                         |                                       |                                     | <b>(\$85,277,652)</b>                                 | <b>\$361,349,336</b>        | <b>\$276,071,684</b> |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

|  | <b>General</b>      | <b>Urban<br/>Services</b> | <b>Federal and<br/>State Grants</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|---------------------------|-------------------------------------|---|---|
| <b>ASSETS</b>                              |                     |                           |                                     |   |   |
| Cash                                       | \$1,097,544         | \$4,720,981               | \$414,472                           | \$16,960,448                            | \$23,193,445                            |
| Investments                                | 24,484,910          | 20,375,001                |                                     | 957,269                                 | 45,817,180                              |
| Receivables:                               |                     |                           |                                     |   |   |
| Loans                                      |                     |                           | 1,960,137                           |   | 1,960,137                               |
| License Fees                               | 36,708,979          |                           |                                     |   | 36,708,979                              |
| Other                                      | 11,718,635          | 126,284                   | 1,822,780                           | 589,136                                 | 14,256,835                              |
| Less Allowance for Uncollectible Amounts   | (5,107,370)         |                           | (1,960,137)                         |   | (7,067,507)                             |
| Due from Other Governments                 | 77,200              |                           | 25,301,074                          |   | 25,378,274                              |
| Due from Other Funds                       | 24,810,084          |                           |                                     |   | 24,810,084                              |
| Inventories and Prepaid Items              | 2,374,571           | 78,519                    |                                     |   | 2,453,090                               |
| Restricted Investments                     | 1,245,154           |                           | 29,167                              | 36,106,601                              | 37,380,922                              |
| <b>Total Assets</b>                        | <b>\$97,409,707</b> | <b>\$25,300,785</b>       | <b>\$27,567,493</b>                 | <b>\$54,613,454</b>                     | <b>\$204,891,439</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                           |                                     |   |   |
| Liabilities:                               |                     |                           |                                     |   |   |
| Accounts and Contracts Payable             | \$4,527,891         | \$1,027,205               | \$2,415,967                         | \$2,751,619                             | \$10,722,682                            |
| Accrued Payroll & Related Liabilities      | 4,674,573           | 404,103                   | 68,338                              |   | 5,147,014                               |
| Due to Other Funds                         |                     |                           | 24,817,175                          | 334,889                                 | 25,152,064                              |
| Due to Other Governments                   | 493,366             |                           |                                     |   | 493,366                                 |
| Due to Component Units                     | 1,965,970           |                           |                                     |   | 1,965,970                               |
| Unearned Revenue and Other                 | 1,833,818           |                           |                                     | 1,521,785                               | 3,355,603                               |
| <b>Total Liabilities</b>                   | <b>13,495,618</b>   | <b>1,431,308</b>          | <b>27,301,480</b>                   | <b>4,608,293</b>                        | <b>46,836,699</b>                       |
| Fund Balances:                             |                     |                           |                                     |   |   |
| Nonspendable                               | 2,374,571           | 78,519                    |                                     |   | 2,453,090                               |
| Restricted for:                            |                     |                           |                                     |   |   |
| Public Works                               |                     |                           |                                     | 9,055,584                               | 9,055,584                               |
| Public Safety                              | 1,222,654           |                           |                                     | 1,157,066                               | 2,379,720                               |
| Capital Projects                           |                     |                           |                                     | 39,554,277                              | 39,554,277                              |
| Grants Projects                            |                     |                           | 266,013                             |   | 266,013                                 |
| Urban Services                             |                     | 23,788,028                |                                     |   | 23,788,028                              |
| Energy Improvement Projects                | 261,950             | 2,930                     |                                     |   | 264,880                                 |
| Committed for:                             |                     |                           |                                     |   |   |
| General Government                         | 5,312,381           |                           |                                     |   | 5,312,381                               |
| Economic Stabilization                     | 42,476,494          |                           |                                     |   | 42,476,494                              |
| Assigned to:                               |                     |                           |                                     |   |   |
| General Government                         | 28,197,020          |                           |                                     | 238,234                                 | 28,435,254                              |
| Unassigned                                 | 4,069,019           |                           |                                     |   | 4,069,019                               |
| <b>Total Fund Balances</b>                 | <b>83,914,089</b>   | <b>23,869,477</b>         | <b>266,013</b>                      | <b>50,005,161</b>                       | <b>158,054,740</b>                      |
| <b>Total Liabilities and Fund Balances</b> | <b>\$97,409,707</b> | <b>\$25,300,785</b>       | <b>\$27,567,493</b>                 | <b>\$54,613,454</b>                     | <b>\$204,891,439</b>                    |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

|  |               |
|--|---------------|
| Total Fund balances - Governmental Funds | \$158,054,740 |
|--|---------------|

Amounts reported for Governmental Activities in the Statement of Net Position is different because:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

|                               |                      |             |
|-------------------------------|----------------------|-------------|
| Governmental capital assets   | 1,679,754,571        |             |
| Less accumulated depreciation | <u>(768,446,698)</u> | 911,307,873 |

|  |            |
|--|------------|
| The net pension asset is not an available resource and, therefore, is not reported in the funds. | 21,929,685 |
|--|------------|

Restricted receivables and other long-term assets are not available to pay for expenditures in the current period and, therefore, are not reported in the funds.

|                              |           |
|------------------------------|-----------|
| Restricted receivables (Net) | 5,780,615 |
| Other assets                 | 1,369,101 |

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

|   |                      |                 |
|---|----------------------|-----------------|
| Bonds and notes payable                                       | (388,498,338)        |                 |
| Unearned revenue and other                                    | (5,750)              |                 |
| Interest payable  | (4,684,569)          |                 |
| Compensated absences  | (28,699,840)         |                 |
| Unfunded pension liability and other post retirement benefits | <u>(846,407,135)</u> | (1,268,295,632) |

|   |           |
|---|-----------|
| Loss on debt refunding has been deferred in the Statement of Net Position (see Note 1.G.) | 3,361,795 |
|---|-----------|

|   |             |
|---|-------------|
| Outflows and inflows related to pension have been deferred in the Statement of Net Position | 149,586,276 |
|---|-------------|

|   |              |
|---|--------------|
| Outflows and inflows related to other post employment benefit amounts have been deferred in the Statement of Net Position | (74,236,135) |
|---|--------------|

|  |           |
|--|-----------|
| Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position. | 7,583,791 |
|--|-----------|

|  |                    |
|--|--------------------|
| Internal balances due to non-governmental activities related to items listed above | <u>(1,719,761)</u> |
|--|--------------------|

|   |                              |
|---|------------------------------|
| Net Position of Governmental Activities | <u><u>(\$85,277,652)</u></u> |
|---|------------------------------|

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

|  | <b>General</b>      | <b>Urban<br/>Services</b> | <b>Federal and<br/>State Grants</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|---------------------------|-------------------------------------|---|---|
| <b>REVENUES</b>  |                     |                           |                                     |   |   |
| License Fees and Permits   | \$309,112,251       | \$1,773,980               | \$0                                 | \$0                                     | \$310,886,231                           |
| Taxes  | 25,901,995          | 40,717,938                |                                     |   | 66,619,933                              |
| Charges for Services   | 26,275,626          | 1,072,904                 |                                     |   | 27,348,530                              |
| Fines and Forfeitures  | 182,230             |                           |                                     |   | 182,230                                 |
| Intergovernmental  | 857,714             |                           | 46,327,267                          | 7,493,616                               | 54,678,597                              |
| Exactions  |                     |                           |                                     | 79,066                                  | 79,066                                  |
| Property Sales   | 379,746             | 220,085                   |                                     |   | 599,831                                 |
| Income on Investments  | 1,282,752           | 398,930                   | 15,189                              | 277,190                                 | 1,974,061                               |
| Other  | 3,601,621           | 85,852                    | 1,298,897                           | 481,802                                 | 5,468,172                               |
| <b>Total Revenues</b>  | <b>367,593,935</b>  | <b>44,269,689</b>         | <b>47,641,353</b>                   | <b>8,331,674</b>                        | <b>467,836,651</b>                      |
| <b>EXPENDITURES</b>  |                     |                           |                                     |   |   |
| Current:   |                     |                           |                                     |   |   |
| Administrative Services  | 9,666,087           | 548,797                   | 1,556,865                           |   | 11,771,749                              |
| Chief Development Officer  | 3,141,622           |                           | 1,045,448                           |   | 4,187,070                               |
| Community Corrections  | 38,860,271          |                           | 266,691                             | 489,176                                 | 39,616,138                              |
| Environmental Quality & Public Works                                 | 14,265,770          | 35,033,064                | 464,904                             | 363,518                                 | 50,127,256                              |
| Finance  | 5,503,681           | 44,137                    | 17,585                              | 5,555                                   | 5,570,958                               |
| Fire and Emergency Services  | 74,151,317          |                           | 11,536,368                          |   | 85,687,685                              |
| General Government   | 1,534,908           | 3,300,217                 | 278,880                             | 38,560                                  | 5,152,565                               |
| General Services   | 8,376,302           | 252,266                   | 14,630                              |   | 8,643,198                               |
| Information Technology   | 9,774,362           | 634,171                   | 142,017                             |   | 10,550,550                              |
| Law  | 2,256,394           | 16,730                    | 56,438                              | 19,901                                  | 2,349,463                               |
| Outside Agencies   | 22,816,635          |                           | 2,611,359                           |   | 25,427,994                              |
| Parks and Recreation   | 19,112,077          |                           | 255,821                             | 822,685                                 | 20,190,583                              |
| Planning, Preservation, & Development                                |                     |                           |                                     | 97,481                                  | 97,481                                  |
| Police   | 67,263,586          |                           | 15,837,646                          | 549,580                                 | 83,650,812                              |
| Public Safety  | 14,798,119          |                           | 1,073,101                           |   | 15,871,220                              |
| Social Services  | 8,802,817           |                           | 2,071,350                           |   | 10,874,167                              |
| Debt Service:  |                     |                           |                                     |   |   |
| Principal  | 31,119,490          | 461,852                   |                                     | 258,658                                 | 31,840,000                              |
| Interest   | 15,662,147          | 201,927                   |                                     | 3,880                                   | 15,867,954                              |
| Other Debt Service   |                     |                           |                                     | 83,731                                  | 83,731                                  |
| Capital:   |                     |                           |                                     |   |   |
| Equipment  | 305,894             | 6,757,323                 | 1,697,483                           | 8,199,908                               | 16,960,608                              |
| Acquisitions and Construction  | 815,532             | 554,815                   | 11,005,649                          | 17,130,283                              | 29,506,279                              |
| <b>Total Expenditures</b>  | <b>348,227,011</b>  | <b>47,805,299</b>         | <b>49,932,235</b>                   | <b>28,062,916</b>                       | <b>474,027,461</b>                      |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>19,366,924</b>   | <b>(3,535,610)</b>        | <b>(2,290,882)</b>                  | <b>(19,731,242)</b>                     | <b>(6,190,810)</b>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                           |                                     |   |   |
| Issuance of Debt   |                     |                           |                                     | 18,110,000                              | 18,110,000                              |
| Premium on Bonds   |                     |                           |                                     | 2,250,106                               | 2,250,106                               |
| Discount on Bonds  |                     |                           |                                     | (75,157)                                | (75,157)                                |
| Transfers In   | 6,555,614           | 1,883,800                 | 2,410,764                           |   | 10,850,178                              |
| Transfers Out  | (6,634,920)         | (13,773)                  | (112,879)                           | (4,346,069)                             | (11,107,641)                            |
| <b>Total Other Financing Sources</b>                                 | <b>(79,306)</b>     | <b>1,870,027</b>          | <b>2,297,885</b>                    | <b>15,938,880</b>                       | <b>20,027,486</b>                       |
| <b>Net Change in Fund Balances</b>                                   | <b>19,287,618</b>   | <b>(1,665,583)</b>        | <b>7,003</b>                        | <b>(3,792,362)</b>                      | <b>13,836,676</b>                       |
| <b>Fund Balances, Beginning</b>                                      | <b>67,914,565</b>   | <b>25,842,822</b>         | <b>259,010</b>                      | <b>53,782,979</b>                       | <b>147,799,376</b>                      |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b>                | <b>(3,288,094)</b>  | <b>(307,762)</b>          |                                     | <b>14,544</b>                           | <b>(3,581,312)</b>                      |
| <b>Fund Balances, Beginning - Restated</b>                           | <b>64,626,471</b>   | <b>25,535,060</b>         | <b>259,010</b>                      | <b>53,797,523</b>                       | <b>144,218,064</b>                      |
| <b>Fund Balances, Ending</b>   | <b>\$83,914,089</b> | <b>\$23,869,477</b>       | <b>\$266,013</b>                    | <b>\$50,005,161</b>                     | <b>\$158,054,740</b>                    |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020**

Net change in fund balances - Governmental Funds \$13,836,676

Amounts reported for Governmental Activities in the Statement  
of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the  
Statement of Activities, the cost of those assets is depreciated over their  
estimated useful lives.

|                                |                     |              |
|--------------------------------|---------------------|--------------|
| Expenditure for capital assets | 31,821,599          |              |
| Less current year depreciation | <u>(57,957,307)</u> | (26,135,708) |

The net effect of various miscellaneous transactions involving capital assets  
(i.e. sales, trade-ins, and donations) is to decrease net position. (1,778,761)

The change in other assets is reported in the Statement of Activities and does not  
require the use of current resources, therefore the change is not reported as an  
expenditure in the funds:

|              |  |          |
|--------------|--|----------|
| Other assets |  | (55,170) |
|--------------|--|----------|

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues in the funds:

|               |  |        |
|---------------|--|--------|
| Exaction fees |  | 92,297 |
|---------------|--|--------|

Bond proceeds provide current financial resources to Governmental Funds,  
but issuing debt increases long-term liabilities in the Statement of Net  
Position. Repayment of bond principal is an expenditure in the Governmental  
Funds, but the repayment reduces long-term liabilities in the Statement of

Net Position.

|                    |                   |            |
|--------------------|-------------------|------------|
| Issuance of debt   | (18,110,000)      |            |
| Premium on bonds   | (2,250,106)       |            |
| Discount on bonds  | 75,157            |            |
| Principal payments | <u>31,840,000</u> | 11,555,051 |

Some expenses in the Statement of Activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures  
in the Governmental Funds.

|   |                    |              |
|---|--------------------|--------------|
| Change in net pension asset                                     | 480,886            |              |
| Amortization of current year bond (discounts) premiums          | 2,367,468          |              |
| Amortization of current year bond refunding losses              | (428,885)          |              |
| Change in unfunded pension liability                            | (65,717,183)       |              |
| Change in unfunded other post retirement<br>benefit liability   | (29,104,113)       |              |
| Change in deferred outflows from pension plans                  | (9,246,038)        |              |
| Change in deferred outflows from other post retirement benefits | 23,629,194         |              |
| Change in deferred inflows from pension plans                   | 13,168,676         |              |
| Change in deferred inflows from other post retirement benefits  | 16,572,421         |              |
| Unearned revenue and other                                      | 267,258            |              |
| Change in accrued interest payable                              | 280,899            |              |
| Change in restricted receivables (net)                          | 85,344             |              |
| Change in compensated absences                                  | <u>(2,287,506)</u> | (49,931,579) |

Internal Service Funds are used by management to charge self-insurance  
to individual funds. The net expense of the Internal Service Funds is  
reported within Governmental Activities.

845,832

Change in net position of Governmental Activities (\$51,571,362)

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

|  | Business-Type Activities Enterprise Funds |                               |                     |                     |                        | Governmental Activities Internal Service Funds |
|--|---|-------------------------------|---------------------|---------------------|------------------------|--|
|  | Sanitary Sewer System                     | Public Facilities Corporation | Landfill            | Water Quality       | Other Enterprise Funds | Total  |
| <b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>       |   |                               |                     |                     |                        |  |
| Current Assets:  |   |                               |                     |                     |                        |  |
| Cash   | \$7,952,227                               | \$2,842,116                   | \$15,849,803        | \$15,405,388        | \$9,648,134            | \$51,697,668                                   |
| Investments  | 26,076,510                                | 311,391                       | 30,226,832          | 5,111,616           | 1,492,917              | 63,219,266                                     |
| Receivables:   |   |                               |                     |                     |                        |  |
| User Fees Receivable                                     | 11,093,815                                |                               | 1,879,325           | 2,368,706           |                        | 15,341,846                                     |
| Other Receivables  | 501,253                                   | 35,312                        | 54,234              | 3,491               | 350,120                | 944,410  |
| Less Allowance for Uncollectible Accounts                | (7,645,501)                               |                               | (1,320,778)         | (1,514,832)         | (35,867)               | (10,516,978)                                   |
| Inventories and Prepaid Expenses                         | 61,633                                    |                               |                     | 2,813               | 51,386                 | 115,832  |
| Due from Other Funds                                     | 990                                       |                               | 792                 |                     | 5,309                  | 7,091  |
| <b>Total Current Assets</b>                              | <b>38,040,927</b>                         | <b>3,188,819</b>              | <b>46,690,208</b>   | <b>21,377,182</b>   | <b>11,511,999</b>      | <b>120,809,135</b>                             |
| Noncurrent Assets:                                       |   |                               |                     |                     |                        |  |
| Restricted Investments:                                  |   |                               |                     |                     |                        |  |
| Reserved for Construction & Capital Acquisitions         | 43,668,450                                |                               |                     |                     |                        | 43,668,450                                     |
| Reserved for Capital Replacement                         | 2,201,855                                 |                               |                     | 84,000              |                        | 2,285,855                                      |
| Capital Assets:  |   |                               |                     |                     |                        |  |
| Land   | 5,947,189                                 | 32,578,646                    | 5,194,637           | 2,701,225           |                        | 46,421,697                                     |
| Land Improvements  | 354,183                                   | 23,498,213                    | 16,832,022          | 169,259             | 10,000                 | 40,863,677                                     |
| Buildings  | 5,075,349                                 | 114,754,327                   | 800,936             | 179,393             | 7,514                  | 120,817,519                                    |
| Sewer Plants   | 291,581,736                               |                               | 88,764              |                     |                        | 291,670,500                                    |
| Sewer Lines  | 247,316,429                               |                               | 410,356             | 14,654,861          |                        | 262,381,646                                    |
| Leaschold Improvements                                   |   | 2,087,090                     |                     |                     |                        | 2,087,090                                      |
| Vehicles, Equipment, and Furniture                       | 34,783,196                                | 2,989,625                     | 242,814             | 251,666             | 2,957,296              | 41,224,597                                     |
| Intangibles  | 6,620,642                                 | 262,270                       | 597,535             | 1,120,656           | 1,490,573              | 10,091,676                                     |
| Less Accumulated Depreciation                            | (227,487,157)                             | (120,718,352)                 | (13,074,518)        | (2,168,826)         | (4,121,189)            | (367,570,042)                                  |
| Construction in Progress                                 | 70,651,763                                |                               | 367,320             | 435,392             |                        | 71,454,475                                     |
| <b>Total Noncurrent Assets</b>                           | <b>480,713,635</b>                        | <b>55,451,819</b>             | <b>11,459,866</b>   | <b>17,427,626</b>   | <b>344,194</b>         | <b>565,397,140</b>                             |
| <b>Total Assets</b>                                      | <b>\$18,754,562</b>                       | <b>\$8,640,638</b>            | <b>\$58,150,074</b> | <b>\$38,804,808</b> | <b>\$11,856,193</b>    | <b>\$686,206,275</b>                           |
| Deferred outflows of resources:                          |   |                               |                     |                     |                        |  |
| Deferred Amount on Bond Refunding                        | \$553,504                                 | \$2,144,442                   | \$0                 | \$0                 | \$0                    | \$2,697,946                                    |
| Deferred Other Post Employment Benefit Amounts           | 2,117,906                                 |                               | 189,726             | 1,028,729           | 682,723                | 4,019,084                                      |
| Deferred Pension Amounts                                 | 4,986,668                                 |                               | 457,885             | 2,411,736           | 1,616,386              | 9,472,675                                      |
| <b>Total Deferred Outflows of Resources</b>              | <b>7,658,078</b>                          | <b>2,144,442</b>              | <b>647,611</b>      | <b>3,440,465</b>    | <b>2,299,109</b>       | <b>16,189,705</b>                              |
| <b>Total Assets &amp; Deferred Outflows of Resources</b> | <b>\$526,412,640</b>                      | <b>\$60,785,080</b>           | <b>\$58,797,685</b> | <b>\$42,245,273</b> | <b>\$14,155,302</b>    | <b>\$702,395,980</b>                           |
|  |   |                               |                     |                     |                        | <b>\$38,017,071</b>                            |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2020

|   | Business-Type Activities Enterprise Funds |                               |              |               |                        | Governmental Activities Internal Service Funds |
|---|---|-------------------------------|--------------|---------------|------------------------|--|
|   | Sanitary Sewer System                     | Public Facilities Corporation | Landfill     | Water Quality | Other Enterprise Funds | Total  |
| <b>LIABILITIES</b>  |   |                               |              |               |                        |  |
| Current Liabilities:  |   |                               |              |               |                        |  |
| Accounts, Contracts and Retainage Payable   | \$6,849,362                               | \$116,205                     | \$147,839    | \$989,385     | \$41,648               | \$8,144,439                                    |
| Accrued Payroll   | 301,426                                   |                               | 27,575       | 135,701       | 136,509                | 601,211  |
| Claims Payable  |   |                               |              |               |                        |  |
| Bonds Payable   |   | 2,390,000                     |              | 262,351       |                        | 2,652,351                                      |
| Interest Payable  |   | 404,634                       |              | 6,567         |                        | 411,201  |
| Unearned Revenue and Other  |   |                               | 440          | 22,352        |                        | 22,792   |
| Compensated Absences  | 372,063                                   |                               |              | 185,640       | 336,780                | 901,314  |
| Landfill Closure and Postclosure Care Costs   |   |                               | 6,831        |               |                        | 442,205  |
| Payable from Restricted Investments:  |   |                               | 442,205      |               |                        |  |
| Accounts, Contracts and Retainage Payable   | 3,620,224                                 |                               |              |               |                        | 3,620,224                                      |
| Bonds and Notes Payable   | 11,195,216                                |                               |              |               |                        | 11,195,216                                     |
| Interest Payable  | 956,400                                   |                               |              |               |                        | 956,400  |
| <b>Total Current Liabilities</b>  | 23,294,691                                | 2,910,839                     | 624,890      | 1,601,996     | 514,937                | 28,947,353                                     |
| Noncurrent Liabilities:   |   |                               |              |               |                        |  |
| Bonds and Notes Payable   | 200,918,476                               | 38,857,562                    |              | 4,202,983     |                        | 243,979,021                                    |
| Compensated Absences  | 868,147                                   |                               | 61,475       | 185,640       | 377,091                | 1,492,353                                      |
| Landfill Closure and Postclosure Care Costs   |   |                               | 11,522,165   |               |                        | 11,522,165                                     |
| Unfunded Other Post Employment Benefit Liability  | 5,342,730                                 |                               | 462,036      | 2,610,606     | 1,709,069              | 10,124,441                                     |
| Unfunded Pension Liability  | 21,731,338                                |                               | 1,879,312    | 10,618,532    | 6,951,568              | 41,180,750                                     |
| <b>Total Noncurrent Liabilities</b>   | 228,860,691                               | 38,857,562                    | 13,924,988   | 17,617,761    | 9,037,728              | 308,298,730                                    |
| <b>Total Liabilities</b>  | \$252,155,382                             | \$41,768,401                  | \$14,549,878 | \$19,219,757  | \$9,552,665            | \$337,246,083                                  |
| Deferred Inflows of Resources   |   |                               |              |               |                        |  |
| Deferred Other Post Employment Benefit Amounts  | \$1,906,602                               | \$0                           | \$164,882    | \$931,618     | \$609,896              | \$3,612,998                                    |
| Deferred Pension Amounts  | 1,006,507                                 |                               | 87,042       | 491,807       | 321,968                | 1,907,324                                      |
| <b>Total Deferred Inflows of Resources</b>  | 2,913,109                                 | 0                             | 251,924      | 1,423,425     | 931,864                | 5,520,322                                      |
| <b>Total Liabilities &amp; Deferred Inflows of Resources</b>  | \$255,068,491                             | \$41,768,401                  | \$14,801,802 | \$20,643,182  | \$10,484,529           | \$342,766,405                                  |
| <b>NET POSITION</b>   |   |                               |              |               |                        |  |
| Net Investment in Capital Assets  | \$262,601,796                             | \$14,204,258                  | \$11,459,869 | \$12,878,291  | \$344,194              | \$301,488,408                                  |
| Restricted for:   |   |                               |              |               |                        |  |
| Capital Projects - Park Acquisition   |   |                               |              |               |                        |  |
| Debt Service  | 2,735,764                                 | 3,976,035                     |              |               |                        | 3,976,035                                      |
| Capital Replacement   | 2,201,855                                 |                               |              | 84,000        |                        | 2,735,764                                      |
| Energy Improvement Projects   | 849,710                                   |                               |              |               |                        | 2,285,855                                      |
| Water Quality Incentive Program   |   |                               |              | 5,793,779     |                        | 849,710  |
| Maintenance and Operations  |   | 1,215,302                     |              |               |                        | 5,793,779                                      |
| Unrestricted  | 2,955,024                                 | (378,916)                     | 32,536,014   | 2,846,021     | 3,326,579              | 1,215,302                                      |
| <b>Total Net Position</b>   | \$271,344,149                             | \$19,016,679                  | \$43,995,883 | \$21,602,091  | \$3,670,773            | 41,284,722                                     |
|   |   |                               |              |               |                        | 7,583,791                                      |
|   |   |                               |              |               |                        | \$7,583,791                                    |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |   |                               |              |               |                        |  |
| Net Position of Business-Type Activities  |   |                               |              |               |                        | 1,719,761                                      |
|   |   |                               |              |               |                        | \$361,349,336                                  |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

|                          | Business-Type Activities<br>Enterprise Funds |                                     |             |               | Governmental<br>Activities<br>Internal Service<br>Funds |              |            |
|--------------------------|--|-------------------------------------|-------------|---------------|---|--------------|------------|
|                          | Sanitary<br>Sewer System                     | Public<br>Facilities<br>Corporation | Landfill    | Water Quality | Other<br>Enterprise<br>Funds                            | Total        |            |
| OPERATING REVENUES       | User Charges                                 | \$0                                 | \$6,801,150 | \$15,164,649  | \$0   | \$85,716,473 |            |
|                          | Fees   | 2,338,996                           | 316,387     | 1,209         | 6,422,944   | 9,476,621    |            |
|                          | Exactions                                    | 131,575                             |             |               |   | 131,575      |            |
|                          | License Fees and Permits                     |                                     |             |               | 773,172   | 773,172      |            |
|                          | Rental Income                                | 5,002,061                           |             |               |   | 5,002,061    |            |
|                          | Theater Revenues                             | 579,616                             |             |               |   | 579,616      |            |
|                          | Other  | 11,013,992                          |             | 100,043       | 175,284   | 6,255        | 11,295,574 |
| Total Operating Revenues | 77,235,237                                   | 5,978,762                           | 7,217,580   | 15,341,142    | 7,202,371   | 112,975,092  |            |
| OPERATING EXPENSES       | Treatment Plant                              | 8,491,727                           |             |               |   |              | 8,491,727  |
|                          | Collection System                            | 2,337,284                           |             |               |   |              | 2,337,284  |
|                          | Property Management                          | 1,759,855                           |             |               |   |              | 1,759,855  |
|                          | Theater Management                           | 525,177                             |             |               |   |              | 525,177    |
|                          | Landfill                                     |                                     |             | 2,624,708     |   |              | 2,624,708  |
|                          | Right of Way                                 |                                     |             |               |   | 620,567      | 620,567    |
|                          | Extended School Program                      |                                     |             |               |   | 1,548,320    | 1,548,320  |
|                          | Enhanced 911                                 |                                     |             |               |   | 4,900,007    | 4,900,007  |
|                          | CKY Network                                  |                                     |             |               |   | 417,102      | 417,102    |
|                          | Administration                               | 36,559,715                          |             | 1,461,081     | 14,092,827  | 251,510      | 52,365,133 |
|                          | Depreciation                                 | 13,649,916                          | 3,307,886   | 588,404       | 545,757   | 183,905      | 18,275,868 |
|                          | Claims and Benefit Payments                  |                                     |             |               |   |              |            |
|                          | Total Operating Expenses                     | 61,038,642                          | 5,592,918   | 4,674,193     | 14,638,584  | 7,921,411    | 93,865,748 |
|                          | Operating Income (Loss)                      | 16,196,595                          | 385,844     | 2,543,387     | 702,558   | (719,040)    | 19,109,344 |
|                          |  |                                     |             |               |   | 1,070,673    |            |



## LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

|   | Business-Type Activities |                               |              |               |                        | Governmental Activities |
|---|--------------------------|-------------------------------|--------------|---------------|------------------------|-------------------------|
|   | Enterprise Funds         |                               |              |               | Internal Service Funds |                         |
|   | Sanitary Sewer System    | Public Facilities Corporation | Landfill     | Water Quality | Other Enterprise Funds | Total                   |
| NONOPERATING REVENUES (EXPENSES)  |                          |                               |              |               |                        |                         |
| Income on Investments   | 975,252                  | 9,015                         | 507,406      | 107,232       | 53,574                 | 1,652,479               |
| Interest Expense and Fiscal Agent Fees  | (4,505,845)              | (1,566,955)                   |              | (83,231)      |                        | (6,156,031)             |
| Amortization of Bond Costs  | 278,410                  | 261,141                       |              |               |                        | 539,551                 |
| Gain (Loss) on Sale of Capital Assets   | (404,175)                |                               | (3,500)      | (23,108)      |                        | (430,783)               |
| Total Nonoperating Revenues (Expenses)  | (3,636,358)              | (1,296,799)                   | 503,906      | 893           | 53,574                 | (4,394,784)             |
|   |                          |                               |              |               |                        | 0                       |
| Income (Expenses) Before Transfers  |                          |                               |              |               |                        |                         |
| Transfers In  | 12,540,237               | (910,955)                     | 3,047,293    | 703,451       | (665,466)              | 14,714,560              |
| Transfers Out   | 280,000                  | 257,242                       |              | 220           | 200,000                | 737,462                 |
| Change in Net Position  | (187,703)                |                               |              |               | (200,000)              | (387,703)               |
|   | 12,632,534               | (653,713)                     | 3,047,293    | 703,671       | (665,466)              | 15,064,319              |
|   |                          |                               |              |               |                        | 1,070,673               |
| Net Position, Beginning   | 258,485,231              | 19,670,392                    | 40,955,462   | 20,958,876    | 4,360,948              | 6,513,118               |
| Adjustment to Opening Net Position (Note 2.D.)  | 226,384                  |                               | (6,872)      | (60,456)      | (24,709)               |                         |
| Net Position, Beginning - Restated  | 258,711,615              | 19,670,392                    | 40,948,590   | 20,898,420    | 4,336,239              | 6,513,118               |
| Net Position, Ending  | \$271,344,149            | \$19,016,679                  | \$43,995,883 | \$21,602,091  | \$3,670,773            | \$7,583,791             |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |                          |                               |              |               |                        |                         |
|   |                          |                               |              |               |                        | 224,841                 |
| Change in net position of Business-Type Activities  |                          |                               |              |               |                        | \$15,289,160            |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2020

|   | Business-Type Activities<br>Enterprise Funds |                                  |                     |                     |                              | Governmental<br>Activities<br>Internal Service<br>Funds |
|---|--|----------------------------------|---------------------|---------------------|------------------------------|---|
|   | Sanitary Sewer<br>System                     | Public Facilities<br>Corporation | Landfill            | Water Quality       | Other<br>Enterprise<br>Funds | Total   |
| <b>Cash Flows from Operating Activities:</b>                          |  |                                  |                     |                     |                              |   |
| Receipts from Customers   | \$76,609,449                                 | \$2,490,001                      | \$7,130,673         | \$15,133,969        | \$7,151,160                  | \$108,515,252   |
| Receipts from Employees and Other Sources                             |  |                                  |                     |                     |                              | \$0   |
| Receipts from Interfund Services Provided                             |  | 3,521,662                        |                     |                     |                              | 36,111,252  |
| Payments to Suppliers   | (31,752,368)                                 | (2,298,751)                      | (3,066,468)         | (5,977,734)         | (2,373,375)                  | 13,443,344  |
| Payments to Employees   | (12,387,954)                                 |                                  | (1,270,779)         | (5,941,228)         | (3,762,767)                  | (45,468,696)  |
| Payments for Interfund Services Used                                  | (2,843,419)                                  |                                  | (266,820)           | (1,225,111)         | (254,522)                    | (3,861,206)   |
| Payments for Claims   |  |                                  |                     |                     |                              | (23,362,728)  |
|   |  |                                  |                     |                     |                              | (4,589,872)   |
|   |  |                                  |                     |                     |                              | (40,846,433)  |
| <b>Net Cash Provided by (Used in) Operating Activities</b>            | <b>29,625,708</b>                            | <b>3,712,912</b>                 | <b>2,526,606</b>    | <b>1,989,896</b>    | <b>760,496</b>               | <b>38,615,618</b>                                       |
|   |  |                                  |                     |                     |                              | <b>4,846,957</b>  |
| <b>Cash Flows from Noncapital Financing Activities:</b>               |  |                                  |                     |                     |                              |   |
| Transfers In  | 280,000                                      | 257,242                          |                     | 220                 | 200,000                      | 737,462   |
| Transfers Out   | (187,703)                                    |                                  |                     |                     | (200,000)                    | (387,703)   |
| <b>Net Cash Provided by (Used in) Noncapital Financing Activities</b> | <b>92,297</b>                                | <b>257,242</b>                   | <b>0</b>            | <b>220</b>          | <b>0</b>                     | <b>349,759</b>  |
|   |  |                                  |                     |                     |                              | <b>0</b>  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>      |  |                                  |                     |                     |                              |   |
| Purchase of Capital Assets  | (47,035,420)                                 | (192,989)                        |                     | (1,835,608)         |                              | (49,064,017)  |
| Proceeds from Note Payable  | 62,362,441                                   |                                  |                     |                     |                              | 62,362,441  |
| Principal Paid on Bonds   | (10,482,732)                                 | (2,270,000)                      |                     | (257,654)           |                              | (13,010,386)  |
| Interest and Fiscal Agent Fees Paid on Bonds                          | (4,127,400)                                  | (1,566,955)                      |                     | (83,231)            |                              | (5,777,586)   |
| Proceeds on Sale of Capital Assets                                    | 32,493                                       |                                  |                     |                     |                              | 32,493  |
| <b>Net Cash Used in Capital and Related Financing Activities</b>      | <b>749,382</b>                               | <b>(4,029,944)</b>               | <b>0</b>            | <b>(2,176,493)</b>  | <b>0</b>                     | <b>(5,457,055)</b>                                      |
|   |  |                                  |                     |                     |                              | <b>0</b>  |
| <b>Cash Flows from Investing Activities:</b>                          |  |                                  |                     |                     |                              |   |
| Purchase of Investments   | (30,992,318)                                 | (9,014)                          | (4,468,276)         | (3,632,456)         | (19,952)                     | (39,122,016)  |
| Income on Investments   | 861,210                                      | 9,015                            | 507,406             | 113,327             | 53,574                       | 1,544,532   |
| <b>Net Cash Flows Provided by (Used in) Investing Activities</b>      | <b>(30,131,108)</b>                          | <b>1</b>                         | <b>(3,960,870)</b>  | <b>(3,519,129)</b>  | <b>33,622</b>                | <b>(37,577,484)</b>                                     |
|   |  |                                  |                     |                     |                              | <b>0</b>  |
| <b>Net Increase (Decrease)</b>  | <b>336,279</b>                               | <b>(59,789)</b>                  | <b>(1,434,264)</b>  | <b>(3,705,506)</b>  | <b>794,118</b>               | <b>(4,069,162)</b>                                      |
|   |  |                                  |                     |                     |                              | <b>4,846,957</b>  |
| <b>Cash at Beginning of Year</b>                                      | <b>7,615,948</b>                             | <b>2,901,905</b>                 | <b>17,284,067</b>   | <b>19,110,894</b>   | <b>8,854,016</b>             | <b>56,062,203</b>                                       |
|   |  |                                  |                     |                     |                              | <b>32,393,216</b>                                       |
| <b>Cash at End of Year</b>  | <b>\$7,952,227</b>                           | <b>\$2,842,116</b>               | <b>\$15,849,803</b> | <b>\$15,405,388</b> | <b>\$9,648,134</b>           | <b>\$51,697,668</b>                                     |
|   |  |                                  |                     |                     |                              | <b>\$37,240,173</b>                                     |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2020

|  | Business-Type Activities<br>Enterprise Funds |                                  |             |               |                              | Governmental<br>Activities<br>Internal Service<br>Funds |
|--|--|----------------------------------|-------------|---------------|------------------------------|---|
|  | Sanitary Sewer<br>System                     | Public Facilities<br>Corporation | Landfill    | Water Quality | Other<br>Enterprise<br>Funds | Total   |
| <b>Reconciliation of Operating Income (Expenses) to Net Cash<br/>Provided by (Used in) Operating Activities:</b> |  |                                  |             |               |                              |   |
| Operating Income (Expenses)  | \$16,196,595                                 | \$385,844                        | \$2,543,387 | \$702,558     | (\$719,040)                  | \$19,109,344  |
| <b>Adjustments to Reconcile Operating Income<br/>to Net Cash Provided by (Used in) Operating Activities:</b>     |  |                                  |             |               |                              |   |
| Depreciation   | 13,649,916                                   | 3,307,886                        | 588,404     | 545,757       | 183,905                      | 18,275,868  |
| Allowance for Bad Debts  | 666,198                                      |                                  | 110,496     | 125,025       |                              | 901,719   |
| <b>(Increase) Decrease in Assets:</b>  |  |                                  |             |               |                              |   |
| Accounts Receivable  | (515,654)                                    |                                  | (86,657)    | (182,708)     |                              | (785,019)   |
| Other Receivables  | (41,414)                                     | 32,901                           | (269)       | (3,352)       | (51,211)                     | (63,345)  |
| Inventories and Prepaid Expenses   | 23,279                                       |                                  | 28,009      | 37,075        | (35,386)                     | 52,977  |
| Due from Other Funds   | (990)  |                                  | (792)       |               | (5,309)                      | (7,091)   |
| Developments in Progress   | (67,731)                                     |                                  |             |               |                              | (67,731)  |
| <b>(Increase) Decrease in Deferred Outflows:</b>   |  |                                  |             |               |                              |   |
| Deferred Other Post Employment Benefit Amounts   | (416,560)                                    |                                  | (37,923)    | (202,986)     | (127,002)                    | (784,471)   |
| Deferred Pension Amounts   | 216,403                                      |                                  | 6,478       | 113,417       | 83,419                       | 419,717   |
| <b>Increase (Decrease) in Liabilities:</b>   |  |                                  |             |               |                              |   |
| Accounts Payable   | (3,071,903)                                  | 14,501                           | (449,040)   | (567,571)     | (61,320)                     | (4,135,333)   |
| Accrued Payroll  | 97,318                                       |                                  | 8,732       | 36,531        | 59,556                       | 202,137   |
| Claims Payable   |  |                                  |             |               |                              | 1,453,771   |
| Unearned Revenue   |  |                                  | 19          | (21,113)      |                              | (21,094)  |
| Other Liabilities  |  | (28,220)                         | (441,122)   | (383)         |                              | (469,725)   |
| Compensated Absences   | 170,429                                      |                                  | 21,675      | 78,666        | 562,851                      | 833,621   |
| Unfunded Other Post Employment Benefit Liability   | (208,373)                                    |                                  | (18,020)    | (101,816)     | (66,656)                     | (394,865)   |
| Unfunded Pension Liability   | 2,739,874                                    |                                  | 236,943     | 1,338,778     | 876,449                      | 5,192,044   |
| <b>Increase (Decrease) in Deferred Inflows:</b>  |  |                                  |             |               |                              |   |
| Deferred Other Post Employment Benefit Amounts   | 706,120                                      |                                  | 61,065      | 345,029       | 225,877                      | 1,338,091   |
| Deferred Pension Amounts   | (517,799)                                    |                                  | (44,779)    | (253,011)     | (165,637)                    | (981,226)   |
| <b>Total Adjustments</b>   | 13,429,113                                   | 3,327,068                        | (16,781)    | 1,287,338     | 1,479,536                    | 19,506,274  |
| <b>Net Cash Provided by (Used In) Operating Activities</b>   | \$29,625,708                                 | \$3,712,912                      | \$2,526,606 | \$1,989,896   | \$760,496                    | \$38,615,618  |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2020**

|   | <u>Pension Trust<br/>Funds</u> | <u>Investment<br/>Trust Funds</u> | <u>Custodial<br/>Funds</u> |
|---|--------------------------------|-----------------------------------|----------------------------|
| <b>ASSETS</b>                                     |                                |                                   |                            |
| Cash and Cash Equivalents                         | \$772,976                      | \$25,465,518                      | \$3,158,145                |
| Receivables:                                      |                                |                                   |                            |
| Interest Receivable                               | 3,686,809                      |                                   | 50                         |
| Investments, at Fair Value:                       |                                |                                   |                            |
| Debt Securities:                                  |                                |                                   |                            |
| Bank Loans  | 1,107,956                      |                                   |                            |
| Corporate Debt                                    | 110,370,819                    |                                   |                            |
| Municipal Obligations                             | 5,760,256                      |                                   |                            |
| US Agencies                                       | 40,570,380                     |                                   |                            |
| US Government Obligations                         | 37,908,686                     |                                   |                            |
| Repurchase Agreements                             | 36,938,160                     |                                   |                            |
| Other Investments:                                |                                |                                   |                            |
| Equity Mutual Funds                               | 375,184,800                    |                                   |                            |
| Equity Real Estate                                | 72,343,113                     |                                   |                            |
| Equity Securities - Domestic                      | 700,975                        |                                   |                            |
| Equity Securities - International                 | 174,498,302                    |                                   |                            |
| <b>Total Investments</b>                          | <u>855,383,447</u>             | <u>0</u>                          | <u>0</u>                   |
| <b>Total Assets</b>                               | <u><u>\$859,843,232</u></u>    | <u><u>\$25,465,518</u></u>        | <u><u>\$3,158,195</u></u>  |
| <b>LIABILITIES</b>                                |                                |                                   |                            |
| Accounts Payable and Accrued Expenses             | \$544,811                      | \$0                               | \$224,333                  |
| Securities Lending Transactions                   | 36,938,160                     |                                   |                            |
| <b>Total Liabilities</b>                          | <u><u>\$37,482,971</u></u>     | <u><u>\$0</u></u>                 | <u><u>\$224,333</u></u>    |
| <b>NET POSITION</b>                               |                                |                                   |                            |
| Net position restricted for pensions              | <u><u>\$822,360,261</u></u>    |                                   |                            |
| Pool Participants                                 |                                | <u><u>\$25,465,518</u></u>        |                            |
| Individuals, organizations, and Other Governments |                                |                                   | <u><u>\$2,933,862</u></u>  |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2020**

|   | <b>Pension Trust<br/>Funds</b> | <b>Investment<br/>Trust Funds</b> | <b>Custodial<br/>Funds</b> |
|---|--------------------------------|-----------------------------------|----------------------------|
| <b>ADDITIONS</b>                                      |                                |                                   |                            |
| Contributions:  |                                |                                   |                            |
| Employer  | \$32,549,517                   | \$6,603,860                       | \$0                        |
| Employer - Administration                             | 5,412,528                      |                                   |                            |
| Plan Members  | 10,875,896                     |                                   | 3,379,002                  |
| Other   | 106,394                        |                                   | 596,201                    |
| <b>Total Contributions</b>                            | <u>48,944,335</u>              | <u>6,603,860</u>                  | <u>3,975,203</u>           |
| Investment Income:                                    |                                |                                   |                            |
| Net Change in Fair Value of Investments               | 28,403,175                     |                                   |                            |
| Interest  | 10,953,165                     | 405,170                           |                            |
| Dividends   | 5,039,802                      |                                   |                            |
| <b>Total Investment Income</b>                        | <u>44,396,142</u>              | <u>405,170</u>                    | <u>0</u>                   |
| Less Investment Expense                               | 2,156,523                      | 950                               |                            |
| <b>Net Investment Income</b>                          | <u>42,239,619</u>              | <u>404,220</u>                    | <u>0</u>                   |
| Income from Securities Lending Activities:            |                                |                                   |                            |
| Securities Lending Income                             | 129,001                        |                                   |                            |
| Securities Lending Expenses:                          |                                |                                   |                            |
| Borrower Rebates                                      | (405,692)                      |                                   |                            |
| Management Fees                                       | 50,875                         |                                   |                            |
| <b>Total Securities Lending Expenses (Income)</b>     | <u>(354,817)</u>               | <u>0</u>                          | <u>0</u>                   |
| <b>Net Income on Securities Lending Activities</b>    | <u>483,818</u>                 | <u>0</u>                          | <u>0</u>                   |
| <b>Total Additions</b>                                | <u>91,667,772</u>              | <u>7,008,080</u>                  | <u>3,975,203</u>           |
| <b>DEDUCTIONS</b>                                     |                                |                                   |                            |
| Benefit Payments                                      | 70,260,144                     | 10,247,408                        | 756,427                    |
| Administrative Expense                                | 469,846                        |                                   | 2,729,244                  |
| <b>Total Deductions</b>                               | <u>70,729,990</u>              | <u>10,247,408</u>                 | <u>3,485,671</u>           |
| <b>Net Increase (Decrease)</b>                        | 20,937,782                     | (3,239,328)                       | 489,532                    |
| <b>Net Position, Beginning</b>                        | <u>797,764,627</u>             | <u>28,704,846</u>                 | <u>2,444,330</u>           |
| <b>Adjustment to Opening Net Position (Note 2.D.)</b> | <u>3,657,852</u>               | <u>0</u>                          | <u>0</u>                   |
| <b>Net Position, Beginning - Restated</b>             | <u>801,422,479</u>             | <u>28,704,846</u>                 | <u>2,444,330</u>           |
| <b>Net Position, Ending</b>                           | <u><u>\$822,360,261</u></u>    | <u><u>\$25,465,518</u></u>        | <u><u>\$2,933,862</u></u>  |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2020**

|  | <b>Lexington<br/>Center<br/>Corporation</b> | <b>Lexington<br/>Airport<br/>Board</b> | <b>Fayette County<br/>Department<br/>of Health</b> | <b>Nonmajor<br/>Component<br/>Units</b> | <b>Total</b>         |
|--|---|--|--|---|----------------------|
| <b>ASSETS</b>  |   |  |  |   |                      |
| Cash   | \$4,357,324                                 | \$3,446,215                            | \$22,254,446                                       | \$25,918,543                            | \$55,976,528         |
| Investments  |   | 10,512,092                             |  | 13,449,598                              | 23,961,690           |
| Receivables:   |   |  |  |   |                      |
| Accounts Receivable  | 87,851                                      | 1,820,649                              | 429,908  | 207,289                                 | 2,545,697            |
| Other  |   | 40,382                                 |  | 229,903                                 | 270,285              |
| Due from Primary Government                                | 146,129                                     |  |  | 1,819,841                               | 1,965,970            |
| Due from Other Governments                                 |   |  |  | 4,621,197                               | 4,621,197            |
| Other Current Assets                                       | 222,977                                     | 539,425                                |  |   | 762,402              |
| Inventories and Prepaid Expenses                           |   |  | 32,552   | 979,797                                 | 1,012,349            |
| Net Pension Asset  |   |  |  | 653,456                                 | 653,456              |
| Restricted Current Assets:                                 |   |  |  |   |                      |
| Cash   |   | 10,537,058                             |  | 1,225,766                               | 11,762,824           |
| Accounts Receivable  | 1,003,104                                   | 139,948                                |  |   | 1,143,052            |
| Investments  | 167,033,368                                 | 16,140,463                             |  | 3,344,479                               | 186,518,310          |
| Grants Receivable  |   | 2,601,761                              |  |   | 2,601,761            |
| Other  |   | 48,079                                 |  |   | 48,079               |
| Capital Assets:  |   |  |  |   |                      |
| Non-depreciable  | 170,184,893                                 | 51,877,033                             |  | 10,437,769                              | 232,499,695          |
| Depreciable (Net)  | 16,891,167                                  | 136,593,571                            | 1,745,535  | 55,748,912                              | 210,979,185          |
| Other Assets   |   |  | 2,029,503  | 0                                       | 2,029,503            |
| <b>Total Assets</b>  | <b>359,926,813</b>                          | <b>234,296,676</b>                     | <b>26,491,944</b>                                  | <b>118,636,550</b>                      | <b>739,351,983</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      |   |  |  |   |                      |
| Deferred Amount on Bond Refunding                          | \$0   | \$1,183,176                            | \$0  | \$0                                     | \$1,183,176          |
| Deferred Amount on Note Payable                            |   |  |  | 2,625,000                               | 2,625,000            |
| Deferred Pension Amounts                                   |   |  | 5,683,020  | 6,885,030                               | 12,568,050           |
| Deferred Other Post Employment Benefit Amounts             |   |  | 2,191,693  | 2,009,736                               | 4,201,429            |
| <b>Total Deferred Outflows of Resources</b>                | <b>0</b>                                    | <b>1,183,176</b>                       | <b>7,874,713</b>                                   | <b>11,519,766</b>                       | <b>20,577,655</b>    |
| <b>Total Assets and Deferred Outflows of Resources</b>     | <b>\$359,926,813</b>                        | <b>\$235,479,852</b>                   | <b>\$34,366,657</b>                                | <b>\$130,156,316</b>                    | <b>\$759,929,638</b> |
| <b>LIABILITIES</b>   |   |  |  |   |                      |
| Accounts, Contracts Payable and                            |   |  |  |   |                      |
| Accrued Liabilities  | \$14,231,438                                | \$1,984,446                            | \$1,213,110  | \$1,597,982                             | \$19,026,976         |
| Interest Payable   |   |  |  | 138                                     | 138                  |
| Due to Component Units                                     |   |  |  | 2,625,000                               | 2,625,000            |
| Unearned Revenue and Other                                 |   | 219,223                                | 124,017  | 14,232                                  | 357,472              |
| Liabilities Payable from Restricted Assets:                |   |  |  |   |                      |
| Accounts Payable   |   | 3,219,400                              |  |   | 3,219,400            |
| Interest Payable   |   | 1,319,783                              |  |   | 1,319,783            |
| Noncurrent Liabilities:                                    |   |  |  |   |                      |
| Due Within One Year  |   |  |  |   |                      |
| Compensated Absences                                       |   |  |  | 602,853                                 | 602,853              |
| Bonds and Notes Payable                                    | 3,625,000                                   | 4,100,000                              |  | 1,614,999                               | 9,339,999            |
| Due in More Than One Year                                  |   |  |  |   |                      |
| Compensated Absences                                       |   |  | 557,977  | 353,789                                 | 911,766              |
| Bonds and Notes Payable                                    | 213,235,551                                 | 79,532,998                             |  | 24,025,975                              | 316,794,524          |
| Other  |   | 341,027                                |  |   | 341,027              |
| Unfunded Other Post Retirement                             |   |  |  |   |                      |
| Benefit Liability  |   |  | 9,893,021  | 4,682,849                               | 14,575,870           |
| Unfunded Pension Liability                                 |   |  | 62,854,562   | 19,585,904                              | 82,440,466           |
| <b>Total Liabilities</b>                                   | <b>\$231,091,989</b>                        | <b>\$90,716,877</b>                    | <b>\$74,642,687</b>                                | <b>\$55,103,721</b>                     | <b>\$451,555,274</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |   |  |  |   |                      |
| Deferred Pension Amounts                                   | \$0   |  | \$128,074  | \$4,356,821                             | \$4,484,895          |
| Deferred Other Post Employment Benefit Amounts             |   |  | 1,711,661  | 1,812,586                               | 3,524,247            |
| Deferred Amount on Bond Refunding                          |   | \$185,890                              |  |   | 185,890              |
| <b>Total Deferred Inflows of Resources</b>                 | <b>0</b>                                    | <b>185,890</b>                         | <b>1,839,735</b>                                   | <b>6,169,407</b>                        | <b>8,195,032</b>     |
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <b>\$231,091,989</b>                        | <b>\$90,902,767</b>                    | <b>\$76,482,422</b>                                | <b>\$61,273,128</b>                     | <b>\$459,750,306</b> |
| <b>NET POSITION</b>  |   |  |  |   |                      |
| Net Investment in Capital Assets                           | \$119,556,821                               | \$104,363,396                          | \$1,745,535  | \$41,170,488                            | \$266,836,240        |
| Restricted for:  |   |  |  |   |                      |
| Governmental and Program Funds                             |   |  | 140,334  | 1,331,750                               | 1,472,084            |
| Fees   | 492,153                                     |  |  |   | 492,153              |
| Capital Projects   |   | 2,601,761                              |  |   | 2,601,761            |
| Debt Service   | 17,199,903                                  | 23,797,861                             | 165,250  |   | 41,163,014           |
| Unrestricted   | (8,414,053)                                 | 13,814,067                             | (44,166,884)                                       | 26,380,950                              | (12,385,920)         |
| <b>Total Net Position</b>                                  | <b>\$128,834,824</b>                        | <b>\$144,577,085</b>                   | <b>(\$42,115,765)</b>                              | <b>\$68,883,188</b>                     | <b>\$300,179,332</b> |

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Year Ended June 30, 2020**

|  | Program Revenues |                      |                                    |                                  | Net (Expenses) Revenue and Changes in Net Position |                         |                                     |                          |
|--|------------------|----------------------|------------------------------------|----------------------------------|--|-------------------------|-------------------------------------|--------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Lexington Center Corporation                       | Lexington Airport Board | Fayette County Department of Health | Nonmajor Component Units |
| <b>Lexington Center Corporation</b>            |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Lexington Center Operations                    | \$30,449,059     | \$12,899,085         | \$747,502                          | \$167,800                        | (\$16,634,672)                                     |                         |                                     | (\$16,634,672)           |
| Depreciation                                   | 3,959,593        |                      |                                    |                                  | (3,959,593)  |                         |                                     | (3,959,593)              |
| Interest on Long-Term Debt                     | 8,880,198        |                      |                                    |                                  | (8,880,198)  |                         |                                     | (8,880,198)              |
| Total Lexington Center Corporation             | 43,288,850       | 12,899,085           | 747,502                            | 167,800                          |  |                         |                                     | (29,474,463)             |
| <b>Lexington Airport Board</b>                 |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Airport Operations                             | 14,486,774       | 19,887,238           | 3,228,827                          | 11,696,405                       |  | \$20,325,696            |                                     | 20,325,696               |
| Depreciation                                   | 10,132,046       |                      |                                    |                                  |  | (10,132,046)            |                                     | (10,132,046)             |
| Interest on Long-Term Debt                     | 2,103,064        |                      |                                    |                                  |  | (2,103,064)             |                                     | (2,103,064)              |
| Total Lexington Airport Board                  | 26,721,884       | 19,887,238           | 3,228,827                          | 11,696,405                       |  |                         |                                     | 8,090,586                |
| <b>Fayette County Department of Health</b>     |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Department of Health Operations                | 19,796,366       | 3,916,704            | 6,578,849                          |                                  |  |                         | (\$9,300,813)                       | (9,300,813)              |
| Depreciation                                   | 449,430          |                      |                                    |                                  |  |                         | (449,430)                           | (449,430)                |
| Total Fayette County Department of Health      | 20,245,796       | 3,916,704            | 6,578,849                          |                                  |  |                         |                                     | (9,750,243)              |
| <b>Nonmajor Component Units</b>                |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Total Component Units                          | 52,468,665       | 3,827,687            | 10,946,369                         | 1,356,035                        |  |                         |                                     | (36,338,574)             |
|  | \$142,725,195    | \$40,530,714         | \$21,501,547                       | \$13,220,240                     | (\$29,474,463)                                     | \$8,090,586             | (\$9,750,243)                       | (\$36,338,574)           |
| <b>General Revenues:</b>                       |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Taxes  |                  |                      |                                    |                                  |  |                         |                                     |                          |
| Income on Investments                          |                  |                      |                                    |                                  | \$6,281,109  |                         | \$9,068,820                         | \$42,348,286             |
| Net Change in Fair Value of Investments        |                  |                      |                                    |                                  | 4,513,404  |                         | 179,042                             | 218,409                  |
| Gain on Sale of Capital Assets                 |                  |                      |                                    |                                  |  |                         |                                     | 463,895                  |
| Miscellaneous                                  |                  |                      |                                    |                                  |  | 11,177                  |                                     | 34,606                   |
| Total General Revenues                         |                  |                      |                                    |                                  |  |                         |                                     | (317,904)                |
| Change in Net Position                         |                  |                      |                                    |                                  | 10,794,513   | 1,508,970               | 9,247,862                           | 42,283,397               |
| Net Position, Beginning                        |                  |                      |                                    |                                  | (18,679,950)                                       | 9,599,556               | (502,381)                           | 5,944,823                |
| Adjustment to Opening Net Position (Note 2.D.) |                  |                      |                                    |                                  | 147,514,774  | 134,977,529             | (41,634,509)                        | 62,938,365               |
| Net Position, Beginning-Restated               |                  |                      |                                    |                                  |  |                         | 21,125                              | 21,125                   |
| Net Position, Ending                           |                  |                      |                                    |                                  | 147,514,774  | 134,977,529             | (41,613,384)                        | 62,938,365               |
|  |                  |                      |                                    |                                  | \$128,834,824                                      | \$144,577,085           | (\$42,115,765)                      | \$68,883,188             |

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
INDEX

|         |   |     |
|---------|---|-----|
| NOTE 1. | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....                                      | 50  |
|         | A. Reporting Entity .....   | 50  |
|         | B. Related Organization .....   | 51  |
|         | C. Jointly Governed Organizations .....   | 52  |
|         | D. Basic Financial Statements .....   | 52  |
|         | E. Budgetary Control .....  | 55  |
|         | F. Assets, Liabilities and Fund Equity .....  | 56  |
|         | G. Deferred Inflows of Resources and Deferred Outflows of Resources .....             | 59  |
|         | H. Net Position/Fund Balances .....   | 60  |
|         | I. Use of Estimates .....   | 61  |
|         | J. Revenues .....   | 61  |
|         | K. Pension .....  | 62  |
|         | L. Postemployment Benefits Other Than Pensions (OPEB) .....                           | 62  |
| NOTE 2. | STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY .....                                     | 62  |
|         | A. Compliance With Finance Related Legal and Contractual Provisions .....             | 62  |
|         | B. Excess of Expenditures over Appropriations .....                                   | 62  |
|         | C. Fund Deficits .....  | 63  |
|         | D. Prior Period Adjustments .....   | 63  |
| NOTE 3. | DETAIL NOTES ON ALL FUNDS .....   | 63  |
|         | A. Cash, Investments, and Securities Lending .....                                    | 63  |
|         | B. Capital Assets .....   | 70  |
|         | C. Interfund Receivables, Payables, and Transfers .....                               | 73  |
|         | D. Long-Term Debt .....   | 73  |
| NOTE 4. | SELF-INSURANCE PROGRAM .....  | 83  |
|         | A. Health, Dental, and Vision Care .....  | 83  |
|         | B. Insurance and Risk Management .....  | 83  |
| NOTE 5. | CONTINGENT LIABILITIES AND COMMITMENTS .....  | 84  |
|         | A. Litigation .....   | 84  |
|         | B. United States Environmental Protection Agency Consent Decree .....                 | 84  |
|         | C. Federal and State Grants .....   | 85  |
|         | D. Lexington Center Corporation .....   | 85  |
|         | E. Lexington-Fayette Urban County Airport Corporation (Airport Corporation) .....     | 86  |
|         | F. Lexington Public Library .....   | 87  |
|         | G. Lexington Convention and Visitors Bureau .....                                     | 87  |
|         | H. Liens and Encumbrances .....   | 87  |
|         | I. Conduit Debt .....   | 88  |
|         | J. Encumbrances .....   | 88  |
|         | K. Tax Abatements .....   | 88  |
|         | L. Affordable Housing Loan Program .....  | 89  |
|         | M. Jobs Fund Loan Program .....   | 90  |
|         | N. Business Disruption .....  | 90  |
| NOTE 6. | THE SINGLE AUDIT ACT .....  | 90  |
| NOTE 7. | SUBSEQUENT EVENTS .....   | 90  |
| NOTE 8. | DEFINED BENEFIT PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS .....                | 91  |
|         | A. Plan Descriptions .....  | 91  |
|         | B. Summary of Significant Accounting Policies .....                                   | 92  |
|         | C. Contributions .....  | 92  |
|         | D. Net Pension Liability .....  | 93  |
|         | E. Other Post Employment Benefit (OPEB) .....   | 95  |
|         | F. Pension Plan Financial Statements .....  | 99  |
|         | G. The County Employees' Retirement System .....                                      | 101 |
|         | H. The County Employees' Retirement System Other Post Employment Benefit (OPEB) ..... | 103 |
| NOTE 9. | RECENT GASB PRONOUNCEMENTS .....  | 108 |



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lexington-Fayette Urban County Government (the Government) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for government accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. Reporting Entity** – The Government is a merged city-county government governed by an elected mayor and a fifteen-member council. The accompanying financial statements present the Government and its component units (traditionally separate reporting entities), for which the Government is considered to be financially accountable. The Government (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burden on the Government. Additionally, the Government is required to consider other organizations for which the nature and significance of their relationship with the Government are such that exclusion would cause the Government's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

**1. Blended Component Units** – The agencies and organizations listed below are, in substance, the same as the Government, despite being legally separate from the Government. Therefore, they are reported as part of the primary government. They have a governing body that is substantially the same as the governing body of the Government; provide services entirely, or almost entirely, to the Government; or otherwise exclusively, or almost exclusively, benefit the Government even though they do not provide services directly to the Government; and whose total debt outstanding is expected to be repaid entirely, or almost entirely, with resources of the Government.

The Public Library Corporation (PLC) is an instrumentality of the Government created solely for acquiring, constructing, equipping, and financing public projects to be used for public library purposes. The board consists of the Mayor, Vice Mayor, two members appointed by the Lexington Public Library, and one member appointed by the other four board members.

The Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund are single employer, defined benefit pension plans that cover eligible Government personnel. Members of both boards are comprised of officials, employees and retirees of the Government. The Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund are Fiduciary Funds.

The Public Facilities Corporation (PFC) was created to act as an agency and instrumentality of the Government in acquiring, developing and financing public improvements and public projects. The Mayor, Vice Mayor, and Commissioner of Finance serve ex officio on the board.

The Public Parking Corporation (PPC) was created to act as an agency and instrumentality of the Government in the acquisition and financing of public parking projects. The Mayor, Vice Mayor, and Commissioner of Finance serve ex-officio on the board.

**2. Discretely Presented Component Units** – The agencies described below are included in the Government's reporting entity because the Government appoints the governing body or a financial benefit or burden relationship exists. Additionally, the agencies are fiscally dependent on the Government. All of these agencies are reported as discretely presented component units since the governing body is not substantively the same as the governing body of the Government, and they provide services to the citizens of Fayette County and the surrounding area as opposed to only the primary government. To emphasize that they are legally separate from the Government, they are reported in a separate column in the financial statements. Fund information for the component units, if applicable, may be found in their separately issued financial statements. Requests for separately issued financial statements should be directed to the attention of those respective entities.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

The Lexington Public Library's (Library) primary mission is to maintain a free public library in Lexington-Fayette County. The Mayor appoints all seven members of the board with approval by the Urban County Council and they may be removed by the vote of the Urban County Council. The Government provides financial support in the form of annual appropriations based upon property tax collections.

The Lexington-Fayette Urban County Department of Health (Board of Health) has the general statutory responsibility of promoting and protecting the health of Fayette County residents. This entity provides critical services to the citizens of Fayette County on behalf of the Government. The Board of Health is governed by a nine-member board that is appointed by the Mayor and approved by the Urban County Council. In addition, the Urban County Council approves their Ad Valorem tax rate annually.

The Lexington Transit Authority (LexTran) was organized to provide unification and coordination of a mass transportation system for Fayette County. This entity provides critical services to the citizens of Fayette County on behalf of the Government. LexTran is governed by an eight-member board appointed by the Mayor and approved by the Urban County Council. In addition, the Urban County Council approves the annual budget for LexTran.

The Lexington Convention and Visitors Bureau (Visitors Bureau) was established by the Government for the purpose of promoting recreational, convention and tourist activity in Fayette County. The Government may abolish the Visitors Bureau by repealing the ordinance that created it. All nine members of the Visitors Bureau board are appointed by the Mayor and approved by the Urban County Council. The Government has a statutory authority to provide funds for the operation of the Visitors Bureau by imposing a transient room tax not exceeding four percent (4%) of qualified occupancy rental.

The Lexington Center Corporation (LCC) is a non-profit, non-stock corporate agency and instrumentality of the Government. The purpose of the LCC is to plan, finance, develop and operate a convention, trade show, performing arts venue and sports facility. The thirteen-member board is appointed by the Mayor and approved by the Urban County Council. The Government has statutory authority to impose a transient room tax, not exceeding two percent (4.50%) of qualified occupancy rental, to provide funds for payment of debt service. As discussed in Note 5.D., the Government entered into a Lease Agreement that provides for an annual rental to be paid by the Government if net revenues are not sufficient to pay all debt service costs.

The Lexington-Fayette Urban County Airport Board (Airport Board) is responsible for the operation, maintenance, and planning of airport facilities designed to serve the general public of the Central Kentucky area. The ten board members are appointed by the Mayor and approved by the Urban County Council. The Government has entered into a Contract Lease and Option Agreement, discussed in Note 5.E., which requires an annual rental to be paid by the Government if net revenues are not sufficient to pay all debt service costs.

**B. Related Organization** – A related organization is an entity for which the Government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the Government appoints a voting majority of the related organization's governing board.

The Lexington-Fayette Urban County Housing Authority (Housing Authority) was created in order to develop and operate decent, safe and sanitary housing for low income, elderly and disabled residents. The appointment of the governing board by the Mayor and the scope of public service are not considered an adequate demonstration of oversight and control. The Government has no responsibility for their budget, debt, financing deficits, or fiscal management. Additionally, the Government does not influence their operations in any respect. Therefore, the Housing Authority is not considered to be a component unit of the Government.

Explorium of Lexington was established to provide a unique educational opportunity for Fayette County and Central Kentucky children. The Government has no responsibility for their budget, debt, financing deficits, or

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

fiscal management. Additionally, the Government does not influence their operations in any respect. Therefore, the Explorium is not considered to be a component unit of the Government.

The Downtown Lexington Management District was established for the purpose of providing and financing economic improvements that specifically benefit property within the District. The Government has no responsibility for their budget, debt, financing deficits, or fiscal management. Additionally, the Government does not influence their operations in any respect. Therefore, the Downtown Lexington Management District is not considered to be a component unit of the Government.

Parking Authority of Lexington (Parking Authority) was established to centralize all public parking functions into one entity, to improve parking operations, and ultimately to improve the availability of parking in downtown Lexington. The Government has no responsibility for their budget, debt, financing deficits, or fiscal management. Additionally, the Government does not influence their operations in any respect. Therefore, the Parking Authority is not considered to be a component unit of the Government.

The Downtown Lexington Partnership (DLP) promotes physical and economic development that strengthens and maintains downtown Lexington as the cultural and economic heart of Central Kentucky as well as being dedicated to enhancing downtown Lexington as a unique and vibrant destination to live, work, and play. The Government has no responsibility for their budget, debt, financing deficits, or fiscal management. Additionally, the Government does not influence their operations in any respect. Therefore, the DLP is not considered to be a component unit of the Government.

**C. Jointly Governed Organizations** – The Government has some level of representation in the following organizations. Since the Government does not retain an ongoing financial interest or an ongoing financial responsibility for these organizations, these are not joint ventures and are not presented in the financial statements.

The Bluegrass Regional Recycling Center (BRRC) is a non-profit Kentucky corporation whose purpose is to reduce the volume of solid waste being placed in landfills and engage in activities that promote recycling. Pursuant to an Interlocal Agreement, the BRRC is operated by the Government and fourteen counties. The Government has no legal interest in or access to the resources of the BRRC. Neither does it have any legal responsibility for the deficits or debts of, or financial support to, the BRRC.

The Valley View Ferry Authority is a legally separate entity that operates and maintains the Ferry on the Kentucky River at Valley View. The board consists of seven members, two appointed by the Government, three appointed by the Madison County Fiscal Court and two appointed by the Jessamine County Fiscal Court. The Government is not legally responsible for the Valley View Ferry Authority's finances. The Government contributed \$14,000 to support the Ferry's operations in fiscal year 2020.

**D. Basic Financial Statements**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both the government-wide and the fund financial statements. The reporting model focus is either on the Government as a whole or on major individual funds. The government-wide financial statements report information on all of the non-fiduciary activities of the Government and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental Activities normally are supported by taxes and intergovernmental revenues. Business-Type Activities rely to a significant extent on fees and charges for support. In the Government-Wide Statement of Net Position, both the Governmental and Business-Type Activities are presented on a consolidated basis by column.

The Government-Wide Statement of Activities demonstrates the degree to which the direct expenses of a function (Public Works, Police, Fire and Emergency Services, Parks and Recreation, etc.) are offset by program revenues.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include charges for services, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital-specific. Occupational license fees applied to gross wages and net profits, other license fees and permits, taxes, interest income, and other revenues not included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds (by category) are summarized into a single column.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities, including long-term assets as well as long-term debt and obligations, are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the period. Revenues susceptible to accrual are intergovernmental revenues, investment earnings, emergency medical services fees (EMS), insurance revenues and license fees. Major revenue sources not susceptible to accrual include charges for services (other than EMS), fines and forfeitures and miscellaneous revenues. Such revenues are recorded as revenues when received because they are generally not measurable or available until actually received. Intergovernmental revenues received for specific purposes or projects are recognized when the applicable eligibility requirements are met. Revenues received before the eligibility requirements are met are reported as unearned revenue. Expenditures are recorded when the liability is incurred except: (1) principal and interest on long-term debt, pension liabilities, and claims and judgments are recorded when due, and (2) compensated absences are accounted for as expenditures in the period used.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Internal service funds provide services primarily to other funds of the Government and are presented in summary form as part of the proprietary fund statements. Since the principal users of the internal services are the Government's governmental activities, the internal service funds' financial statements are consolidated into the governmental activities column in the government-wide financial statements. To the extent possible, the costs of these services are reflected in the appropriate functional activity. The internal service funds also provide services to the proprietary funds. Therefore, a portion of the net position of the internal service funds is allocated to Business-Type Activities and is reported as an adjustment on the Statement of Net Position of the proprietary funds.

The Government's fiduciary funds are presented in the fund financial statements by type (pension, investment, and custodial). Since these assets are being held for the benefit of a third party (private parties, investors, pension participants, etc.) and cannot be used for activities or obligations of the Government, these funds are not incorporated into the government-wide financial statements.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

The Government reports the following major governmental funds:

The *General Fund* is the primary operating unit of the Government and accounts for the revenues and expenditures not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in this fund.

The *Urban Services Fund* accounts for the taxes that are assessed on property within designated areas, or taxing districts, based on the type of services available to property owners. These services include solid waste collection, streetlights and street cleaning. Property taxes raised from the urban services taxing districts can only be used to finance these services.

The *Federal and State Grants Fund* accounts for the receipts of intergovernmental funds that are restricted for operational and capital use of a particular function.

The Government reports the following major proprietary funds:

The *Sanitary Sewer System Fund* accounts for the construction activities, operation and maintenance, and the payment of principal and interest for bond issues of the Government's sanitary sewer system.

The *Public Facilities Corporation Fund* accounts for the acquisition, construction, and operation of government-owned facilities.

The *Landfill Fund* accounts for the operations, closure, and postclosure care costs of the Government's landfill.

The *Water Quality Fund* accounts for the revenues and expenses of developing and operating storm water related activities.

Additionally, the Government reports the following fund types:

*Internal Service Funds* account for the Government's insurance programs for employee health, dental and vision care insurance benefits. Workers' compensation, vehicle liability and physical damage, general liability, and property damage insurance coverage are also accounted for in Internal Service Funds.

*Fiduciary Funds* are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Government. Trust funds account for assets held by the Government under the terms of a formal trust agreement. Custodial funds generally are used to account for assets that the Government holds on behalf of others as their agent, are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations. Fiduciary funds are as follows:

*Pension Trust Funds* account for the revenues received, expenses incurred, and the net position available for retirement benefits of the Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund.

*Custodial Funds* account for assets held by the Government for others in an agency capacity. These are funds collected from juvenile and adult offenders and disbursed to victims in accordance with court decrees, funds collected from and disbursed for inmates who are on work release, funds collected from prisoners and disbursed based on court order, funds collected from special assessments for payment of debt service for neighborhood capital projects, funds collected from noncustodial parents for child support and disbursed to the custodial parents, and funds managed by the Government on behalf of adults who are unable to manage their own money.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

*Investment Trust Fund* to account for all of the outstanding debt for the Sanitary Sewer System. In fiscal year 2014 the Government defeased all outstanding debt and entered into a new Sewer indenture agreement. The new indenture provides that the gross income and revenues of the System first be used to pay operating and maintenance expenses of the System. Net Revenues of the System are deposited into the Bond Account, which is held by a Trustee.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Government's sewer, landfill, public facilities, parking, and various other functions of the Government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include occupational license fees on wages and net profits, taxes, and interest income.

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

The Government administers the *Expansion Area Master Plan* as follows:

The Government established a program in 1996, called the Expansion Area Master Plan (EAMP), to ensure uniform development of the Urban Services Area in Fayette County. The EAMP allows for the collection of exaction fees on new construction. The Government requires that those who develop property bear the cost of improvements in approximate proportion to the need generated by the development. Ordinance 196-96 acknowledges that it is in the best interest of the Government to encourage developers to build the system improvements identified in the Infrastructure Element of the EAMP and to provide developers who "front end" public improvements with credits against fair share fees and repayment for costs incurred in excess of their fair share.

Generally credits are granted to developers via a resolution passed by the Urban County Council. The Chief Administrative Officer has the authority to grant credits outside the resolution process and has occasionally done so. Exaction fees are assessed according to the guidelines established in the EAMP. They are due and payable when a developer applies for a building permit. Fees may be satisfied either with a cash payment or the surrender of exaction credits.

## **E. Budgetary Control**

**Budget Policy** – The Urban County Council annually approves the budget ordinance for all operating funds of the Government, which includes governmental, proprietary, fiduciary, and agency funds. Federal and State Grant funds and capital projects funds adopt project-length budgets. Additional special revenue funds which are not budgeted include the Industrial Revenue Bond Fund, Police Confiscated Funds, and the Public Safety Fund. Budgets are adopted on a basis consistent with GAAP except that budgetary basis expenditures include purchase orders and contracts (encumbrances). Budgetary control is maintained at the division level, e.g. Division of Police, Division of Parks and Recreation, etc. The Mayor may authorize transfers within a division; however, the Urban County Council must approve by ordinance any other amendments to the budget. All budgeted amounts presented in the financial statements reflect the original budget and the amended budget which have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations lapse at year-end; however, uncompleted capital projects may be re-

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

appropriated at the beginning of each fiscal year. The Council made several supplemental budgetary appropriations throughout fiscal year 2020. The net effect of these supplemental appropriations was an increase of \$960,820 in the General Fund and an increase of \$52,867 in the Urban Services Fund, which included re-appropriations of encumbrances from prior fiscal years and various waste management and street light re-appropriations to the following fiscal year 2021, respectively.

**F. Assets, Liabilities, and Fund Equity**

Cash and Investments – Management has adopted written policies and procedures for cash and investment management. Cash and cash equivalents include cash on hand, demand deposits and cash with fiscal agents. Cash balances of most Government funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's average monthly cash balance, except as required by ordinance for various restricted reserves. Funds that incur a negative balance in pooled cash and investments during the year are not allocated interest. The Government has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement requires that investments in interest-earning investment contracts, external investment pools, open-end mutual funds, and debt and equity securities be reported at fair value. Investments in the Pension Trust Funds and investments with a maturity of more than one year at the time of purchase are stated at fair value. Fair value for securities traded on a national exchange is determined by the last reported sales price. All other investments are stated at cost.

Receivables – Receivables are amounts due representing revenues earned or accrued in the current period. Allowances for uncollectible loans in the Federal and State Grants Fund fully reserve loan balances due to the nature of the individual projects and terms of the loans. Accounts receivable from other governments include amounts due from grantors for grants for specific programs and capital projects. The majority of other receivables in the General Fund are for taxpayer-assessed revenues that are collected 30 days after year end. Franchise fee revenues are recognized if collected within 60 days after year end.

Property taxes for fiscal year 2020 were levied on September 15, 2020, on the assessed valuation of property located in Fayette County as of the preceding January 1, the lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

| <u>Description</u>                   | <u>Per KRS 134.020</u>    |
|--------------------------------------|---------------------------|
| Due date for payment of taxes        | Upon receipt              |
| 2% discount period                   | By November 1             |
| Face value amount payment dates      | November 2 to December 31 |
| Delinquent date, 5% penalty          | January 1 to January 31   |
| 10% penalty plus 10% add on fee date | April 15                  |

Per Kentucky statute, the county sheriffs are responsible for collection of property taxes. Vehicle taxes, collected by the County Clerk of Fayette County, are due and collected in the birth month of the vehicle's licensee. During the year, property tax revenues are recognized when cash is received. At year-end, a receivable is recorded for delinquent property taxes, but revenues are only recognized for taxes collected within 60 days of the close of the fiscal year.

Allowance for Uncollectable Amounts – An allowance for uncollectable amounts relates to the estimated uncollectable balance of the revenues earned or accrued that have been included in accounts receivable at year end. An allowance is recorded on receivable balances based on historical bad debt experience related to the nature of each receivable balance.

Interfund Transactions – During the course of its operations, the Government has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded as “due to/from other funds”. These accounts are eliminated on the Government-Wide Statement

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

of Net Position. Any residual balances outstanding between the Governmental Activities and Business-Type Activities are reported in the government-wide financial statements as “internal balances.”

Interfund transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the Government are similarly treated when involving funds of the Government. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the reimbursed fund. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Inventories and Prepaid Items – Fuel and vehicle parts inventories are stated at average cost. Other inventories are valued using the first-in, first-out method. The costs of inventory items are recognized as expenditures or expenses when used.

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2020 are recorded in assets as prepaid items under the consumption method.

In the governmental fund financial statements, reported inventories and prepaid items are equally offset in the fund balance as nonspendable, which indicates that they do not constitute “available spendable resources” even though they are a component of total assets.

Restricted Assets – Restricted assets are liquid assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. Certain proceeds of revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the Balance Sheet and Statement of Net Position since their use is limited by applicable bond indentures. The other restricted assets are required to be maintained until the related bonds mature. The Construction and Capital Acquisitions account is used to report proceeds of bonds and notes payable that are restricted for use in construction and capital acquisitions. The Government uses the Construction and Capital Acquisitions assets for their intended purpose before using unrestricted assets. The Maintenance and Operations account represents the resources set aside to operate, maintain and insure the Sanitary Sewer System for three full months. The Capital Replacement account represents the resources set aside to provide reasonable reserves for renewals, replacements, improvements, extensions, extraordinary major repairs and contingencies in the operation of the Sanitary Sewer System. The Debt Service account is used to report resources set aside to prevent a default in payment of principal or interest on the bonds. The Sinking Fund account represents the resources accumulated for debt service payments over the next twelve months. The balances of the restricted asset’s accounts in the governmental funds are as follows:

|  |                     |
|--|---------------------|
| Various purpose general obligation notes account | \$36,107,227        |
| Federal Grants and Contracts                     | 29,167              |
| Debt Service on QECB Bond                        | <u>1,244,527</u>    |
| Total restricted assets                          | <u>\$37,380,922</u> |

The balances of the restricted asset’s accounts in the enterprise funds are as follows:

|   |                     |
|---|---------------------|
| Sanitary sewer reserve for construction and capital acquisition | \$43,668,450        |
| Sanitary sewer and stormwater capital replacement account       | <u>\$2,285,855</u>  |
| Total restricted assets   | <u>\$45,954,305</u> |

Unrestricted Assets – Unrestricted assets represent unrestricted liquid assets. While Government management may have categorized and segmented portions for various purposes, the Urban County Council has the unrestricted authority to revisit or alter these management decisions.



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, traffic signals and similar items), and intangible assets, are reported in the applicable Governmental or Business-Type Activities columns in the government-wide financial statements and in the proprietary funds. Expenditures for items having a useful life greater than one year and having a cost greater than \$5,000 for equipment and \$25,000 for land, buildings, infrastructure and related improvements are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Government are depreciated using the straight-line method over the following estimated useful lives:

|  |             |
|--|-------------|
| Buildings                              | 10-40 years |
| Land and leasehold improvements        | 10-50 years |
| Infrastructure                         | 10-50 years |
| Sanitary sewer system lines and plants | 10-50 years |
| Vehicles, equipment, and furniture     | 5-25 years  |
| Intangibles                            | 3-5 years   |

Construction in progress (CIP) represents construction projects for capital assets that have not yet been placed in service. Developments in progress (DIP) represent fees accrued on urban development projects in the EAMP currently underway that have not yet been completed, where settlement of the fees by the respective developer is expected to be made through contributing infrastructure type assets (e.g. roads, sewer systems, etc.) to the Government. CIP and DIP are not depreciated until the projects are complete and placed in service. For more information on the EAMP plan, please see page 55. Land, purchase of development rights, and permanent easements are not depreciated.

The Government has a collection of artwork and historical treasures presented for public exhibition and education that are being preserved for future use. These items are not capitalized or depreciated as part of capital assets.

Compensated Absences – Compensated absences include accumulated unpaid vacation, sick and holiday leave. Government employees are granted vacation and sick leave in varying amounts in accordance with administrative policy. In the event of termination, an employee is reimbursed for accumulated holiday and vacation days. Employees receive annual compensation for accumulated unused sick leave in excess of 600 hours (or 840 hours for firefighters). Employees are reimbursed for all accumulated unused sick leave upon retirement. All accumulated leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, compensated absences are not payable with available and spendable resources, and, therefore, are only recorded when they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations – In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Statement of Net Position. The discounts and premiums related to bonds and notes issued are amortized over the life of the bond or note using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred. Losses on advance refunding issues are reported as deferred outflows of resources and recognized as an outflow as required by GASB Statement No. 65.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt of the proprietary funds is amortized as a component of interest expense over the life of the old or new bonds, whichever is shorter, using the straight-line method.

Long-term liabilities include the following:

- Compensated absences, which is the accrual for vacation time earned but not taken by employees.
- Principal outstanding on general obligation bonds, general obligation notes, and revenue bonds.
- Unfunded Post-Retirement Health Benefits, which is the net retirement health benefit obligation for the Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund. In addition, it includes the Government's proportionate share of the unfunded liability in the CERS multi-employer defined benefit post-employment health insurance plan.
- Landfill closure and postclosure care liability, which is the estimated total cost to perform certain maintenance and monitoring functions for thirty years after closure.
- Unearned revenue and other liabilities, which is the cash received in advance of being earned, and other long term liabilities.
- Unfunded postemployment benefit liability, which is the net postemployment benefits obligation for the Policemen's and Firefighters' Retirement Fund. In addition, it includes the Government's proportionate share of the unfunded postemployment benefits liability in the CERS multi-employer defined benefit pension plan.
- Unfunded pension liability, which is the net retirement obligation for the Policemen's and Firefighters' Retirement Fund. In addition, it includes the Government's proportionate share of the unfunded pension liability in the CERS multi-employer defined benefit pension plan.

**G. Deferred Inflows of Resources and Deferred Outflows of Resources**

With the implementation of GASB Statements 65 and 68, and GASB Statements 74 and 75, the Government's Statement of Net Position includes deferred inflows (or deferred outflows) of resources when appropriate. Deferred outflows of resources represent a consumption of net position that applies to one or more future periods. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period.

Deferred Outflows – include the differences between reacquisition price and the net carrying amount of refunded debt obligations that is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, it includes differences between expected and actual experience, changes of assumptions, changes in proportionate share, differences between projected and actual earnings, and differences between projected and actual earnings on investments in both pension plans and other paid employee benefit plans, and contributions to pension plans and other paid employee benefit plans made subsequent to the Government's measurement date of June 30, 2019.

Deferred Inflows – include differences between expected and actual experience, changes of assumptions, changes in proportionate share, and projected and actual earnings on investments in both pension plans and other paid employee benefit plans.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

**H. Net Position/Fund Balances**

The government-wide and proprietary financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – is intended to reflect the portion of net position associated with capital assets (net of accumulated depreciation), less outstanding capital assets related debt, net of unspent bond proceeds.

Restricted Net Position – represents amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws/regulations of other governments or constitutional provisions, or (b) resources resulting from enabling legislation.

Unrestricted Net Position – This category represents amounts not appropriated for expenditures, or legally segregated for a specific future use.

In the Balance Sheet of governmental funds the difference between the assets and liabilities of governmental funds is reported as fund balance. The Government's fund balance is divided into the following classifications, as applicable:

Nonspendable – These resources include amounts that cannot be spent because they are either not spendable in form, or are legally or contractually required to be maintained intact. The Government's nonspendable funds consisted of prepaid expenses and inventories as of June 30, 2020.

Restricted – Restricted amounts represent resources that are constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation. The Government had restricted funds for various projects: public works, public safety, capital projects, grants, urban services, and energy improvement as of June 30, 2020.

Committed – Committed amounts are constrained for a specific purpose by the Government using its highest level of decision-making authority. For resources to be considered committed, the Urban County Council issues an ordinance that can only be changed with another corresponding ordinance. Committed fund balance for the General Fund is further classified as follows:

Committed for:

|  |                     |
|--|---------------------|
| Affordable Housing & Homelessness Intervention | \$2,750,486         |
| Economic Stabilization                         | 42,476,494          |
| Chief Development Officer                      | 1,571,520           |
| Social Services                                | 737,247             |
| Special Programs                               | 253,128             |
| Committed Fund Balance                         | <u>\$47,788,875</u> |

The Government developed and adopted a General Fund Balance ("Economic Stabilization Fund" or "Contingency Designation Fund") Policy on December 5, 1996, and revised on April 17, 2016.

It is the Government's policy to:

- Maintain a Contingency Designation Fund funding goal of ten percent (10%) of the previous year's total General Fund Revenues. Interest earned accrues to the fund.
- Budget a deposit of \$50,000 per month, for each fiscal year until meeting the Contingency Designation Fund funding goal of 10% of the last completed fiscal year total General Fund revenues, beginning with the 2007 fiscal year. The Urban County Council suspended this requirement for fiscal year 2020.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

- Annually report to the Budget, Finance, and Economic Development Committee the dollar amount that could be deposited to the fund to maintain ten percent (10%) of the previous year's General Fund Revenues.

The Contingency Designation Fund balance may be used in the following circumstances:

- Unanticipated or unforeseen extraordinary needs of an emergency nature.
- Revenue stabilization to balance the budget in the event of an unanticipated shortfall.
- Unanticipated situations of an unusual nature involving nonrecurring expenditure(s).

The Government has made a complete and rational analysis, with justifying evidence that the Contingency Designation Fund can be maintained in the future.

Assigned – Assigned amounts represent resources that the Government intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Urban County Council or by the Commissioner of Finance under the authorization of the Mayor. Amounts classified as assigned have gone before the Government's Urban County Council subsequent to June 30, 2020 for approval through ordinance.

| Assigned for:                        | General Fund        | Non Major Funds  |
|--------------------------------------|---------------------|------------------|
| Administrative Services              | \$200,000           | \$0              |
| Environmental Quality & Public Works | 550,000             |                  |
| Finance                              | 500,000             |                  |
| Fire & Emergency Services            | 60,000              |                  |
| General Government                   | 23,985,013          | 238,234          |
| Parks & Recreation                   | 97,952              |                  |
| Police                               | 898,039             |                  |
| Social Services                      | 1,906,016           |                  |
| Assigned Fund Balance                | <u>\$28,197,020</u> | <u>\$238,234</u> |

Unassigned – Unassigned amounts represent resources that have not been classified as nonspendable, restricted, committed, or assigned to a specific purpose within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are nonspendable, restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted resources are available for use, it is the Government's policy to use restricted resources first, then unrestricted resources as they are needed. Likewise, fund balances that are committed or assigned would be used first for their approved purposes. Unassigned fund balances would be used as needed.

#### **I. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **J. Revenues**

Emergency medical service fees are billed and collected by Software Development, Inc. (SDI) as an agent for the Government. Cash collected by SDI is remitted daily to the Government. The Government records all revenues (net of an allowance for doubtful accounts) billed through the end of the fiscal year by SDI.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The Government utilizes an internal billing system to collect sanitary sewer and landfill user fees, along with the water quality management fee.

Unearned revenue in the government-wide and proprietary funds Statement of Net Position and the Governmental Funds Balance Sheet result from resources that the Government has received before it has a legal claim to it, such as when grant money is received prior to incurring eligible expenditures. In a subsequent period, when revenue is earned, the liability is removed and revenue recognized.

**K. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, information about the fiduciary net position of the County Employees' Retirement System (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. The liability was measured at June 30, 2019.

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

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) Post Employment Health Insurance Plan (the Plan), and additions to/deductions from CERS the Plan'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. The liability was measured at June 30, 2019.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Compliance with Finance Related Legal and Contractual Provisions**

Management of the Government believes it has no material violations of finance related legal and contractual provisions.

**B. Excess of Expenditures over Appropriations** - The following divisions, in funds that have budgets adopted annually, had excess expenditures over appropriations for the fiscal year ended June 30, 2020:

|                                    | <u>Excess<br/>Expenditures</u> |
|------------------------------------|--------------------------------|
| <b>General Fund:</b>               |                                |
| Accounting                         | \$95,620                       |
| Building Inspection                | 26,818                         |
| Circuit Judges                     | 3,184                          |
| Enterprise Solutions               | 20,156                         |
| Grants & Special Projects Agencies | 37,669                         |
| Office of the CIO                  | 7,106                          |
| Office of the Mayor                | 24,151                         |
| Planning                           | 139,250                        |
| Public Safety Administration       | 329,593                        |
| <b>Urban Services Fund:</b>        |                                |
| Central Purchasing                 | \$164                          |
| Human Resources                    | 374                            |
| Indirect Cost Allocation           | 431,022                        |
| Office of the CIO                  | 2,028                          |

Excess expenditures over appropriations were funded by favorable budget variances in other categories.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

**C. Fund Deficits**

Proprietary funds – the Extended School Program had a fund deficit of (\$939,834) as a result of the unfunded pension liability.

**D. Prior Period Adjustments**

Primary Government

The following prior period adjustments were made to the Governmental fund financial statements:

*General Funds:* Recognize revenues from various fiscal years of \$14,544. Recognize expenditures from the prior fiscal year in the amount of \$217,867. Recognize expenditures from the prior fiscal years of 3,377,989 to reimburse the Police and Fire Pension Plan. Of that amount, \$925,978 was from the prior fiscal year.

The following prior period adjustments were made to the Governmental government-wide financial statements:

*The Governmental Funds:* Net position increased by derecognizing expenditures of \$2,609,070 from prior years due to the close out of various Exactions Area Master Plan (EAMP) developer agreements. In addition net position decreased by recognizing capital expenditures of \$1,042,351, and recognizing \$175,000 in expenditures from the affordable housing program. Overall net position decreased \$2,189,593 in *Governmental Activities*.

*The Business-Type Activities Funds:* Net position was increased \$429,719 to recognize capital additions from prior years due to the close out of various developer agreements for Sanitary Sewer System infrastructure in the Exactions Area Master Plan (EAMP). In addition, net position was decreased \$295,372 for expenses in prior fiscal years. Of that amount \$279,862 was to reimburse the Police and Fire Pension Fund. Overall *Business-Type Activities* net position increased \$134,347.

Fiduciary Funds

The Police and Fire Pension Fund net position increased \$3,657,852 to recognize reimbursements from prior fiscal years. Of that amount, \$1,002,694 was from fiscal year 2019 and the remaining \$2,655,157 was from prior fiscal years.

Component Units

The Fayette County Department of Health reduced net position by \$21,125 to recognize grant expenditures from the prior fiscal year.

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. Cash, Investments and Securities Lending**

Primary Government

The Government's bank balances at June 30, 2020 are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and/or collateralized with securities held by the Government's agent in the Government's name. In accordance with Kentucky Revised Statute (KRS) 66.480 as amended March 18, 2019, and the Government's investment policy, the Government is allowed to invest in the following:

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

1. Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
3. Obligations of any corporation of the United States government.
4. Certificates of deposit or other interest-bearing accounts issued by any bank or savings and loan institution which are insured by the FDIC, or similar entity, or which are collateralized to the extent uninsured.
5. Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.
6. Commercial paper rated in the highest category by a nationally recognized rating agency.
7. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
8. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency.
9. Shares of mutual funds, each of which shall have the following characteristics:
  - a. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended
  - b. The management company of the investment company shall have been in operation for at least five (5) years; and
  - c. All of the securities in the mutual fund shall be eligible investments under this section.

In addition, the Pension Trust Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the Government as of June 30, 2020 are summarized and categorized in the following table:

| <u>Investment Type</u>             | <u>Fair Value</u>    | Quoted Prices in<br>Active Markets for<br>Identical Assets<br><u>Level 1</u> | Significant Other<br>Observable<br>Inputs<br><u>Level 2</u> | Significant<br>Unobservable<br>Inputs<br><u>Level 3</u> |
|------------------------------------|----------------------|--|---|---|
| Cash and Cash Equivalents          | \$82,077,805         | \$82,077,805   |   |   |
| Money Market Mutual Funds          | 55,860,101           |  | 55,860,101  |   |
| Certificates of Deposit            | 2,292,662            |  | 2,292,662   |   |
| Commercial Paper                   | 1,999,560            |  | 1,999,560   |   |
| U.S. Government Agency Obligations | 50,141,545           |  | 50,141,545  |   |
| Total Investments                  | <u>\$192,371,673</u> | <u>\$82,077,805</u>  | <u>\$110,293,868</u>  | <u>\$0</u>  |

The Government categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Level 2 fixed income securities are priced by industry standard vendors, such as Interactive Data Corporation (IDC), using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. IDC also monitors market indices and industry and economic events including credit rating agency actions. The Government has no Level 3 inputs.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. While the Government has adopted an investment policy that recommends controlling interest rate risk through maturity diversification, the policy does not place any formal limits of investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Credit Risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the “prudent person rule” outlined in the Government’s investment policy. This rule is defined to mean “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.” The prudent investor standard shall be applied in the context of managing the overall portfolio.

| Primary Government (except Fiduciary Funds) |                      |                                  |                     |                  |                  |            |              |
|---|----------------------|----------------------------------|---------------------|------------------|------------------|------------|--------------|
| Investment Type                             | Fair Value           | Investment Maturities (in years) |                     |                  |                  | S&P Rating | Fair Value   |
|   |                      | Less Than 1 Year                 | 1 to 5              | 6 to 10          | More than 10     |            |              |
| Cash and Cash Equivalents                   | \$82,077,805         | \$82,077,805                     |                     |                  |                  | AA         | \$13,163,050 |
| Money Market Mutual Funds                   | 55,860,101           | 55,860,101                       |                     |                  |                  | NA         | 179,208,623  |
| Certificates of Deposit                     | 2,292,662            | 278,544                          | \$1,013,216         | \$389,510        | \$611,392        |            |              |
| Commercial Paper                            | 1,999,560            | 1,999,560                        |                     |                  |                  |            |              |
| U.S. Government Agency Obligations          | 50,141,545           | 31,046,109                       | 19,095,436          |                  |                  |            |              |
| Total Investments                           | <u>\$192,371,673</u> | <u>\$171,262,119</u>             | <u>\$20,108,652</u> | <u>\$389,510</u> | <u>\$611,392</u> |            |              |

**Concentration of Credit Risk** – The risk of loss attributed to the magnitude of the Government’s investment in a single issuer. Government securities and investments in mutual funds are excluded from this risk. In order to reduce the credit risk, the investments held by a financial institution in the Government’s name should be limited to no more than 35% of the total investments, excluding that held in a Money Market Mutual Fund.

**Investment Trust Fund**

The Government’s investment trust fund operates under the Sewer indenture established to provide that the net revenues from the sewer system operations are deposited into a Bond Account held by a Trustee. The account must provide coverage of 120% of the maximum annual debt service. The fund follows the Government’s policy in accordance with Kentucky Revised Statute (KRS) 66.480 and the Government’s investment policy.

| Sewer Investment Trust Fund |              |  |   |                                       |
|-----------------------------|--------------|--|---|---------------------------------------|
| Investment Type             | Fair Value   | Quoted Prices in<br>Active Markets for<br>Identical Assets | Significant Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
|                             |              | Level 1  | Level 2                                   | Level 3                               |
| Money Market Mutual Funds   | \$25,465,518 |  | \$25,465,518                              |                                       |

Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Level 2 fixed income securities are priced by industry standard vendors, such as Interactive Data Corporation (IDC), using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. IDC also monitors market indices and industry and economic events including credit rating agency actions. The Government has no Level 3 inputs.

**Interest Rate Risk** – The risk that changes in interest rates will adversely affect the fair value of an investment. While the Government has adopted an investment policy that recommends controlling interest rate risk through maturity diversification, the policy does not place any formal limits of investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the “prudent person rule” outlined in the Government’s investment policy. This rule is defined to mean “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.” The prudent investor standard shall be applied in the context of managing the overall portfolio.



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

| Sewer Investment Trust Fund |              |                                  |        |         |              |            |              |
|-----------------------------|--------------|----------------------------------|--------|---------|--------------|------------|--------------|
|                             |              | Investment Maturities (in years) |        |         |              |            |              |
| Investment Type             | Fair Value   | Less Than 1                      | 1 to 5 | 6 to 10 | More than 10 | S&P Rating | Fair Value   |
| Money Market Mutual Funds   | \$25,465,518 | \$25,465,518                     | \$0    | \$0     | \$0          | NA         | \$25,465,518 |

**Concentration of Credit Risk** – The risk of loss attributed to the magnitude of the Government’s investment in a single issuer. Government securities and investments in mutual funds are excluded from this risk. In order to reduce the credit risk, the investments held by a financial institution in the Government’s name should be limited to no more than 35% of the total investments, excluding that held in a Money Market Mutual Fund.

**Pension Trust Funds**

The Government’s Pension Trust Funds are made up of the Policemen’s and Firefighters’ Retirement Fund (PFRF) and the City Employees’ Pension Fund (CEPF). The disclosures below are separate as the pension funds have different investment policies and different objectives. The PFRF is an active, growing fund, while the CEPF has been closed since 1983. Investments of the PFRF as of June 30, 2020 are summarized and categorized in the following table:

**Policemen's and Firefighters' Retirement Fund**

| Investment Type                   | Fair Value           | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>Level 1 | Significant Other<br>Observable<br>Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 |
|-----------------------------------|----------------------|---|--|--|
| <b>Debt Securities</b>            |                      |   |  |  |
| Bank Loans                        | \$1,107,956          |   | \$1,107,956  |  |
| Corporate Debt                    | 103,609,230          |   | 102,785,723  | \$823,507  |
| International Bonds               |                      |   |  |  |
| Municipal Obligations             | 5,760,256            |   | 5,760,256  |  |
| SL Comingle Fund                  | 36,938,160           |   | 36,938,160   |  |
| US Agencies                       | 32,109,951           |   | 32,109,951   |  |
| US Government Obligations         | 34,255,899           |   | 34,255,899   |  |
|                                   | <u>\$213,781,452</u> |   | <u>\$212,957,945</u>                                 | <u>\$823,507</u>                                 |
| <b>Other Investments</b>          |                      |   |  |  |
| Equity Mutual Funds               | \$362,914,835        | \$136,447,865   | \$226,466,970  |  |
| Equity Real Estate                | 72,343,113           |   | 72,343,113   |  |
| Equity Securities - Domestic      | 700,975              | 184,579   | 73,096   | 443,300  |
| Equity Securities - International | 174,498,302          | 112,049,951   | 62,448,351   |  |
|                                   | <u>\$824,238,677</u> | <u>\$248,682,395</u>  | <u>\$574,289,475</u>                                 | <u>\$1,266,807</u>                               |

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 domestic and international equities are priced using the closing price from the applicable exchange as provided by industry standard vendors, such as Interactive Data Corporation (IDC), which prices to capture market movements between local stock exchange closing time and portfolio valuation time each day. Level 2 fixed income securities are priced by industry standard vendors, such as IDC, using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. IDC also monitors market indices and industry and economic events including credit rating agency actions. Level 3 inputs from Corporate Debt are primarily Exide which filed for bankruptcy on May 19, 2020. Bond holders are voting on the Plan of Reorganization in September 2020. Level 3 inputs from domestic Equity Securities are fair valued by broker quotes daily.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The PFRF has contracted with external investment managers to manage all of the funds. The Board has adopted an investment policy that recommends the following target allocations based on asset class:

| Asset Class                   | Target<br>Allocation |
|-------------------------------|----------------------|
| Passive Large Cap Core        | 10.00%               |
| Active Large Cap Growth       | 7.50%                |
| Active Large Cap Value        | 7.50%                |
| Small Cap Equity              | 15.00%               |
| International Growth Equities | 9.25%                |
| International Value Equities  | 9.25%                |
| Emerging Markets              | 4.50%                |
| <b>Total Equities</b>         | <b>63.00%</b>        |
| US Core Fixed Income          | 15.50%               |
| US High Yield Fixed Income    | 7.50%                |
| <b>Total Fixed Income</b>     | <b>23.00%</b>        |
| Real Estate                   | 9.00%                |
| Real Return                   | 5.00%                |
| <b>Total Plan</b>             | <b>100.00%</b>       |

**Interest Rate Risk** – The PFRF does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market losses arising from increasing interest rates.

**Credit Risk** – The PFRF investment policy manages credit risk by the limitation of certain investments within the above asset classes. For US Equity asset classes up to 15% of US Small Cap Value, 7.5% of US Large Cap Growth, 7.5% of US Large Cap Value, and 10% of Passive Large Cap Core portfolio's current market value may be invested in ADR's. The US Core Fixed Income manager's debt securities must have a minimum quality rating of Baa/BBB or above, while the overall portfolio weighted average credit quality rating must not fall below AA- or equivalent. The US High Yield Fixed Income manager's portfolio may have, on average, no more than 20% of the portfolio in debt securities with a quality rating of CCC/Caa and below, while the overall portfolio rating must not fall below Baa3, BBB-, A2 or P2.

| Policemen's and Firefighters' Retirement Fund |                      |                      |                     |                     |                     |               |              |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|---------------|--------------|
| Investment Maturities (in years)              |                      |                      |                     |                     |                     |               |              |
| Investment Type                               | Fair Value           | Less Than 1          | 1 to 5              | 6 to 10             | More than 10        | S&P<br>Rating | Fair Value   |
| Debt Securities                               |                      |                      |                     |                     |                     | A             | \$41,892,696 |
| Bank Loans                                    | \$1,107,956          |                      | \$961,956           | \$146,000           |                     | AA            | 76,150,714   |
| Corporate Debt                                | 103,609,230          | \$1,508,635          | 50,772,889          | 38,644,209          | \$12,683,497        | AAA           | 6,566,833    |
| International Bonds                           |                      |                      |                     |                     |                     | B             | 18,294,387   |
| Municipal Obligations                         | 5,760,256            | 448,916              | 386,574             | 3,605,870           | 1,318,896           | BB            | 28,279,902   |
| SL Comingle Fund                              | 36,938,160           | 26,641,017           | 296,618             | 9,802,410           | 198,115             | BBB           | 23,073,961   |
| US Agencies                                   | 32,109,951           | 4,097                | 4,943,858           | 2,826,170           | 24,335,825          | CC            | 2,601,871    |
| US Government Obligations                     | 34,255,899           | 8,418,610            | 11,031,895          | 6,616,866           | 8,188,529           | CCC           | 114,075      |
|   | <u>\$213,781,452</u> | <u>\$37,021,275</u>  | <u>\$68,393,790</u> | <u>\$61,641,525</u> | <u>\$46,724,862</u> | NR            | 627,264,240  |
| Other Investments                             |                      |                      |                     |                     |                     |               |              |
| Equity Mutual Funds                           | \$362,914,835        | \$362,914,835        |                     |                     |                     |               |              |
| Equity Real Estate                            | 72,343,113           | 72,343,113           |                     |                     |                     |               |              |
| Equity Securities - Domestic                  | 700,975              | 700,975              |                     |                     |                     |               |              |
| Equity Securities - International             | 174,498,302          | 174,498,302          |                     |                     |                     |               |              |
|   | <u>\$824,238,677</u> | <u>\$647,478,500</u> | <u>\$68,393,790</u> | <u>\$61,641,525</u> | <u>\$46,724,862</u> |               |              |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

Concentration of Credit Risk – Government securities and investments in mutual funds are excluded from this risk. The PFRF places a restriction on equity managers that at the time of purchase they may not invest in more than 5% of the outstanding securities of one issuer nor invest more than 5% of their portfolios' assets in the outstanding securities with one issuer. The US Core Fixed Income manager may not invest more than 5% of the outstanding securities with one issuer nor invest more than 5% of the portfolio's assets in the outstanding securities of one issuer, except for Treasury and Agency securities. The US High Yield Fixed Income manager may not invest more than the greater of 1.5 times the index weight, or 20% of the portfolio, in any one industry. The US High Yield Fixed Income manager may not invest more than 5% of the Plan's assets in the outstanding securities of any one issuer.

Securities Lending – The PFRF has a securities lending agreement with Northern Trust, a national banking association (the agent). The agent, also the custodian for the retirement fund, acts as an agent to lend securities held in the retirement fund portfolios.

Per the agreement, the PFRF has authorized the lending of domestic bonds and securities in return for collateral. Collateral for loaned securities may be in the form of cash, securities issued or guaranteed by the United States Government or its agencies or irrevocable letters of credit. The broker/dealer collateralizes their borrowing to 102% of the security value, plus accrued interest. If the broker/dealer fails to return the security upon request, then the agent will utilize the collateral to replace the security loaned. The Government does not have the ability to pledge or sell collateral securities without a borrower default.

Investment of the cash collateral may be in commercial paper that is rated in the highest category of at least two nationally recognized security agencies, short-term obligations of banks, short-term obligations of the United States Government or its agencies, repurchase agreements, funding agreements issued by insurance companies rated "A" or higher by A. M. Best & Company or money market mutual funds. The investments of the collateral do not generally match the maturities of the securities lending arrangements themselves; they are typically very short-term in nature and mostly invested in overnight repurchase agreements.

The agent agrees to indemnify the retirement fund for losses resulting directly or indirectly from the failure of the borrower to return the loaned securities in accordance with the terms of the loan agreement, limited to an indemnification amount equal to the difference between the market value of the loaned securities and the value of the collateral. There are no restrictions in the agreement that limit the amount of securities that can be lent at one time or to one borrower.

As of June 30, 2020, the securities loaned in the portfolio did not have credit risk, and the fair value of securities on loan is \$36,938,160. Investments of the CEPF as of June 30, 2020 are summarized and categorized in the following table:

| City Employees Pension Fund |                     |   |  |  |
|-----------------------------|---------------------|---|--|--|
| Investment Type             | Fair Value          | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>Level 1 | Significant Other<br>Observable<br>Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 |
| Debt Securities:            |                     |   |  |  |
| Corporate Debt              | \$6,761,589         |   | \$6,761,589  |  |
| US Agencies                 | 8,460,429           |   | 8,460,429  |  |
| US Government Obligations   | 3,652,787           | 3,652,787   |  |  |
|                             | <u>18,874,805</u>   | <u>3,652,787</u>  | <u>15,222,018</u>                                    | <u>-</u>   |
| Other Investments:          |                     |   |  |  |
| Equity Mutual Funds         | 12,269,965          |   | 12,269,965   |  |
|                             | <u>\$31,144,770</u> | <u>\$3,652,787</u>  | <u>\$27,491,983</u>                                  | <u>\$0</u>                                       |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

Level 2 fixed income securities are priced by industry standard vendors, such as Interactive Data Corporation (IDC), using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. IDC also monitors market indices, and industry and economic events including credit rating agency actions.

The CEPF has contracted with external investment managers to manage all of the funds. The Board has adopted an investment policy that recommends the following target allocations based on asset class:

| <u>Asset Class</u>   | <u>Target Allocation</u> |
|----------------------|--------------------------|
| Domestic Equity      | 20.00%                   |
| International Equity | 10.00%                   |
| Fixed Income         | 70.00%                   |
|                      | <u>100.00%</u>           |

Interest Rate Risk – The CEPF does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market losses arising from increasing interest rates.

Credit Risk – The CEPF investment policy limits its equity manager to investments in ADR's to 10% of the equity portfolio's current market value. The fixed income manager's debt securities must have a minimum quality rating of Baa/BBB or above, while the overall fixed income portfolio rating must be A+ or above. No more than 10% of the equity portfolio can be of quality rating Baa/BBB and below.

| <b>City Employees Pension Fund</b> |                     |                     |                    |                    |                     |                       |                   |
|------------------------------------|---------------------|---------------------|--------------------|--------------------|---------------------|-----------------------|-------------------|
| Investment Maturities (in years)   |                     |                     |                    |                    |                     |                       |                   |
| <u>Investment Type</u>             | <u>Fair Value</u>   | <u>Less Than 1</u>  | <u>1 to 5</u>      | <u>6 to 10</u>     | <u>More than 10</u> | <u>S&amp;P Rating</u> | <u>Fair Value</u> |
| Debt Securities:                   |                     |                     |                    |                    |                     | AAA                   | \$303,091         |
| Corporate Debt                     | \$6,761,589         | \$1,480,341         | \$4,353,623        | \$927,624          |                     | AA                    | 4,858,480         |
| US Agencies                        | 8,460,429           | 8,460,429           |                    |                    |                     | A                     | 3,780,022         |
| US Government Obligation:          | 3,652,787           |                     |                    | 1,519,095          | \$2,133,693         | BBB                   | 936,994           |
|                                    | <u>18,874,805</u>   | <u>9,940,770</u>    | <u>4,353,623</u>   | <u>2,446,719</u>   | <u>2,133,693</u>    | NR                    | <u>21,266,182</u> |
| Other Investments:                 |                     |                     |                    |                    |                     |                       |                   |
| Equity Mutual Funds                | 12,269,965          | 12,269,965          |                    |                    |                     |                       |                   |
|                                    | <u>\$31,144,770</u> | <u>\$22,210,735</u> | <u>\$4,353,623</u> | <u>\$2,446,719</u> | <u>\$2,133,693</u>  |                       |                   |

Concentration of Credit Risk – The CEPF investment policy places a restriction on equity managers that at the time of purchase, managers may not invest in more than 5% of the outstanding securities of one issuer nor invest more than 5% of their portfolios' assets in the outstanding securities with one issuer. The fixed income manager may not invest in more than 5% of the outstanding securities of one issuer nor invest more than 5% of the fixed income portfolio assets in the outstanding securities of one issuer, except for Treasury and Agency securities.

Component Units

For complete information on custodial credit risk, interest rate risk, credit risk, and concentration of credit risk, refer to the individual reports on each component unit. Summarized investment information for the component units is included in the table below:

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

|   | Reported<br>Amount/<br>Fair Value |
|---|-----------------------------------|
| U.S. Government and Government Agency Obligations | \$91,133,378                      |
| Investments not subject to categorization:        |                                   |
| Certificates of Deposit                           | 27,207,448                        |
| Money Market Funds                                | 92,139,174                        |
| Total Investments                                 | <u>\$210,480,000</u>              |

As of June 30, 2020, LCC had \$4,357,324 and \$1,003,104 in deposits and investments, respectively, which were uninsured and uncollateralized.

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

|  | Primary Government   |                      |                       |
|--|----------------------|----------------------|-----------------------|
|  | Beginning<br>Balance | Increases            | Decreases             |
|  |                      |                      | Ending<br>Balance     |
| <b>Governmental Activities:</b>                    |                      |                      |                       |
| Nondepreciable Assets:                             |                      |                      |                       |
| Land   | \$62,865,782         | \$29,686             | \$0                   |
| Purchase of Development Rights                     | 80,603,464           | 1,319,553            |                       |
| Intangibles  | 9,798,144            | 313,241              |                       |
| Construction in Progress *                         | 29,040,005           | 14,537,052           | (23,635,077)          |
| Developments in Progress                           | 296,135              |                      | (139,145)             |
| Depreciable Assets:                                |                      |                      |                       |
| Buildings  | 187,910,454          | 9,436,413            | (4,320)               |
| Intangibles  | 17,781,251           | 3,381,608            | (714)                 |
| Vehicles, Equipment, & Furniture                   | 146,366,773          | 13,149,205           | (2,455,802)           |
| Land & Leasehold Improvements                      | 46,849,439           | 6,331,295            |                       |
| Infrastructure *                                   | 1,058,492,341        | 5,521,524            |                       |
| Sewer Lines  | 11,749,467           |                      |                       |
| Sewer Plants                                       | 216,797              |                      |                       |
| <b>Totals at Historical Cost</b>                   | <u>1,651,970,052</u> | <u>54,019,577</u>    | <u>(26,235,058)</u>   |
| Less Accumulated Depreciation For:                 |                      |                      |                       |
| Buildings  | (79,293,551)         | (6,171,708)          | 303                   |
| Intangibles  | (14,688,742)         | (2,595,644)          | 713                   |
| Vehicles, Equipment, & Furniture                   | (102,023,215)        | (10,499,762)         | 2,349,598             |
| Land & Leasehold Improvements                      | (31,087,061)         | (3,562,658)          |                       |
| Infrastructure                                     | (483,996,824)        | (34,889,059)         |                       |
| Sewer Lines  | (1,730,778)          | (234,140)            |                       |
| Sewer Plants                                       | (19,834)             | (4,336)              |                       |
| <b>Total Accumulated Depreciation</b>              | <u>(712,840,005)</u> | <u>(57,957,307)</u>  | <u>2,350,614</u>      |
| <b>Governmental Activities Capital Assets, Net</b> | <u>\$939,130,047</u> | <u>(\$3,937,730)</u> | <u>(\$23,884,444)</u> |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

|   | Beginning<br>Balance | Increases            | Decreases             | Ending<br>Balance    |
|---|----------------------|----------------------|-----------------------|----------------------|
| <b>Business-Type Activities:</b>                    |                      |                      |                       |                      |
| Nondepreciable Assets:                              |                      |                      |                       |                      |
| Land  | \$46,421,697         | \$0                  | \$0                   | \$46,421,697         |
| Construction in Progress                            | 123,079,153          | 47,321,848           | (98,946,526)          | 71,454,475           |
| Developments in Progress                            | 116,425              | 67,731               | (184,156)             | 0                    |
| Intangibles   | 581,026              | 327,637              |                       | 908,663              |
| Depreciable Assets:                                 |                      |                      |                       |                      |
| Buildings   | 120,728,659          | 88,860               |                       | 120,817,519          |
| Intangibles   | 9,099,463            | 83,550               |                       | 9,183,013            |
| Vehicles, Equipment & Furniture                     | 40,482,316           | 1,084,476            | (342,195)             | 41,224,597           |
| Land & Leasehold Improvements                       | 42,950,767           |                      |                       | 42,950,767           |
| Infrastructure                                      | 17,886,555           | 4,543,655            |                       | 22,430,210           |
| Sewer Lines *                                       | 227,792,912          | 12,158,524           |                       | 239,951,436          |
| Sewer Plants  | 209,491,154          | 82,179,346           |                       | 291,670,500          |
| <b>Totals at Historical Cost</b>                    | <u>838,630,127</u>   | <u>147,855,627</u>   | <u>(99,472,877)</u>   | <u>887,012,877</u>   |
| Less Accumulated Depreciation For:                  |                      |                      |                       |                      |
| Buildings   | (92,525,241)         | (3,535,288)          |                       | (96,060,529)         |
| Intangibles   | (5,937,918)          | (1,202,465)          |                       | (7,140,383)          |
| Vehicles, Equipment & Furniture                     | (21,005,948)         | (2,914,935)          | 285,715               | (23,635,168)         |
| Land & Leasehold Improvements                       | (36,518,291)         | (444,359)            |                       | (36,962,650)         |
| Infrastructure                                      | (2,082,668)          | (465,705)            |                       | (2,548,373)          |
| Sewer Lines *                                       | (82,580,251)         | (4,517,997)          |                       | (87,098,248)         |
| Sewer Plants  | (108,929,572)        | (5,195,119)          |                       | (114,124,691)        |
| <b>Total Accumulated Depreciation</b>               | <u>(349,579,889)</u> | <u>(18,275,868)</u>  | <u>285,715</u>        | <u>(367,570,042)</u> |
| <b>Business-Type Activities Capital Assets, Net</b> | <u>\$489,050,238</u> | <u>\$129,579,759</u> | <u>(\$99,187,162)</u> | <u>\$519,442,835</u> |

\* Restated beginning balance due to prior period adjustment

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

|   |                            |
|---|----------------------------|
| General Government  | \$1,334,018                |
| Computer Information Technology                             | 1,353,633                  |
| Chief Development Officer                                   | 1,926                      |
| Administrative Services                                     | 656,017                    |
| Finance   | 703,263                    |
| Public Safety   | 856,080                    |
| Environmental Quality & Public Works                        | 37,745,693                 |
| Police  | 1,978,634                  |
| Fire and Emergency Services                                 | 2,254,405                  |
| Law   | 9,023                      |
| Community Corrections                                       | 2,609,514                  |
| Social Services   | 720,154                    |
| General Services  | 5,492,482                  |
| Parks and Recreation  | 1,940,584                  |
| Planning, Preservation, & Development                       | 301,881                    |
| <b>Total depreciation expense - Governmental Activities</b> | <u><u>\$57,957,307</u></u> |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Business-Type Activities:**

|  |                            |
|--|----------------------------|
| Sanitary Sewer System  | \$13,649,916               |
| Public Facilities Corporation                                | 3,307,886                  |
| Landfill   | 588,404                    |
| Right of Way   | 6,324                      |
| Extended School Program                                      | 3,111                      |
| Enhanced 911   | 174,470                    |
| Water Quality  | 545,757                    |
| <b>Total depreciation expense - Business-Type Activities</b> | <b><u>\$18,275,868</u></b> |

|                                      | <b>Discretely Presented Component Units</b> |                             |                              |                             |
|--------------------------------------|---|-----------------------------|------------------------------|-----------------------------|
|                                      | <b>Beginning<br/>Balance</b>                | <b>Increases</b>            | <b>Decreases</b>             | <b>Ending<br/>Balance</b>   |
| Nondepreciable Assets:               |   |                             |                              |                             |
| Land                                 | \$36,450,245                                | \$4,210,000                 | \$0                          | \$40,660,245                |
| Construction in Progress             | 19,774,945                                  | 23,978,949                  | (10,962,654)                 | 32,791,240                  |
| Other                                | 75,301,601                                  | 83,575,788                  |                              | 158,877,389                 |
| Depreciable Assets:                  |   |                             |                              |                             |
| Buildings & Improvements             | 363,429,461                                 | 6,434,244                   | (66,345,427)                 | 303,518,278                 |
| Vehicles, Equipment, & Furniture     | 86,407,272                                  | 9,933,346                   | (1,890,584)                  | 94,450,034                  |
| Land & Leasehold Improvements        | 80,534,292                                  | 2,282,220                   |                              | 82,816,512                  |
| Intangibles                          | 69,645                                      | 170,822                     |                              | 240,467                     |
| <b>Totals at Historical Cost</b>     | <b>661,967,461</b>                          | <b>130,585,369</b>          | <b>(79,198,665)</b>          | <b>713,354,165</b>          |
| <b>Less Accumulated Depreciation</b> | <b>(299,968,669)</b>                        | <b>(19,675,484)</b>         | <b>49,768,868</b>            | <b>(269,875,285)</b>        |
| <b>Component Unit Activities</b>     |   |                             |                              |                             |
| <b>Capital Assets, Net</b>           | <b><u>\$361,998,792</u></b>                 | <b><u>\$110,909,885</u></b> | <b><u>(\$29,429,797)</u></b> | <b><u>\$443,478,880</u></b> |

**Construction Commitments**

The Government has active construction projects as of June 30, 2020. The projects include building improvements, capital repairs and maintenance, land improvements, sanitary sewer storm collection systems, storm drainage and major roadways. At June 30, 2020, the Government had the following commitments on construction contracts:

| Project                          | Commitment                 |
|----------------------------------|----------------------------|
| Buildings                        | \$408,806                  |
| Capital Repairs & Maintenance    | 2,287,535                  |
| Land Improvements                | 15,576,779                 |
| Sanitary Sewer Collection System | 25,468,267                 |
| Storm Drainage                   | 5,578,529                  |
| Streets & Roadways               | 9,604,843                  |
| Street Lighting                  | 99,258                     |
| Traffic Control & Markings       | 925,205                    |
|                                  | <b><u>\$59,949,222</u></b> |

Buildings are primarily financed through general obligation bonds for various renovations and construction. Capital repairs & maintenance, and traffic control & markings are funded by intergovernmental revenues and general obligation bonds. Land improvements are funded by a combination of intergovernmental revenues, general obligation bonds, and grant funds. Sanitary sewer projects are financed with both sewer revenues and Kentucky Infrastructure Authority State Revolving Fund Loans. Storm drainage improvements are supported by the water quality management

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

fee revenues. Intergovernmental revenues, local contributions, general obligation bonds, and grants provide funding for major roadway improvements. The Urban Services funds finance the construction of street lighting.

**C. Interfund Receivables, Payables, and Transfers**

The principal purpose of the Government's interfund transfers is indicative of funding for capital projects or subsidies of various Government operations and reallocation of special revenues. Due to our practice of cash management by pooling the Government's funds, interfund balances exist as of June 30, 2020. In addition, Federal and State Grants revenues are based on reimbursable expenditures. The composition of interfund balances as of June 30, 2020, is as follows:

|                             |                              |
|-----------------------------|------------------------------|
| Federal & State Grants      | (\$24,817,175)               |
| Other Governmental Funds    | (334,889)                    |
| Internal Service Funds      | 334,889                      |
| Total due from General Fund | <u><u>(\$24,810,084)</u></u> |

| Receivable Entity  | Payable Entity                    | Amount                    |
|--|-----------------------------------|---------------------------|
| Component unit - Lexington Public Library                  | Primary government - General fund | \$1,450,778               |
| Component unit - Lexington Convention and Visitor's Bureau | Primary government - General fund | 369,063                   |
| Component unit - Lexington Center Corporation              | Primary government - General fund | 146,129                   |
| Total  |                                   | <u><u>\$1,965,970</u></u> |

**Interfund Transfers:**

Transfers are indicative of 1) funding for capital projects, 2) moving unrestricted revenues collected in the General Fund to subsidize various programs accounted for in other funds in accordance with budgetary authorization, and 3) reallocation of special revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The following schedule briefly summarizes the Government's transfer activity:

|                        | General     | Urban Services | Fed & State Grants | Nonmajor Governmental | Total Governmental | Sanitary Sewer | Public Facilities Corp | Landfill | Water Quality | Nonmajor Proprietary | Total Proprietary |
|------------------------|-------------|----------------|--------------------|-----------------------|--------------------|----------------|------------------------|----------|---------------|----------------------|-------------------|
| General                | \$0         | \$1,883,800    | \$1,342,778        | (\$3,404,735)         | (\$178,157)        | \$92,297       | \$257,242              | \$0      | \$220         | \$0                  | \$349,759         |
| Urban Services         | (1,883,800) |                | 13,773             |                       | (1,870,027)        |                |                        |          |               |                      |                   |
| Fed & State Grants     | (1,342,778) | (13,773)       |                    | (941,334)             | (2,297,885)        |                |                        |          |               |                      |                   |
| Nonmajor Governmental  | 3,404,735   |                | 941,334            |                       | 4,346,069          |                |                        |          |               |                      |                   |
| Public Facilities Corp | (257,242)   |                |                    |                       | (257,242)          |                |                        |          |               |                      |                   |
| Water Quality          | (220)       |                |                    |                       | (220)              |                |                        |          |               |                      |                   |
| Grand Total            | (\$79,305)  | \$1,870,027    | \$2,297,885        | (\$4,346,069)         | (\$257,462)        | \$92,297       | \$257,242              | \$0      | \$220         | \$0                  | \$349,759         |

**D. Long-Term Debt**

Revenue bonds and other directly related long-term liabilities, which are intended to be paid from proprietary funds, are included in the accounts of such funds. All other long-term indebtedness is accounted for in the governmental activities column of the Government-Wide Statement of Net Position.



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Primary Government**

Bonds payable, notes payable, compensated absences, landfill closure and postclosure care costs, and unfunded pension liabilities at June 30, 2020 are as follows:

|  | Purpose of Issue                       | Original Issue | Interest Rates | Final Maturity | Amount Outstanding     | Due Within One Year |
|--|--|----------------|----------------|----------------|------------------------|---------------------|
| <b>Governmental Activities</b>                   |  |                |                |                |                        |                     |
| Bonds, Notes, Loans, and Leases:                 |  |                |                |                |                        |                     |
| Pension Obligation, Series 2009B                 | Police/Fire Pension Fund               | \$70,610,000   | 3.50% - 6.00%  | 1-Apr-2029     | \$39,970,000           | \$3,535,000         |
| General Obligation, Series 2010C                 | Refunding of 2000E                     | \$6,635,000    | 1.00% - 3.00%  | 1-Dec-2020     | 675,000                | 675,000             |
| Pension Obligation, Series 2010D                 | Police/Fire Pension Fund               | \$35,825,000   | .95%-5.45%     | 1-Jun-2030     | 1,730,000              | 1,730,000           |
| General Obligation, Series 2010H                 | Refunding of 2001B                     | \$4,465,000    | 1.00%-3.80%    | 1-Dec-2021     | 1,060,000              | 520,000             |
| Pension Obligation, Series 2012A                 | Police/Fire Pension Fund               | \$31,000,000   | 2.50% - 4.00%  | 1-Oct-2032     | 22,175,000             | 1,390,000           |
| General Obligation, Series 2012B                 | Refunding of 2002C and 2004C           | \$6,275,000    | 2.00% - 4.00%  | 1-Jul-2024     | 3,825,000              | 745,000             |
| General Obligation, Series 2013A                 | Road Resurfacing                       | \$11,275,000   | 2.00% - 5.00%  | 1-Oct-2023     | 4,700,000              | 1,090,000           |
| General Obligation, Series 2013B                 | Refunding of 2004,2005C,2006B          | \$6,005,000    | 2.00% - 4.00%  | 1-Jul-2025     | 2,935,000              | 475,000             |
| General Obligation, Series 2013C                 | CIP projects                           | \$17,035,000   | 3.00% - 4.00%  | 1-Oct-2037     | 13,165,000             | 725,000             |
| General Obligation, Series 2014A                 | Refunding of 2010A                     | \$55,925,000   | 3.00% - 5.00%  | 1-Sep-2030     | 38,835,000             | 2,820,000           |
| General Obligation, Series 2014B                 | CIP projects                           | \$24,245,000   | 3.25%-5.00%    | 1-Jan-2035     | 20,225,000             | 940,000             |
| General Obligation, Series 2014C                 | QECB Detention Center                  | \$2,900,000    | 3.25%          | 1-Jun-2027     | 2,795,000              |                     |
| General Obligation, Series 2015A                 | Refunding of 2006C,2009A,2010G         | \$19,845,000   | 3.00% - 5.00%  | 1-Oct-2028     | 13,560,000             | 2,205,000           |
| General Obligation, Series 2015B                 | CIP projects                           | \$24,860,000   | 2.00% - 5.00%  | 1-Oct-2035     | 17,730,000             | 2,015,000           |
| General Obligation, Series 2016A                 | Historic Courthouse Renovation         | \$22,450,000   | .80%-3.00%     | 1-Aug-2036     | 19,690,000             | 950,000             |
| General Obligation, Series 2016B                 | CIP projects                           | \$8,870,000    | 2.00% - 5.00%  | 1-Aug-2036     | 7,155,000              | 620,000             |
| General Obligation, Series 2016C                 | CIP projects                           | \$37,555,000   | 2.00% - 5.00%  | 1-Oct-2036     | 29,550,000             | 2,945,000           |
| General Obligation, Series 2016D                 | Refunding of 2006D Detention Center    | \$28,495,000   | 4.00% - 5.00%  | 1-Nov-2024     | 15,660,000             | 3,640,000           |
| General Obligation, Series 2017A                 | CIP projects                           | \$32,435,000   | 3.00% - 5.00%  | 1-Sep-2037     | 27,525,000             | 2,645,000           |
| General Obligation, Series 2017B                 | Refunding of 2010D Police/Fire Pension | \$22,445,000   | 2.00% - 2.85%  | 1-Jun-2030     | 21,380,000             | 305,000             |
| General Obligation, Series 2018A                 | CIP projects                           | \$42,055,000   | 3.00% - 5.00%  | 1-Oct-2038     | 39,680,000             | 2,500,000           |
| General Obligation, Series 2019A                 | CIP projects                           | \$18,110,000   | 3.00% - 5.00%  | 1-Nov-2039     | 18,110,000             | 1,250,000           |
| Premiums and Discounts                           |  |                |                |                | 26,368,338             |                     |
| <b>Total Bonds, Notes, and Loans Payable</b>     |  |                |                |                | <b>388,498,338</b>     | <b>33,720,000</b>   |
| Other Liabilities:                               |  |                |                |                |                        |                     |
| Compensated Absences                             |  |                |                |                | 28,699,840             | 4,017,978           |
| Unfunded Other Post Employment Benefit Liability |  |                |                |                | 337,040,126            |                     |
| Unfunded Pension Liability                       |  |                |                |                | 509,367,009            |                     |
| <b>Total Other Liabilities</b>                   |  |                |                |                | <b>875,106,975</b>     | <b>4,017,978</b>    |
| <b>Total Governmental Activities</b>             |  |                |                |                | <b>\$1,263,605,313</b> | <b>\$37,737,978</b> |
| <b>Business-Type Activities</b>                  |  |                |                |                |                        |                     |
| Bonds, Notes and Loans:                          |  |                |                |                |                        |                     |
| Sanitary Sewer, Series 2014A Refunding           | Refunding                              | \$24,190,000   | 3.00% - 5.00%  | 1-Sep-2030     | \$21,890,000           | \$2,945,000         |
| Sanitary Sewer, Series 2019A                     | SWR CIP Projects                       | \$50,730,000   | 2.125% - 5.00% | 1-Apr-2040     | 49,455,000             | 1,595,000           |
| Public Facilities, Series 2016D Refunding        | Refunding                              | \$42,590,000   | 2.65% - 5.00%  | 1-Oct-2031     | 36,100,000             | 2,390,000           |
| Radeliff road A209-09                            | SRF Loan                               | \$113,523      | 2.00%          | 1-Jun-2030     | 62,663                 | 5,720               |
| KIA Streetscape A209-8                           | SRF Loan                               | \$1,254,980    | 2.00%          | 1-Dec-2030     | 720,736                | 62,338              |
| So. Elkhorn A09-01                               | SRF Loan                               | \$14,045,119   | 2.00%          | 1-Dec-2031     | 8,753,655              | 684,190             |
| Wolf Run A10-08                                  | SRF Loan                               | \$8,373,431    | 2.00%          | 1-Dec-2035     | 7,300,295              | 406,102             |
| A13-002 Bob-O-Link                               | SRF Loan                               | \$2,711,427    | 1.75%          | 1-Dec-2038     | 2,422,688              | 119,441             |
| A13-003 East Lake                                | SRF Loan                               | \$743,414      | 1.75%          | 1-Dec-2037     | 631,582                | 33,328              |
| A13-003 Century Hills                            | SRF Loan                               | \$1,327,844    | 1.75%          | 1-Dec-2037     | 1,128,096              | 59,529              |
| A13-003 West Hickman Trk A                       | SRF Loan                               | \$4,338,726    | 1.75%          | 1-Dec-2037     | 3,686,051              | 194,511             |
| A13-003 Woodhill Trk                             | SRF Loan                               | \$3,588,635    | 1.75%          | 1-Dec-2037     | 3,048,796              | 160,883             |
| A13-018 E2A                                      | SRF Loan                               | \$5,264,306    | 1.75%          | 1-Dec-2037     | 4,586,717              | 233,849             |
| A13-007 AW PH3                                   | SRF Loan                               | \$1,154,472    | 1.75%          | 1-Dec-2037     | 840,109                | 44,338              |
| A13-007 IDLHR N                                  | SRF Loan                               | \$620,324      | 1.75%          | 1-Dec-2037     | 526,805                | 27,784              |
| A13-002 Wolf Run Trk                             | SRF Loan                               | \$452,195      | 1.75%          | 1-Dec-2038     | 404,041                | 19,920              |
| A13-002 Wolf Run WWS                             | SRF Loan                               | \$5,725,025    | 1.75%          | 1-Dec-2038     | 5,115,369              | 252,194             |
| A12-016 Blue Sky                                 | SRF Loan                               | \$1,594,026    | 2.00%          | 1-Dec-2036     | 1,323,857              | 70,970              |
| A13-007 Walhampton Rogers                        | SRF Loan                               | \$719,816      | 1.75%          | 1-Dec-2037     | 611,256                | 32,253              |
| A13-007 Cardinal-Laramie PH1-3                   | SRF Loan                               | \$226,247      | 1.75%          | 1-Dec-2037     | 192,110                | 10,142              |
| A13-015 Town Branch                              | SRF Loan                               | \$20,309,618   | 1.75%          | 1-Dec-2038     | 18,140,900             | 894,369             |
| A14-001 Lower Cane Run WWS                       | SRF Loan                               | \$12,168,449   | 1.75%          | 1-Dec-2038     | 10,865,698             | 535,692             |
| A13-015 Marquis Ave                              | SRF Loan                               | \$583,329      | 1.75%          | 1-Dec-2038     | 521,040                | 25,688              |
| A13-015 UK Trunk                                 | SRF Loan                               | \$3,009,695    | 1.75%          | 1-Dec-2038     | 2,688,311              | 132,537             |
| A15-026 West Hickman WWS*                        | SRF Loan                               | \$62,289,235   | 1.75%          | 1-Dec-2038     | 58,178,310             | 2,775,844           |
| A13-007 Rodgers Rd                               | SRF Loan                               | \$1,780,179    | 1.75%          | 1-Dec-2037     | 1,511,657              | 79,777              |
| A17-003 Lower Griffin Gate Trunk                 | SRF Loan                               | \$1,286,628    | 1.75%          | 1-Dec-2037     | 1,177,188              | 56,167              |
| A17-005 Town Branch PH 1*                        | SRF Loan                               | \$9,969,585    | 1.75%          | 1-Dec-2040     | 4,367,248              |                     |
| Premiums and Discounts                           |  |                |                |                | 11,576,410             |                     |
| <b>Total Bonds, Notes, and Loans Payable</b>     |  |                |                |                | <b>257,826,588</b>     | <b>13,847,567</b>   |
| Other Liabilities:                               |  |                |                |                |                        |                     |
| Compensated Absences                             |  |                |                |                | 2,393,667              | 901,314             |
| Landfill Closure & Postclosure Care Costs        |  |                |                |                | 11,964,370             | 442,205             |
| Unfunded Other Post Employment Benefit Liability |  |                |                |                | 10,124,441             |                     |
| Unfunded Pension Liability                       |  |                |                |                | 41,180,750             |                     |
| <b>Total Other Liabilities</b>                   |  |                |                |                | <b>65,663,228</b>      | <b>1,343,519</b>    |
| <b>Total Business-Type Activities</b>            |  |                |                |                | <b>\$323,489,816</b>   | <b>\$15,191,086</b> |

\*Amounts represents draws as of 6/30/2020

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2020, was as follows:

|   | Beginning<br>Balance   | Additions            | Reductions             | Ending<br>Balance      | Due Within One<br>Year |
|---|------------------------|----------------------|------------------------|------------------------|------------------------|
| <b>Governmental Activities</b>                              |                        |                      |                        |                        |                        |
| Bonds, Notes, Loans, and Leases:                            |                        |                      |                        |                        |                        |
| General and Pension Obligation Bonds                        | \$375,860,000          | \$18,110,000         | (\$31,840,000)         | \$362,130,000          | \$33,720,000           |
| Net of Bond Premiums and Discounts                          | 26,560,856             | 2,174,950            | (2,367,468)            | 26,368,338             |                        |
| <b>Total Bonds, Notes, and Loans Payable</b>                | 402,420,856            | 20,284,950           | (34,207,468)           | 388,498,338            | 33,720,000             |
| Other Liabilities:  |                        |                      |                        |                        |                        |
| Compensated Absences  | 26,412,334             | 3,994,546            | (1,707,040)            | 28,699,840             | 4,017,978              |
| Unfunded Other Post Employment Benefit Liability            | 307,936,013            | 45,307,008           | (16,202,895)           | 337,040,126            |                        |
| Unfunded Pension Liability                                  | 443,649,826            | 156,599,563          | (90,882,380)           | 509,367,009            |                        |
| <b>Total Governmental Activities Long-Term Liabilities</b>  | <b>\$1,180,419,029</b> | <b>\$226,186,067</b> | <b>(\$142,999,783)</b> | <b>\$1,263,605,313</b> | <b>\$37,737,978</b>    |
| <b>Business-Type Activities</b>                             |                        |                      |                        |                        |                        |
| Bonds, Notes, and Loans:                                    |                        |                      |                        |                        |                        |
| Revenue Bonds   | \$24,695,000           | \$50,730,000         | (\$4,080,000)          | \$71,345,000           | \$4,540,000            |
| Mortgage Revenue Bonds                                      | 38,370,000             |                      | (2,270,000)            | 36,100,000             | 2,390,000              |
| Notes and Loans   | 138,329,406            | 7,136,158            | (6,660,386)            | 138,805,178            | 6,917,567              |
| Bonds, Notes, and Loans Payable                             | 201,394,406            | 57,866,158           | (13,010,386)           | 246,250,178            | 13,847,567             |
| Net of Bond Premiums and Discounts                          | 7,867,653              | 4,496,281            | (787,524)              | 11,576,410             |                        |
| <b>Total Bonds, Notes, and Loans Payable</b>                | 209,262,059            | 62,362,440           | (13,797,910)           | 257,826,588            | 13,847,567             |
| Other Liabilities:  |                        |                      |                        |                        |                        |
| Compensated Absences  | 1,560,046              | 1,042,282            | (208,661)              | 2,393,667              | 901,314                |
| Landfill Closure and Postclosure Care Costs                 | 12,405,492             |                      | (441,122)              | 11,964,370             | 442,205                |
| Unfunded Other Post Employment Benefit Liability            | 10,519,306             | 1,159,803            | (1,554,668)            | 10,124,441             |                        |
| Unfunded Pension Liability                                  | 35,988,706             | 6,539,803            | (1,347,759)            | 41,180,750             |                        |
| <b>Total Business-Type Activities Long-Term Liabilities</b> | <b>\$269,735,609</b>   | <b>\$71,104,327</b>  | <b>(\$17,350,120)</b>  | <b>\$323,489,816</b>   | <b>\$15,191,086</b>    |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities. For the Governmental Activities, compensated absences are generally liquidated by the General Fund and the Urban Services Fund. The General Fund is used to liquidate both the net pension obligation and the net other postemployment benefit obligation. For Business-Type Activities, landfill closure and postclosure care costs are liquidated from fees charged for landfill services.

Principal and interest requirements to maturity for the Primary Government's bonds and notes are as follows:

| Fiscal Year                            | Governmental Activities                    |                    | Business-Type Activities        |                    |                        |                   |                          |                    |
|--|--|--------------------|---------------------------------|--------------------|------------------------|-------------------|--------------------------|--------------------|
|  | General Obligation Bonds, Notes, and Loans |                    | Revenue Bonds, Notes, and Loans |                    | Mortgage Revenue Bonds |                   | Total Primary Government |                    |
|  | Interest                                   | Principal          | Interest                        | Principal          | Interest               | Principal         | Interest                 | Principal          |
| 2021                                   | \$14,707,334                               | \$33,720,000       | \$5,117,584                     | \$11,457,567       | \$1,567,681            | \$2,390,000       | \$21,392,599             | \$47,567,567       |
| 2022                                   | 13,177,301                                 | 33,075,000         | 4,760,986                       | 11,996,516         | 1,445,181              | 2,510,000         | 19,383,468               | 47,581,516         |
| 2023                                   | 11,697,241                                 | 33,185,000         | 4,433,020                       | 10,601,684         | 1,316,431              | 2,640,000         | 17,446,693               | 46,426,684         |
| 2024                                   | 10,203,466                                 | 33,965,000         | 4,143,724                       | 10,894,203         | 1,181,056              | 2,775,000         | 15,528,247               | 47,634,203         |
| 2025                                   | 8,645,958                                  | 29,295,000         | 3,844,611                       | 11,189,115         | 1,038,806              | 2,915,000         | 13,529,375               | 43,399,115         |
| 2026-2030                              | 24,250,980                                 | 134,205,000        | 14,573,479                      | 60,596,135         | 2,876,681              | 16,325,000        | 41,701,140               | 211,126,135        |
| 2031-2035                              | 6,415,638                                  | 49,300,000         | 7,245,496                       | 56,227,633         | 195,322                | 6,545,000         | 13,856,456               | 112,072,633        |
| 2036-2041                              | 782,131                                    | 15,385,000         | 1,959,382                       | 37,187,325         |                        |                   | 2,741,513                | 52,572,325         |
| Total                                  | <u>\$89,880,049</u>                        | <u>362,130,000</u> | <u>\$46,078,282</u>             | <u>210,150,178</u> | <u>\$9,621,158</u>     | <u>36,100,000</u> | <u>\$145,579,491</u>     | <u>608,380,178</u> |
| Less principal payable within one year |  | <u>33,720,000</u>  |                                 | <u>11,457,567</u>  |                        | <u>2,390,000</u>  |                          | <u>47,567,567</u>  |
| Long term principal due after one year |  | \$328,410,000      |                                 | \$198,692,610      |                        | \$33,710,000      |                          | \$560,812,610      |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Component Units**

The Government is contingently liable for the Lexington Center Corporation and Airport Board's debt. Principal and interest requirements for Component Units' debt are as follows:

| Principal                              |                              |                         |                          |                      |
|--|------------------------------|-------------------------|--------------------------|----------------------|
| Fiscal Year                            | Lexington Center Corporation | Lexington Airport Board | Nonmajor Component Units | Total                |
| 2021                                   | \$3,625,000                  | \$4,100,000             | \$1,614,999              | \$9,339,999          |
| 2022                                   | 3,835,000                    | 4,615,000               | 1,701,431                | 10,151,431           |
| 2023                                   | 4,085,000                    | 4,690,000               | 1,727,612                | 10,502,612           |
| 2024                                   | 4,350,000                    | 4,740,000               | 1,789,162                | 10,879,162           |
| 2025                                   | 4,620,000                    | 4,880,000               | 3,472,734                | 12,972,734           |
| 2026-2030                              | 26,030,000                   | 24,540,000              | 1,923,938                | 52,493,938           |
| 2031-2035                              | 26,800,000                   | 26,420,000              | 737,698                  | 53,957,698           |
| 2036-2040                              | 36,150,000                   | 8,875,000               |                          | 45,025,000           |
| 2041-2045                              | 47,575,000                   |                         | 12,673,400               | 60,248,400           |
| 2046-2050                              | 48,040,000                   |                         |                          | 48,040,000           |
| Total                                  | 205,110,000                  | 82,860,000              | 25,640,974               | 313,610,974          |
| Less payable within one year           | (3,625,000)                  | (4,100,000)             | (1,614,999)              | (9,339,999)          |
| Refinancing loss/premium-discount      | 11,750,551                   | 772,998                 |                          | 12,523,549           |
| Long term principal due after one year | <u>\$213,235,551</u>         | <u>\$79,532,998</u>     | <u>\$24,025,975</u>      | <u>\$316,794,524</u> |
| Interest                               |                              |                         |                          |                      |
| Fiscal Year                            | Lexington Center Corporation | Lexington Airport Board | Nonmajor Component Units | Total                |
| 2021                                   | \$9,460,750                  | \$2,524,371             | \$0                      | \$11,985,121         |
| 2022                                   | 9,274,250                    | 2,289,067               | 589,152                  | 12,152,469           |
| 2023                                   | 9,076,250                    | 2,174,095               | 537,252                  | 11,787,597           |
| 2024                                   | 8,865,375                    | 2,053,023               | 486,884                  | 11,405,282           |
| 2025                                   | 8,641,125                    | 1,924,919               | 430,394                  | 10,996,438           |
| 2026-2030                              | 39,386,750                   | 7,449,254               | 344,491                  | 47,180,495           |
| 2031-2035                              | 33,269,813                   | 3,538,214               | 1,224,217                | 38,032,244           |
| 2036-2040                              | 25,591,500                   | 417,821                 | 1,022,558                | 27,031,879           |
| 2041-2045                              | 16,047,375                   |                         | 925,629                  | 16,973,004           |
| 2046-2050                              | 4,369,250                    |                         | 925,629                  | 5,294,879            |
| Total                                  | <u>\$163,982,438</u>         | <u>\$22,370,764</u>     | <u>\$6,486,206</u>       | <u>\$192,839,408</u> |

**General Description of the Government's Bonds and Notes Payable**

Revenue and Mortgage Revenue Bonds

The Sanitary Sewer System (the System) issues revenue bonds to finance improvements and expansions of the sanitary sewer system operated by the Government. The Sanitary Sewer System has issued the following bonds:

1. \$24,190,000 of Tax-Exempt Sewer System Revenue Refunding Bonds, Series 2014A, issued at a premium, and payable annually in principal installments ranging from \$500,000 to \$3,095,000 plus interest over 13 years, to

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

fully refund the Sewer System Revenue Bonds, Series 2009A, (Taxable Build America Bonds). The refunding provided for a cumulative savings of \$1,119,864 over the life of the bonds and a net present value savings of \$1,317,979 or 4.35% including the escrow of the partial BAB subsidy from the Sewer System Revenue Bonds, Series 2009A.

2. \$10,410,000 of Taxable Sewer System Revenue Refunding Bonds, Series 2014B, issued at a premium and payable annually in principal installments ranging from \$1,005,000 to \$2,540,000 plus interest over 5 years to fully refund the Sewer System Refunding Revenue Bonds Series 2010A. The issue resulted in a net present value loss of (\$284,163) or (2.42%). However, this issue was refunded in conjunction with the Tax-Exempt Sewer System Revenue Refunding Bonds, Series 2014A to provide the Government the opportunity to update the bond ordinances for current and future Sewer bond issues, see the below section on the updates to the Sewer System Bond Ordinances.
3. \$55,306,428 of Sewer System Revenue Bonds, Series 2019A, issued at a premium and payable annually in principal installments ranging from \$1,275,000 to 3,320,000 plus interest over 20 years for the purpose of financing various improvements to the Sanitary Sewer System mandated by the consent decree agreement with the Environmental Protection Agency.

In fiscal year 2014, the Government defeased all of the outstanding debt under its prior Sewer indenture. The new indenture provides that the gross income and revenues of the System first be used to pay operating and maintenance expenses of the System. Net Revenues of the System are then deposited into the Bond Account, which is held by the Trustee, and are to be disbursed as follows:

- Each month, 1/6 of the next interest payment to the Interest Subaccount and 1/12 of the next principal payment to the Principal Subaccount.
- If necessary, deposit to the Bond Reserve Account. Indenture is structured so that the requirement of reserve is applied on a series specific basis.
- Payment of any prior deficiencies in regards to the Interest Subaccount, Principal Subaccount, and Bond Reserve Account.
- If necessary, payment of administrative fees associated with the outstanding bonds.
- Deposit to the Rebate Fund.
- Payment of debt service of other debt obligations related to the Sewer System.
- Deposit to the Rate Stabilization Fund.
- Deposit to the Surplus Account.
- Funds can be requested by LFUCG from the Surplus Account for Operating and Maintenance or capital projects.

The Indenture also outlines parity provisions for the issuance of additional bonds for the acquisition or construction of sewer system facilities. The Net Revenues of the System, as defined in the bond ordinance, must provide coverage of 120% of Maximum Annual Debt Service.

The Public Facilities Corporation (PFC) was created by the Government to act as the agency and instrumentality of the Government in acquiring, developing and financing public improvements and public projects. The PFC financed various projects through bank and mortgage notes and the issuance of revenue bonds. The debt is collateralized by the properties, a pledge of specified Government revenues and lease payments from the Government sufficient to retire the debt and to provide for the operation and maintenance of the facilities.

The Government entered into various contracts, leases, and option agreements with the PFC. These agreements provide that the PFC receives title to the properties mortgaged as security for the revenue bond issues, the proceeds of which have been used to finance the acquisition, construction, and improvements to the properties. Upon payment of the outstanding bonds, title to the properties will be conveyed to the Government. The lease agreements are renewable annually and the likelihood of the leases not being renewed is remote.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The PFC issued \$42,590,000 Mortgage Revenue Refunding Bonds, Series 2016D, to refund \$48,910,000 total principal remaining on Series 2006 bonds, issued at a premium and payable annually in principal installments ranging from \$981,387 to \$3,961,556 plus interest over 16 years. The refunding provided a cumulative savings of \$7,984,977 over the life of the bonds resulting in a net present value savings of \$6,804,749 or 13.91% of the refunded principal.

Kentucky Infrastructure Authority (KIA) State Revolving Fund (SRF) Loans

SRF Loans are loans that are issued by the Commonwealth of Kentucky for infrastructure improvements. These loans are 20 year loans with a 2% interest rate. The Government has received the following KIA SRF Loans.

1. KIA Loan A209-09 Radcliffe Road issued in the amount of \$113,523, payable annually in principal installments ranging from \$1,837 to \$3,438 plus interest over 20 years. Financing improvements to the storm water system along Radcliffe Road in Fayette County.
2. KIA Loan A209-08 Streetscape issued in the amount of \$1,254,980, payable annually in principal installments ranging from \$25,671 to \$37,843 plus interest over 20 years. Financing improvements to the storm water system in the city center of Lexington. These funds were used in conjunction with the streetscape project that included upgrades to the sidewalks, sewer and storm water systems. This capital project included South Limestone, East and West Main Street, and Vine Street.
3. KIA Loan A09-01 South Elkhorn Pump station issued in the amount of \$14,045,119, payable annually in principal installments ranging from \$281,600 to \$423,692 plus interest over 20 years. Financing the upgrade of the South Elkhorn pump station and construction of a new 36-inch force main. The Capital Replacement Reserve Fund requirement is \$43,020 annually for 10 years.
4. KIA Loan A10-08 Wolf Run Pump station issued in the amount of \$10,500,000, payable annually in principal installments ranging from \$375,028 to \$536,379 plus interest over 20 years for the upgrade and expansion of the Wolf Run pump station. The Capital Replacement Reserve Fund requirement is \$26,250 annually for 10 years.
5. KIA Loan A13-002 issued in the amount of \$8,888,648, payable annually in principal installments ranging from \$184,181 to \$259,589 for the upgrades to the Bob-O-Link Trunk Line, Wolf Run Trunk Line and the Wolf Run Storage Tank Capacity Upgrade. The Capital Replacement Reserve Fund requirement is \$35,000 annually for 10 years.
6. KIA Loan A13-003 issued in the amount of \$9,997,196, payable annually in principal installments ranging from \$205,263 to \$582,140 plus interest over 20 years for the upgrades to the Eastlake Trunk Line, Century Hills Trunk Line, West Hickman Trunk Line and the Woodhill Trunk Line. The Capital Replacement Reserve Fund requirement is \$25,000 annually for 10 years.
7. KIA Loan A13-007 issued in the amount of \$4,298,547, payable annually in principal installments ranging from \$91,001 to \$252,328 plus interest over 20 years for the upgrades to the Storm Water Systems of Anniston Wickland, Idlehour, Walhampton Rogers, and Perimeter Park Neighborhoods. The Capital Replacement Reserve Fund requirement is \$12,000 annually for 10 years.
8. KIA Loan A13-18 issued in the amount of \$5,264,306, payable annually in principal installments ranging from \$110,486 to \$306,355 plus interest over 20 years for the upgrades to the Expansion Area 2A Wastewater System. The Capital Replacement Reserve Fund requirement is \$15,000 annually for 10 years.
9. KIA Loan A12-16 issued in the amount of \$1,594,025, payable annually in principal installments ranging from \$32,606 to \$48,066 for the acquisition and conversion to a pump station of the Blue Sky Wastewater Treatment plant. The Capital Replacement Reserve Fund requirement is \$4,825 annually for 10 years.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

10. KIA Loan A13-15 issued in the amount of \$31,801,000, payable annually in principal installments ranging from \$501,433 to \$704,322 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Town Branch Wastewater Treatment Facility, upgrades to Marquis Avenue, and the UK Trunk Line. The Capital Replacement Reserve Fund requirement is \$80,000 annually for 10 years.
11. KIA Loan A14-001 issued in the amount of \$12,134,178, payable annually in principal installments ranging from \$252,567 to \$357,777 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Lower Cane Run Pump Station. The Capital Replacement Reserve Fund requirement is \$50,000 annually for 10 years.
12. KIA Loan A15-026 issued in the amount of \$67,944,188 for design and construction of Phase 1 of a multi-phase waste water storage facility at the West Hickman Waste Water Treatment Plant. As of June 30, 2020 the Government has received only a partial draw of \$62,289,235 with the remaining balance of \$5,654,953 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund requirement is \$170,000 annually for 10 years.
13. KIA Loan A17-003 issued in the amount of \$1,286,628, payable annually in principal installments ranging from \$27,003 to \$37,929 for the replacement of 4,700 linear feet of gravity sewer pipes. The Capital Replacement Reserve Fund requirement is \$5,900 annually for 10 years.
14. KIA Loan A17-005 issued in the amount of \$9,969,585 for the replacement of 5,600 linear feet of 12 inch sewer pipes with 21 inch sewer pipes. Additionally a source water pump and a Bio-swale for surface water treatment from paved areas will be installed. As of June 30, 2020 the Government has received only a partial draw of \$4,367,248 with the remaining balance of \$5,602,337 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund Requirement is \$25,000 annually for 10 years.

General Obligation Bonds and Notes

The Government issues General Obligation bonds and notes to provide funds for the acquisition and construction of capital assets used by Governmental Activities. The Government has issued the following general obligation bonds and notes:

1. \$70,610,000, Series 2009B, Taxable General Obligation Pension Funding Bonds, issued at a discount and payable annually in principal installments ranging from \$2,315,000 to \$5,515,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan.
2. \$7,735,000, Series 2010B, General Obligation Refunding Bonds, for refunding the Series 1999B and 2000A General Obligation Bonds. Issued at a discount and payable annually in principal installments ranging from \$715,000 to \$850,000 plus interest over 10 years. The refunding provided for a cumulative savings of \$1,394,276 over the life of the bonds resulting in a net present value savings of \$1,189,304 or 15.37% of the refunded principal.
3. \$6,635,000, Series 2010C, General Obligation Refunding Bonds, for refunding the Series 2000E General Obligation Bonds. Issued at a discount and payable annually in principal installments ranging from \$60,000 to \$675,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$675,874 over the life of the bonds resulting in net present value savings of \$593,504 or 8.95% of the refunded principal.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

4. \$35,825,000, Series 2010D, Taxable General Obligation Pension Funding Bonds issued at a discount and payable annually in principal installments ranging from \$1,195,000 to \$2,700,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan. Of the outstanding balance \$22,445,000 was refunded through the issuance of Series 2017B, leaving a remaining balance of \$6,480,000.
5. \$4,465,000, Series 2010H, General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2001B. Issued at a discount and payable in annual principal payments ranging from \$30,000 to \$540,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$150,459 over the life of the bonds resulting in a net present value savings of \$126,407 or 3.03% of the refunded principal.
6. \$31,000,000, Series 2012A, Taxable General Obligation Pension Funding Bonds, issued at a premium and payable annually in principal installments ranging from \$1,170,000 to \$2,110,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan.
7. \$6,275,000, Series 2012B, General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2002C and the General Obligation Bond Series 2004C. Issued at a discount and payable in annual principal payments ranging from \$20,000 to \$825,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$597,633 over the life of the bonds resulting in net present value savings of \$545,403 or 8.76% of the refunded principal.
8. \$11,275,000, Series 2013A, Various Purpose General Obligation Bonds to finance various street and highway improvements including the rehabilitation and paving of existing roads and streets throughout Lexington, Fayette County, Kentucky. Issued at a premium and payable in annual principal payments ranging from \$845,000 to \$1,265,000 plus interest over 10 years.
9. \$6,005,000, Series 2013B, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2004C, General Obligation Bond Series 2005C and General Obligation Bond Series 2006B. Issued at a premium and payable annually in principal installments ranging from \$40,000 to \$925,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$402,579 over the life of the bonds resulting in net present value savings of \$293,222 or 5.10% of the refunded principal.
10. \$17,035,000, Series 2013C, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to communications and computer equipment and other equipment, traffic engineering equipment, police and fire equipment, police and fire vehicles, and golf carts, remodeling and renovation of public safety buildings, Kentucky Theatre renovations, maintenance building, fire stations, street and sidewalk improvements, various park projects and improvements, HVAC system maintenance, and weather and emergency systems upgrades. Issued at a premium and payable in principal installments ranging from \$595,000 to \$1,195,000 plus interest over 20 years.
11. \$55,925,000, Series 2014A, Various Purpose General Obligation Refunding Bonds, for refunding the General Obligation Bond Series 2010A Build America Bonds. Issued at a premium and payable annually in principal installments ranging from \$2,325,000 to \$4,220,000 plus interest over 17 years. The refunding provided for a cumulative savings of \$2,214,916 over the life of the bonds resulting in net present value savings of \$2,437,443 or 4.35% of the refunded principal.
12. \$24,245,000 Series 2014B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

- improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and construction of a new senior center. Issued at a premium and payable in annual principal payments ranging from \$690,000 to \$1,830,000 plus interest over 20 years.
13. \$2,900,000 Series 2014C, Energy Conservation General Obligation Bonds-Federally Taxable Qualified Energy Conservation Bonds to finance energy conservation measures and other qualifying projects at the Fayette County Detention Center including, but not limited to, LED lighting retrofits, chiller plant optimization, intake HVAC retrofit, inner ring HVAC retrofits, constant-volume reheat fan reset, controls upgrade, demand controlled ventilation, Variable-Air-Volume (VAV) box occupancy controls, energy efficient motors, demand controlled ventilation, kitchen hoods, and installation of new walk-in refrigeration. Issued at par with annual sinking fund payments of \$196,441 and a 70% interest subsidy with a final maturity of 12 years. In March of 2018, \$105,000 in unused proceeds were redeemed in an extraordinary call per IRS guidelines. The new par amount is \$2,795,000.
  14. \$19,845,000, Series 2015A, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2006C, General Obligation Bond Series 2009A and full refunding of Series 2010G, Various Purpose General Obligation Public Projects Recovery Zone Economic Development Bonds. Issued at a premium and payable annually in principal installments ranging from \$1,080,000 to \$2,985,000 plus interest over 14 years. The refunding provided for a cumulative savings of \$1,118,502 over the life of the bonds resulting in net present value savings of \$849,671 or 4.28% of the refunded principal.
  15. \$24,860,000 Series 2015B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing an ERP software upgrade, new Budgeting system, procurement website upgrade, general repairs, life safety, autos vehicle replacement, roof repair and replacement, HVAC repair and replacement, neighborhood paving, infrastructure improvements, parks improvements and upgrades providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and additional funding for the Emergency Operations Center. Issued at a premium and payable in annual principal payments ranging from \$495,000 to \$2,015,000 plus interest over 20 years.
  16. \$22,450,000 Series 2016A, Taxable General Obligation Bonds to finance the restoration and rehabilitation of the historic Fayette County Courthouse (the "Historic Courthouse Project") located at 215 West Main Street in downtown Lexington, Fayette County, Kentucky which Historic Courthouse Project will help preserve the history and architecture of Lexington-Fayette County, enhance the economic development of downtown Lexington, assist in elimination of blight, and reinforce and promote additional redevelopment activities in downtown Lexington-Fayette County. Issued at Par and payable in annual principal payments ranging from \$910,000 to \$1,435,000 plus interest over 20 years.
  17. \$8,870,000 Series 2016B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to: financing the design and infrastructure improvements for Town Branch Commons Corridor (TBCC), an innovative multimodal greenway that will link two regional trail systems, the Legacy Trail and Town Branch Trail, and through its unique linear park-like design and stormwater management systems, TBCC will create a livable, sustainable streetscape in downtown Lexington and will connect established and emerging neighborhoods to each other, downtown, and adjacent higher education (collectively, the "Town Branch Commons Corridor Project"); streetscape and sidewalk improvements located in the Versailles Road area; and street improvements including widening, opening, extending, realigning, grading, repaving, resurfacing, and otherwise rehabilitating and improving streets, roads, thoroughfares, avenues, and expressways throughout Lexington-Fayette County. Issued at a premium and payable in annual principal payments ranging from \$190,000 to \$815,000 plus interest over 20 years.



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

- 
18. \$37,555,000 Series 2016C, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) the construction, installation and equipping of a new fire station, software system upgrades, safety operations and other safety related projects, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and providing financial assistance to Lexington Center Corporation for the expansion and replacement of the Lexington Convention Center, and (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from \$975,000 to \$3,100,000 plus interest over 20 years.
  19. \$28,495,000 Series 2016D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2006D Detention Center Refunding Bond. Issued at a premium and payable in annual principal payments ranging from \$2,920,000 to \$4,180,000 plus interest over 8 years. The refunding provided for a cumulative savings of \$3,942,183 over the life of the bonds resulting in net present value savings of \$3,742,315 or 11.47% of the refunded principal.
  20. \$32,435,000 Series 2017A, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) the construction, installation, renovations, repairs and upgrades and equipping of fire stations, software system upgrades, safety operations and other safety related projects, new firetrucks, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from \$585,000 to \$2,925,000 plus interest over 20 years.
  21. \$22,445,000 Series 2017B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2010D Lexington-Fayette Urban County Government Taxable General Obligation Pension Funding Bonds. Issued at a premium and payable in annual principal payments ranging from \$295,000 to \$2,595,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$ 1,963,714 over the life of the bonds resulting in net present value savings of \$1,964,340 or 9.82% of the refunded principal.
  22. \$42,055,000 Series 2018A Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including but not limited to software system upgrades, safety operations and other safety related projects, new firetrucks, new police cars, road resurfacing, road maintenance, streetscapes and sidewalk improvements, renovations and upgrades related to public buildings, fleet vehicle replacement, and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, and (ii) providing funding for renovations to the Lexington Convention Center. Issued at a premium and payable in annual principal payments ranging from \$1,060,000 to \$3,595,000 plus interest over 20 years.
  23. \$18,110,000 Series 2019A Various Purpose General Obligation Bonds financing repairs and upgrades and equipping of fire stations, safety operations, new firetrucks and other fire safety related projects, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, pedestrian safety improvements, renovations, repairs and upgrades related to public buildings, new voting machines, public art funding and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from \$210,000 to \$1,900,000 plus interest over 20 years.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

Landfill Closure and Postclosure Care Cost

State and Federal laws and regulations require the Government to place final covers on its landfills and to perform certain maintenance and postclosure monitoring functions at its landfills for thirty years. Since the operations and maintenance of the Government's landfills are accounted for in an Enterprise Fund, the accrued liability for these costs are reported in the Landfill Fund as required by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The liability at June 30, 2020 is based on the estimated cost of maintaining and monitoring the Old Frankfort Pike Landfill (OFPLF) and the Haley Pike Landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations and these costs will be funded by the Landfill Fund. The OFPLF ceased accepting waste decades ago. The Haley Pike Landfill ceased accepting waste in December 2011. Both of these landfills are at 100% capacity. The Haley Pike Landfill has been capped. Environmental monitoring and maintenance of the property will occur over the next 30 years, in accordance with Kentucky State Law.

**NOTE 4. SELF-INSURANCE PROGRAM**

**A. Health, Dental, and Vision Care** – The Government offers health, dental, and vision care insurance options to employees of the Government. The self-insured medical and pharmacy health plan is provided by Anthem and City Pharmacy. The fully insured dental and vision plans are provided by Delta Dental and Eye Med, respectively. Third party administrators are responsible for the processing of claims and cost containment. Premiums are paid through payroll deductions and may be funded fully or partially by the Benefit Pool provided by the Government. The Health, Dental, and Vision Care Insurance Fund accounts for these activities and is reported in an internal service fund. Changes in the balances of claims liabilities during the past two years are as follows:

|                                 |              |
|---------------------------------|--------------|
| Surplus at June 30, 2018        | \$0          |
| Claims and changes in estimates | 35,632,336   |
| Claims paid                     | (35,632,336) |
| Surplus at June 30, 2019        | 0            |
| Claims and changes in estimates | 36,111,252   |
| Claims paid                     | (36,111,252) |
| Surplus at June 30, 2020        | <u>\$0</u>   |

**B. Insurance and Risk Management** – The Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through the Property and Casualty Claims Fund (the Fund), a self-insured program established in 1982. There are five types of coverage provided by the self-insured program: auto liability, auto physical damage, general liability, property (including boiler and machinery), and workers' compensation.

All assets and employees of the primary government are covered by the Fund. Premiums are paid into the Fund by the General Fund, the Urban Services Fund, and the Sanitary Sewer System Fund and are based on both exposure and experience factors. Premiums include amounts needed to pay prior and current-year claims and administrative costs. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. Estimated recoveries, from subrogation and excess insurance policies, for example, are another component of the claims liability estimate.

Annually, as of June 30, the Fund has a third party actuary review the claim histories for all claim years for which open claims are outstanding. The actuary projects the ultimate claim payment obligation (including the IBNR claims) for each year's claim experience. The Government elected to establish the liability for these claims and loss expenses at their present value, with a discount rate of 3.5%. As of June 30, 2020 the undiscounted estimated liability was \$31,055,802. The discounted estimated liability as of June 30, 2020 was \$27,456,613. Changes in the balances of

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

claims liabilities during the past two years are as follows:

|                                      | Auto Liability<br>and Physical<br>Damage | General<br>Liability | Property  | Workmens'<br>Compensation | Total        |
|--------------------------------------|--|----------------------|-----------|---------------------------|--------------|
| Liability at June 30, 2018           | \$1,710,771                              | \$4,629,255          | \$162,298 | \$18,391,416              | \$24,893,740 |
| Claims and changes in estimates FY19 | (1,578,434)                              | (611,908)            | (602,624) | (4,758,053)               | (7,551,019)  |
| Claims Incurred FY 2019              | 1,627,493                                | (322,117)            | 648,157   | 7,452,777                 | 9,406,310    |
| Liability at June 30, 2019           | 1,759,830                                | 3,695,230            | 207,831   | 21,086,140                | 26,749,031   |
| Claims and changes in estimates FY20 | (1,580,682)                              | (1,367,803)          | (787,871) | (5,050,024)               | (8,786,380)  |
| Claims Incurred FY 2020              | 1,234,764                                | 1,432,895            | 761,791   | 6,064,512                 | 9,493,962    |
| Liability at June 30, 2020           | \$1,413,912                              | \$3,760,322          | \$181,751 | \$22,100,628              | \$27,456,613 |

The Fund uses excess insurance policies, purchased from various commercial carriers, to reduce its exposure to large losses on all types of insured events or for exposures that are difficult to self-insure. These insurance policies permit recovery of losses above the self-insured retention limits from the insurance carriers, although it does not discharge the primary liability of the Self-Insured Retention Fund as the direct source for payment of claims made against the Government. Workers' compensation self-insured retention was \$1,000,000 and property self-insured retention was \$250,000. The following schedule indicates the types of excess insurance purchased, the SIR (self-insured retention level) maintained by the Fund, limits and some of the sub-limits of the excess insurance coverage:

| Line of coverage              | Self-insured Retention Per<br>Occurrence | Excess Reinsurance Annual Limit  |
|-------------------------------|--|--|
| Property                      | \$250,000                                | \$500,000,000 Per Occurrence   |
| Flood Loss                    | 250,000                                  | \$50,000,000 Per Occurrence  |
| Flood-Specified (3) Locations | 500,000                                  | \$5,000,000 Annual Aggregate for (3) Specified Locations   |
| Earthquake Loss               | 250,000                                  | \$100,000,000 Per Occurrence   |
| EDP - Equipment Only          | 250,000                                  | Included in Property Limits  |
| Data, Programs or Software    | 250,000                                  | \$5,000,000 Sublimit   |
| Traffic Control Equipment     | 250,000                                  | Included in Property Limits  |
| Cyber Coverage – First Party  | 75,000                                   | \$2,000,000 Aggregate (Separate Policy - Not Included in Property)                                 |
| Boiler and Machinery          | 250,000                                  | Included in Property Limits  |
| Auto Physical Damage          | 100,000                                  | Included in Property Limits  |
| Auto Liability                | 1,500,000                                | \$2,000,000 Combined Single Limit Per occurrence/\$8,000 000 Commercial Excess Liability Umbrella  |
| General Liability             | 1,500,000                                | \$2,000,000 Per Occurrence with varying sublimits/\$8,000 000 Commercial Excess Liability Umbrella |
| Public Officials Liability    | 1,500,000                                | \$2,000,000 Per Occurrence/\$8,000 000 Commercial Excess Liability Umbrella                        |
| Law Enforcement Liability     | 1,500,000                                | \$2,000,000 Per Occurrence/\$8,000 000 Commercial Excess Liability Umbrella                        |
| Workers' Compensation         | 1,000,000                                | Statutory Per Occurrence   |
| Employers' Liability          | 1,000,000                                | \$2,000,000 Occurrence/\$2,000,000 Aggregate   |
| Pollution Liability           | 75,000 per pollution loss                | \$1,000,000 Aggregate  |
| Aviation Liability            | 1% of Value - In Motion                  | \$20,000,000 Per Occurrence  |

**NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS**

**A. Litigation** – The Government is party to numerous legal proceedings where the ultimate outcome cannot be determined with certainty or cannot be reasonably estimated, many of which normally occur in government operations. The Government's Department of Law estimates that there are pending cases in which there is a reasonably possible likelihood that the Government will incur some liability. As of June 30, 2020 the Government has accrued approximately \$13,400,000 for potential liabilities for the cases covered by self-insurance (See Note 4.B.).

**B. United States Environmental Protection Agency Consent Decree** – The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with the EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement affords the Government up to 13 years to correct the problems. The Government has estimated that the cost of remedial measures would approach \$591 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and also adopted a storm water management fee.

**C. Federal and State Grants** – The Government receives grant funds from various Federal and State government agencies to be used for specific designated purposes and are governed by various rules and regulations of the grantor agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions surrounding the granting of funds. If a grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the Government for its expenditures. In management's opinion, any liability for any refunds or reimbursements which may arise as a result of audits of grant funds would not have a material impact on the financial position of the Government. Continuation of the Government's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

**D. Lexington Center Corporation** – LCC is a non-profit, non-stock corporate agency and instrumentality of the Government. Under the terms of a Lease Agreement dated June 15, 1993 and Supplemental Lease Agreement (Agreement) dated September 18, 2008, LCC has leased the entire Project to the LFUCG on an annual basis. The annual rental to be paid by LFUCG to LCC shall be equal to interest and principal paid on the Series 2008A Bonds, less a credit for interest earned by investments in the Debt Service Reserve Account and Bonds Service Account, plus a credit for any revenues or assets of LCC constituting operational revenue. The Agreement grants LFUCG an exclusive option to renew the lease for additional 1-year periods through June 30, 2022, and requires notice to LCC if the lease is not to be renewed. LFUCG may acquire title to the Project on any interest payment date by notifying LCC and the Trustee 60 days before such date, and by paying to the Trustee an amount equal to principal, interest and redemption premiums on the Bonds outstanding at that time, plus costs associated with the redemption of the Bonds. This Agreement was terminated and replaced on October 1, 2018.

New Lease Agreement dated October 1, 2018 (New Agreement), LCC has leased the entire Project to the LFUCG on an annual basis. The annual rental to be paid by LFUCG to LCC shall be equal to interest and principal paid on the Series 2018 Bonds. The New Agreement grants LFUCG an option to renew the lease for additional 1-year periods through June 30, 2049, and requires notice to LCC if the lease is not to be renewed. LFUCG may acquire title to the Project on any interest payment date by notifying LCC and the Trustee 60 days before such date, and by paying to the Trustee an amount equal to principal, interest and redemption premiums on the Bonds outstanding at that time, plus costs associated with the redemption of the Bonds. LCC and LFUCG entered into a Management Contract dated June 15, 1993. Under this contract, LCC has full possession and control of the Project on behalf of LFUCG. The contract also provides that, in the event operating revenues exceed operating expenses in a given year, this excess may be used to establish reasonable reserves for efficient operation, depreciation, replacement of equipment, and repairs. Any remaining surplus shall be seasonably remitted to LFUCG. Accordingly, LCC has established a Capital Replacements Reserve Account to be used to fund expected replacements and major repairs of fixed assets. And a Current Operating Reserve Account to be used to provide a reasonable reserve for the operations of LCC. The Management Contract between LCC and LFUCG is coterminous with the term of the New Agreement and is automatically renewed from year to year with the New Agreement.

On July 13, 2001, LCC and the University of Kentucky (UK) Athletic Association entered into a lease agreement through the 2017-18 basketball season for the use of Rupp Arena. In December 15, 2016, the University signed a Letter of Intent with LCC outlining goals and terms to be negotiated in a new 15-year lease that would extend to 2033. On February 7, 2018 UK signed a Facility Right of Use Agreement with a minimum of 16 events must be University of Kentucky men's basketball games. LCC is to provide UK four club spaces to be constructed in the Convention Project. The agreement has a term of 15 years and terminated June 30, 2033.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

An agreement between LCC and the Lexington Convention and Visitors Bureau, dated March 20, 2001, provides for annual contributions of \$948,000 to LCC for the period beginning 2001 and ending 2012. Contributions shall decrease in the amount of \$100,000 each successive fiscal year beginning in 2013, with a final contribution of \$48,000 in 2021. In an agreement signed September 20, 2018 an effective date of January 1, 2019. The new agreement establishes monthly contribution from Visit LEX of \$62,500 and LCC agrees to fund an "Incentive Fund" in the amount of \$250,000. The first three years of the agreement, LCC shall maintain an annual limit in the fund of \$125,000 thereafter. The agreement has a term of 66 months with 5-year automatic renewals and a final 54 month term for a total of 30 years. Due to significant loss of Transient Room Tax revenues in 2020 a new agreement has been approved and the new terms are listed in sections G.

A Memorandum of Agreement dated March 23, 2016 between the Finance and Administration Cabinet (the cabinet), a governmental agency of the Commonwealth of Kentucky (the Commonwealth), LFUCG, and LCC provides that the Cabinet shall pay to LCC \$60,000,000 if LFUCG agrees to levy an additional 2.5% transient room tax (2% to LCC and 0.5% to the Cabinet for the recoupment of its \$60 million investment) and contribute an additional \$10,000,000 to LCC. LCC agrees to finance approximately \$171,000,000 through the sale of bonds, and spend all funds for the renovation, expansion, or improvement of a convention center. LCC also agrees to reimburse the Commonwealth for \$2,187,500, on or before December 31, 2016, it previously received towards the Arts and Entertainment Project. LCC repaid its commitment to the Commonwealth in fiscal 2017. In October 2018, LCC received approximately \$221 million through the sale of bonds for the Convention Project and the Commonwealth funded its \$60 million commitment.

On January 1, 2018, LCC entered into an agreement with Oak View Group LLC (OVG) to retain OVG as exclusive third party booking agent for events and concerts at Rupp Arena. This agreement expires December 31, 2022.

On December 4, 2018, LCC entered into a tri-party agreement between Town Branch Fund (the Fund), LFUCG and LCC to develop, construct and maintain the Town Branch Commons park project (Park Project). The Park Project will consist of approximately 9 acres of property that is now known as the Cox Street Parking Lot. LCC commits to leasing the property to the Fund under certain lease terms that will be finalized for least 75% of the total budget cost of construction of the Park Project. LFUCG will assist the Fund with the procurement of any permits and procedures for park construction and operations. If the Fund cannot raise sufficient funds as outlined in the agreement, the agreement will be terminated on December 4, 2023, with no further obligations from the Parties.

**E. Lexington-Fayette Urban County Airport Corporation (Airport Corporation)** – The Airport Corporation is a non-profit, non-stock corporate agency and instrumentality of the Government and the Airport Board. The Government and the Airport Board have entered into a joint and severable Contract Lease and Option Agreement that provides for leasing the Bluegrass Airport from the Airport Corporation on an annual basis beginning October 1, 1976. The annual rental to be paid by the Government to the Airport Corporation is an amount equal to interest and principal on the bonds, plus costs of operating, maintaining, and insuring the leased premises, less all receipts of the Airport Corporation that are not required to be otherwise applied. The agreement grants the Government the option to renew the lease for additional one-year periods through June 30, 2024, but the Government may elect not to renew the lease with written notice to the Airport Corporation. The Airport Corporation has had sufficient revenues to pay all debt service costs without a lease payment from the Government. The financial status is expected to remain the same.

The Airport Corporation is subject to federal, state, and local regulations in regards to the discharge of various materials into the environment. Costs are routinely incurred to remove, contain, and neutralize existing environmental contaminants and these costs are generally expensed as incurred. Future costs for existing conditions are not readily determinable and are not reflected in the financial statements.

The Airport Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

Corporation manages these risks through the purchase of commercial insurance. The amount of settlements has not exceeded coverage in any of the past three fiscal years.

**F. Lexington Public Library** – The Library is a non-profit, non-stock corporate agency and instrumentality of the Government. The Lexington Public Library Board of Trustees is a defendant in a lawsuit filed by the Library's former Director, for contract damages associated with her 2009 termination by the Board. This matter came before an American Arbitration Association panel that on May 17, 2014 issued an Order of Damages totaling \$907,762. On each of the panel's findings for damages, a panel member dissented to the order except in the case of the salary remaining on the contract which totals \$257,731. The Lexington Public Library Board of Trustees' legal counsel presented to the Fayette Circuit Court arguments and memoranda supporting the Board's position that the Arbitration Panel exceeded its authority under Kentucky law. On August 18, 2016, the Kentucky Supreme Court denied the Motion for Discretionary Review filed by the Plaintiff. The case was remanded to the Fayette Circuit Court. Since remand, the Library filed two motions for summary judgement. On August 9, 2017, the Fayette Circuit Court granted both motions for summary judgment and held that the Plaintiff was not entitled to recover damages. The deadline for appeal has not passed. On September 5, 2017, the Plaintiff filed a Notice of Appeal. The parties have fully briefed the Court of Appeals and are awaiting the Court's decision. On March 29, 2019, the Court of Appeals affirmed the trial court's judgment. On September 18, 2019, the Kentucky Supreme Court's denial of the Plaintiff's motion for review the Library derecognized the contingent liability and recorded miscellaneous income of \$316,253.

In November 1999, the Public Library Corporation (the Corporation), a component unit of the Lexington-Fayette Urban County Government, issued \$3,570,000 in tax-exempt bonds for the construction of the Bates Creek Branch. As security for the bonds, the Library has pledged to transfer amounts equal to annual debt service plus the highest annual debt service amount that will be on hand in the Corporation.

Through cancelable lease and sublease agreements, the Library is leasing the Bates Creek Branch from the Public Library Corporation for an annual rental equal to the annual debt service on the bonds. During the past fiscal year, the Library transferred \$259,273 to the Public Library Corporation to pay current debt service. As of June 30, 2020, the Library is committed to fund a total of \$260,359 through fiscal year 2020 for this purpose.

In March 2020, the World Health Organization declared COVID-19 as a pandemic. Operations will continue to be impacted, but the disruption is uncertain and cannot be quantified.

**G. Lexington Convention and Visitors Bureau** – The Bureau has pledged a portion of its occupancy tax receipts to the Lexington Center Corporation (LCC) to support the growth and expansion of the arena and convention facilities. The Bureau's original agreement pledged \$248,000 to the LCC for fiscal year 2019. A new agreement was executed effective January 1, 2019 that terminated the prior agreement and provides financial assistance through fiscal year 2024. The agreement includes five auto renewals to allow the agreement to extend through 2049. This agreement requires the Bureau to pay annually \$750,000 to help meet the LCC expansion project bond requirements. The amount is payable in equal monthly installments of \$62,500 being due the last day of each month. LCC may assign its rights to the Bureau's contributions to the bondholders or lenders and in such event, the Bureau would be required to make payments directly to the lender. As of June 30, 2020, the balance of funds payable under this agreement is \$3,372,502 and is recognized as a deferred outflows of resources in the Statement of Net Position. In FY20 due to the significant loss of Transient Room Tax revenues caused by the COVID-19 Pandemic, Visit Lex and LCC have agreed to the deferral of a portion of the Visit Lex contributions to LCC for a three-year period. Visit Lex contribute the sum of \$97,500 annually in monthly installments of \$8,125 during the period of July 1, 2020 to June 30, 2022, increasing to \$405,000 annually in monthly installment of \$33,750 during the period from July 1, 2022 through June 30, 2023. Visit Lex will resume monthly installments of \$62,500 with an interest rate of 2.63% per annum, by paying an additional monthly amount of approx. \$16,333 for 120 consecutive months.

**H. Liens and Encumbrances** – While the Government has satisfactory title to all owned assets, there may be some liens and encumbrances on such assets for matters unrelated to bond issues. Only a complete accurate title search of all properties would disclose such liens and encumbrances.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**I. Conduit Debt** – The Government has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector or nonprofit entity served by the bond issue. The Government is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were 15 series of Industrial Revenue Bonds outstanding with an aggregate amount payable of approximately \$56,321,263.

To provide for the construction of a hospital facility, the PFC issued Lease Revenue Bonds, Series 2011A (Eastern State Hospital Project). The bonds are a special limited obligation of the PFC, payable solely from and secured by a pledge of rentals to be received from a lease agreement between the PFC and the Commonwealth of Kentucky. The bonds do not constitute a debt or pledge of the faith and credit of the PFC or the Government, and accordingly have not been reported in the accompanying financial statements. At June 30, 2020, the Lease Revenue Bonds outstanding total approximately \$104,865,000

**J. Encumbrances** – Encumbrance accounting is utilized during the year to facilitate effective budgetary control. Encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented in this report are on this budgetary basis of accounting. Adjustments necessary to convert from the budgetary basis to GAAP are provided on the face of the budgetary comparison statements. In governmental funds, encumbrances outstanding at year-end represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances are not treated as expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2020 were as follows:

|                             |             |
|-----------------------------|-------------|
| General Fund                | \$2,089,511 |
| Urban Service Fund          | 6,413,671   |
| Nonmajor Governmental Funds | 12,446,186  |

Encumbrances are not recorded in the financial statements for proprietary fund types and Pension Trust Funds. However, the purchase orders outstanding at June 30, 2020 for these funds are as follows:

|                           |              |
|---------------------------|--------------|
| Sanitary Sewer System     | \$36,231,366 |
| Water Quality             | 9,495,801    |
| Landfill                  | 108,342      |
| Nonmajor Enterprise Funds | 338,427      |

**K. Tax Abatements** – The Government participates in the Commonwealth of Kentucky's Tax Increment Financing (TIF) program. For a full disclosure of the program requirements, please see KRS Chapters 65 and 154. Any inducements offered under the TIF program are negotiated by the Cabinet for Economic Development officials and presented as a recommendation to the Kentucky Economic Development Finance Authority for approval. There are three state participation programs available. State participation is limited to a specific project within a blighted urban redevelopment or vacant land with 5,000 seat arena development area. Only the tax revenues generated within the footprint of the specific identified project are included in the increment. The tax abatements are granted to development areas that meet two of seven specified blight/deterioration conditions established in KRS 65.7049(3), such as abandonment or deterioration of structures, presence of environmentally contaminated land, and inadequate or deteriorating public infrastructure. Abatements are obtained through application by the property owner, including proof that the improvements have been made. The state specifies a percentage reduction of up to 100% of incremental property taxes and occupational license taxes or fees for up to 30 years.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

As of June 30, 2020, the Government has property tax abatement agreements through two programs available for specific projects designated to be within the blighted redevelopment areas as follows (dollars in thousands):

- *Commonwealth Participation Program for Real Property Ad Valorem Tax Revenues* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$405,276 for tax credits related to fiscal year 2019 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of \$10 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; and pledged revenues shall not exceed 100 percent of approved public infrastructure costs. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2020, three state abatement agreements have been entered into with local businesses.
- *Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$54,665 for tax credits related to fiscal year 2019 under an agreement entered into by the state in the next fiscal year. Projects must meet several qualifications for mixed use and blighted/deteriorated conditions. Participation requirements include being a new economic activity in the Commonwealth; having a positive impact on the Commonwealth; a minimum capital investment of at least \$20 million but not over \$200 million; and recovery of up to 100 percent of approved public infrastructure costs, and costs related to land preparation, demolition and clearance up to 20 years. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2020, four state abatement agreements have been entered into with local businesses.
- *Commonwealth Participation Program for Signature Projects* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$100,000 for tax credits related to fiscal year 2019 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of \$200 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; pledged revenues shall not exceed 80 percent of approved public infrastructure costs; recovery of up to 100 percent of public infrastructure costs less sales taxes paid, signature costs less sales tax paid, and financing costs related to the public infrastructure costs over a period of up to 30 years; and qualifies for a sales tax refund on the purchase of construction materials that do not qualify as an approved public infrastructure cost or an approved signature cost. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 30 years. As of June 30, 2020, two state abatement agreements have been entered into with local businesses.

The Government participates in the Commonwealth of Kentucky’s Kentucky Business Investment Program. This program is a state administered tax incentive, authorized by KRS 154.32, and approved by the Kentucky Economic Development Finance Authority. In order to be eligible, a company must create ten (10) new full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, pay average hourly wages of at least one hundred fifty percent (150%) of the federal minimum wage, and provide a minimum level of benefits by the activation date. Incentives are approved for up to ten (10) years. The Government participates by providing an inducement of one percent (1%) of payroll taxes to the company per authorized job. This reduces the payroll taxes paid per job from 2.25% to 1.25%. The local inducement is approved by resolution of the Urban County Council. As of June 30, 2020, twenty one (21) companies participated in that program at the local level. Payroll withholdings are reduced by an estimated amount of \$1,006,578.

**L. Affordable Housing Loan Program** – On May 8, 2014, the Government passed Ordinance 52-2014 establishing the affordable housing loan program to promote housing projects by developers to provide more affordable housing options to qualifying residents of Lexington, Kentucky. The Urban County Council also issued a memorandum on August 11, 2014 establishing funding in the amount of \$2,000,000 beginning in fiscal year 2015 and



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

thereafter, for total funding as of June 30, 2020 of \$13,750,000. As of June 30, 2020, there are \$4,780,614 in outstanding loans for this program.

**M. Jobs Fund Loan Program** – On December 5, 2013, the Government passed Ordinance 153-2013 establishing a local economic development incentive program in order to attract or expand the level of employment in Lexington-Fayette County. The purpose of the program is to provide certain qualified businesses with local funding through grants, loans, or other agreements. The program is focused on attracting innovative businesses and promoting expansion of existing businesses involved in advanced manufacturing, technology, professional shared service operations, or healthcare, or which have or will be locating their primary base of operations or headquarters in Lexington-Fayette County. In addition, Ordinance 152-2013 establishes the “Economic Development Investment Board” to perform duties related to the program. The typical maximum of any funding agreement will not exceed \$50,000 for a grant agreement and \$250,000 for a loan or other agreement. Upon the recommendation of the Chief Development Officer and Economic Development Investment Board, the final approval is given by the Urban County Council. The Urban County Council established funding with ordinance 51-2014 on May 15, 2014, in the amount of \$1,000,000 beginning in fiscal year 2014 and thereafter for total funding as of June 30, 2020 of \$3,720,000. As of June 30, 2020, there are \$1,369,101 in outstanding loans for this program.

**N. Business Disruption** – On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future.

The extent to which COVID-19 impacts the Government will depend on future developments, which are highly uncertain and cannot be predicted. As a result, the Government has not yet determined the impact this disruption may have on its consolidated financial statements for the year ending June 30, 2021.

**NOTE 6. THE SINGLE AUDIT ACT**

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires non-federal entities that expend \$750,000 or more a year in Federal awards to have an audit performed in accordance with the provisions of the Circular. A separate supplemental report will be issued on active grant programs of the Government in accordance with applicable provisions of the Single Audit Act of 1984, P.L. 98-502 and the Single Audit Act Amendments of 1996, P.L. 104-156.

**NOTE 7. SUBSEQUENT EVENTS**

Primary Government

Subsequent to year end, in September 2020, the Government issued \$56.13 million of General Obligation Bonds, (GO) as follows:

- Series 2020A - \$6.80 million Various Purpose GO Bonds - issued for the purpose of financing the acquisition of various projects within the Government.
- Series 2020B - \$19.65 million Taxable GO Pension Funding Refunding Bonds - issued for the purpose of partially refunding the remaining balance of the Series 2102A Taxable General Obligation Pension Funding Bonds.
- Series 2020C - \$11.49 million Various Purpose GO Bonds - issued for the purpose of partially refunding the remaining balance of the Series 2013C Various Purpose General Obligation Bonds.
- Series 2020D - \$18.20 million Various Purpose GO Bonds - issued for the purpose of partially refunding the remaining balance of the Series 2014B Various Purpose General Obligation Bonds.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The Series 2020A was issued at a premium of \$0.90 million. All of these debt obligations have total annual principal payments ranging from \$1.44 million to \$5.52 million, plus interest, over 14 years. The above partial refundings provided for a cumulative savings of \$4.74 million over the life of the bonds resulting in net present value savings of \$4.43 million.

Component Unit

In September 2018, the Lexington Convention and Visitors Bureau entered into an agreement with the Lexington Center Corporation (LCC) to pledge \$750,000 annually for thirty years beginning January 1, 2019 in order to support the LCC and its convention and tourism facilities. In FY20, the Covid-19 impact on Visitors Bureau was a decline in revenues for the last four months of \$2,245,722. In FY21, the Covid-19 impact has reduced budgeted revenues by \$3 million, full and part-time staff were furloughed, also negotiated a reduction of \$625,000 in the commitment related to the Lexington Center Corp. bonds. The reduced amounts, with interest, will be repaid over a 10 year period.

In September 2019, LCC entered into a food and beverage management agreement with Levy Premium Foodservice LLC. to manage catering and concessions service in all LCC venues effective October 1, 2019. Levy, agrees to provide a capital investment of \$4,500,000 over all venues to be amortized over a ten-year period. LCC receives all food and beverage revenue in the agreement less authorized operating expenses, including management fees, incentive fees and investment amortization. The initial term of the agreement expires June 30, 2026, but can be extended 3 additional years.

Per House Bill 1 passed during the 2019 legislative session, certain agencies, including the Health Department, were authorized to pay the reduced KERS non-hazardous employer contribution rate for the year ended June 30, 2020. The authorized participating employers will contribute 49.47% (41.06% to the pension fund and 8.41% to the insurance fund) as opposed to the contribution rate of 83.43% (71.03% to the pension fund and 12.40% to the insurance fund) other KERS non-hazardous employers pay. The Health Department is evaluating the impact of COVID-19 and related responses on the operations and finances of the Health Department. Restrictions placed on the Health Department could negatively impact the revenue and expenses for an unknown period of time. A specific estimate of the impact could not reasonable be determine due to a number of unknown factors regarding the severity and duration of the event.

The current known impacts of COVID-19 on Lexington Airport Board: A decline in Revenues of \$4,200,000 compared with the same period in FY19 and the Airport was waived concessionaires that are contractually required to pay a monthly minimum amount. The Airport received \$9,567,000 from the CARES ACT in May 2020 to assist with capital expenditures, debt payments and operating expenses for FY20. The ultimate impact is unknown at this point as the severity of the outbreak, and resulting economic impact is still largely unknown.

**NOTE 8. DEFINED BENEFIT PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS**

**The Policemen's and Firefighters' Retirement Fund (PFRF) and The City Employees' Pension Fund (CEPF)**

**A. Plan Descriptions**

The Government contributes to two single employer defined benefit pension plans: The PFRF and the CEPF.

The sworn personnel of the divisions of Police and Fire are eligible to participate in the PFRF. For members whose participation date in the PFRF is prior to March 14, 2013, benefits vest after twenty years of service. The annuity is 2.5% of average salary multiplied by years of total service. For members whose participation date is on or after March 14, 2013, benefits vest after twenty-five years of service. The annuity is 2.25% of average salary multiplied by years of total service. Cost of living adjustments (COLA) will be granted on the following schedule for both current and future retirees beginning on the earlier of a member turning age 50 or being retired for five years until the PFRF, utilizing the current COLA provisions, is 85% funded. At that time, COLA's will be granted each year by an amount,

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

determined by the Board, of between 2% and 5% compounded annually. In addition, those receiving an annuity of over \$100,000 will not be eligible to receive a COLA until the later of the proposed conditions or January 1, 2018.

| <u>Annual Annuity</u> | <u>COLA %</u> |
|-----------------------|---------------|
| Above \$100,000       | 1%            |
| \$75,000 to \$99,000  | 1%            |
| \$50,000 to \$74,999  | 1.5%          |
| \$40,000 to \$49,999  | 1.5%          |
| \$35,000 to \$39,999  | 2%            |
| \$30,000 to \$24,999  | 2%            |
| Under \$30,000        | 2%            |

Members may add unused sick leave to service credit and average annual salary for purposes of calculating retirement benefits. The costs of administering the PFRF are financed by a combination of additional contributions as well as investment income.

Civil service employees of the City of Lexington were covered by the CEPF. In 1973, the governments of the City of Lexington and Fayette County merged to form the Government. In December 1973, the City of Lexington froze admission of new entrants into the CEPF, and in January 1974 the new merged Government assumed the City of Lexington's liability for covered employees and the CEPF was closed to any new members. A member who has attained age 60 and completed 20 years of service or completed 30 years of service regardless of age may apply for retirement. Members who are 45 years old or older with 10 years of service may request a deferred retirement benefit to be paid when they reach 60 years of age. Retirees receive 2.5% of their average salary for each year of service up to 20 years plus 1% of average salary for each year of service over 20 years, with a maximum benefit of 65% of average salary. Members may add unused sick leave to service credit and average annual salary for purposes of calculating retirement benefits. Death and disability benefits are also provided under certain conditions. In addition, the plan includes an annual cost of living adjustment of 3% for any member retiring after July 1, 1981 that has attained age 61 or has been retired for one year. The costs of administering the CEPF are financed by a combination of additional contributions as well as investment income.

Both pension plans are included in the Government's comprehensive annual report and do not issue stand-alone financial reports. Membership for both plans consisted of the following at June 30, 2019:

|   | <u>Number</u> |
|---|---------------|
| Inactive Plan Participants:                             |               |
| Retirees and beneficiaries currently receiving benefits | 1,293         |
| Active Plan Participants:                               |               |
| Active members  | 1,180         |
| Total   | <u>2,473</u>  |

**B. Summary of Significant Accounting Policies**

Basis of Accounting – The preparation of the financial statements of the PFRF and CEPF conform to the provisions of GASB Statement No. 68. For purposes of measuring the net pension liability/(asset) deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the PFRF and CEPF, and additions to/deductions from the PFRF and CEPF fiduciary net position have been determined on the same basis as they are reported by the PFRF and CEPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

**C. Contributions**

The contribution requirements and benefit provisions for the PFRF are established by state statute and Government ordinance. In fiscal year 2019, the Government contributed 38.99% to the PFRF. Administrative costs were financed

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

by a combination of additional contributions as well as investment income. The required contribution rate is shown in the following table:

| Required Contribution Rates: | PFRF   |
|------------------------------|--------|
| Government                   | 38.99% |
| Plan Member                  | 12.00% |

**D. Net Pension Liability**

The Government's net pension liability/(asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Additional information as of the latest actuarial valuation is presented in the following table.

|                               | Policemen's and Firefighters' Pension<br>Fund | City Employees' Pension<br>Fund |
|-------------------------------|---|---------------------------------|
| Valuation date                | July 1, 2019                                  | July 1, 2019                    |
| Actuarial cost method         | Entry Age Normal Funding                      | Entry Age Normal Funding        |
| Amortization method           | Level Dollar - Closed                         | Level Dollar - Open             |
| Remaining amortization period | 25 years closed                               | 15 years open                   |
| Asset valuation method        | 5 year smoothed market                        | Market                          |
| Actuarial assumptions:        |   |                                 |
| Investment rate of return     | 7.26%   | 5.21%                           |
| Projected salary increases    | 9.50% to 3.50%                                | N/A                             |
| Cost-of-living adjustments    | See Note 8.A. on page 91                      | 3.00%                           |
| Inflation                     | 2.40%   | N/A                             |

*Changes in the Net Pension Liability (Asset)*

|   | PFRF                       |                                |                          | CEPF                       |                                   |                                       |
|---|----------------------------|--------------------------------|--------------------------|----------------------------|-----------------------------------|---------------------------------------|
|   | <u>Increase (Decrease)</u> |                                |                          | <u>Increase (Decrease)</u> |                                   |                                       |
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability | Total Pension<br>Liability | Plan<br>Fiduciary Net<br>Position | Net Pension<br>Liability /<br>(Asset) |
|   | (a)                        | (b)                            | (a)-(b)                  | (a)                        | (b)                               | (a)-(b)                               |
| <b>Balances at 6/30/2018</b>                                  | \$976,759,227              | \$745,170,974                  | \$231,588,253            | \$8,747,108                | \$30,195,908                      | (\$21,448,800)                        |
| <b>Changes for the year:</b>                                  |                            |                                |                          |                            |                                   |                                       |
| Service Cost  | 20,003,501                 |                                | 20,003,501               |                            |                                   |                                       |
| Interest  | 70,968,916                 |                                | 70,968,916               | 569,079                    |                                   | 569,079                               |
| Differences between expected and actual experience            | 3,305,760                  |                                | 3,305,760                | 136,834                    |                                   | 136,834                               |
| Changes of assumptions  | 23,468,904                 |                                | 23,468,904               | 836,049                    |                                   | 836,049                               |
| Contributions-employer  |                            | 30,277,170                     | (30,277,170)             |                            |                                   |                                       |
| Contributions-employee  |                            | 10,356,318                     | (10,356,318)             |                            |                                   |                                       |
| Net investment income   |                            | 42,194,879                     | (42,194,879)             |                            | 2,030,058                         | (2,030,058)                           |
| Benefit payments, including refunds of employee contributions | (61,014,042)               | (61,014,042)                   |                          | (1,234,809)                | (1,234,809)                       |                                       |
| Administrative expense  |                            | (317,040)                      | 317,040                  |                            | (7,210)                           | 7,210                                 |
| Other changes   |                            | 112,421                        | (112,421)                |                            |                                   |                                       |
| <b>Net changes</b>  | 56,733,039                 | 21,609,706                     | 35,123,333               | 307,153                    | 788,039                           | (480,886)                             |
| <b>Balances at 6/30/2019</b>                                  | \$1,033,492,266            | \$766,780,680                  | \$266,711,586            | \$9,054,261                | \$30,983,947                      | (\$21,929,686)                        |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The following presents the net pension liability of the Government's CEPF pension plan, calculated using the discount rate of 5.21%, as well as what the CEPF's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.21%) or 1-percentage-point higher (6.21%) than the current rate:

|   | <b>1% Decrease<br/>(4.21%)</b> | <b>Current Discount<br/>Rate (5.21%)</b> | <b>1% Increase<br/>(6.21%)</b> |
|---|--------------------------------|--|--------------------------------|
| <b>CEPF's net pension liability (asset)</b> | (\$21,385,832)                 | (\$21,929,686)                           | (\$22,416,379)                 |

The following presents the net pension liability of the Government's PFRF pension plan, calculated using the discount rate of 7.26%, as well as what the PFRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.26%) or 1-percentage-point higher (8.26%) than the current rate:

|                                     | <b>1% Decrease<br/>(6.26%)</b> | <b>Current Discount<br/>Rate (7.26%)</b> | <b>1% Increase<br/>(8.26%)</b> |
|-------------------------------------|--------------------------------|--|--------------------------------|
| <b>PFRF's net pension liability</b> | \$389,234,726                  | \$266,711,586                            | \$165,101,918                  |

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

At June 30, 2019, the CEPF and PFRF reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**CEPF**

|  | <b>Deferred Outflows of<br/>Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$456,187                                 | \$0                                      |
| Total  | \$456,187                                 | \$0                                      |

**PFRF**

|  | <b>Deferred Outflows of<br/>Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                               | \$45,535,197                              | \$0                                      |
| Changes of assumptions   | 40,388,035                                |  |
| Net difference between projected and actual earnings on pension plan investments |   | 12,506,794                               |
| Employer contributions subsequent to the Measurement date                        | 32,655,911                                |  |
| Total  | \$118,579,143                             | \$12,506,794                             |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the CEPF pension will be recognized in pension expense as follows:

**Year ended June 30:**

|            |           |
|------------|-----------|
| 2021       | \$326,356 |
| 2022       | 186,926   |
| 2023       | 40,747    |
| 2024       | (97,842)  |
| 2025       | 0         |
| Thereafter | 0         |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the PFRF pension will be recognized in pension expense as follows:

| Year ended June 30: |              |
|---------------------|--------------|
| 2021                | \$30,123,662 |
| 2022                | 21,121,565   |
| 2023                | 13,892,371   |
| 2024                | 7,651,306    |
| 2025                | 627,534      |
| Thereafter          | 0            |

**E. Other Post Employment Benefit (OPEB)**

The Governmental Accounting Standards Board issued Statement No. 75 (GASB 75), “*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*” in June 2015. GASB 75’s effective date is for an employer’s fiscal year beginning after June 15, 2017. For the purposes of reporting under GASB 75, the Plan is assumed to be a single-employer defined benefit OPEB plan without a special funding situation where no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**Plan Description** – In August 1999, the Urban County Council passed an ordinance that authorized the Government to provide a health insurance benefit to the retirees of both retirement funds, effective July 1, 1999 (the Plan). All retirees who continue to participate in the Government’s group health insurance plan are eligible for this benefit.

**Funding Policy** – The Government pays the premiums for single coverage on a pay-as-you-go basis.

**Plan membership** – As of June 30, 2019 the plan membership data is as follows:

|   | Number |
|---|--------|
| Inactive Plan Participants:                             |        |
| Retirees and beneficiaries currently receiving benefits | 1,006  |
| Active Plan Participants:                               |        |
| Active members  | 1,180  |
| Total   | 2,186  |

**Benefits Provided** – The Government administers a single-employer defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 8G. This plan is included in Trust Funds for the City Employees’ Pension Fund and the in the Government’s financial statements. The plan does not issue a publicly available financial report.

**ELIGIBILITY FOR BENEFITS FROM THE POLICEMEN’S & FIREFIGHTERS’ RETIREMENT FUND**

**Service Retirement** – Employees are eligible to retire with twenty years of credited service. This can include both actual service and purchased time.

**Occupational Disability Retirement** – Total and permanent disability incurred while in the line of duty.

**Disability Retirement** – A member of the fund is eligible to receive a non-occupational disability if they have at least five years of service in the fund and a disabling injury that results from non-occupational causes.

**ELIGIBILITY FOR BENEFITS FROM CITY EMPLOYEE’S PENSION FUND**

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Service Retirement** – Employees are eligible to retire with thirty years of credited service or at age 60 with twenty years of service.

**Accidental Disability Retirement** – Total and permanent disability incurred while in the line of duty.

**Ordinary Disability Retirement** – A member of the fund is eligible to receive a non-occupational disability if they have at least ten years of service in the fund and a disabling injury that results from non-occupational causes that renders them totally and permanently disabled.

**ELIGIBILITY FOR BENEFITS** – In August 1999, the Council passed an ordinance that authorized the Government to provide a health insurance benefit to the retirees of both retirement funds, effective July 1, 1999. All retirees who retire (according to the one of the retirement eligibilities listed above) after July 1, 1999 and have continuous participation in the health insurance programs sponsored by the Government are eligible to receive a health insurance benefit.

**AMOUNT OF ALLOWANCE** – For eligible employees the Government pays the single premium for the plan coverage selected by the retiree, but not more than one hundred percent (100%) of the Government's contribution to the health insurance component of the benefit pool for current urban-county government employees for eligible members. All payments are made to the approved provider of the group health insurance plan, not to the retiree, and the retiree shall not be entitled to receive any portion of the government contribution remaining after payment is made to the approved provider. Upon the death of an active member due to occupational causes, the Government will pay one hundred percent (100%) of the cost of the family medical coverage for the member's surviving spouse and dependent children as long as they remain eligible for a monthly retirement allowance from the retirement fund. Upon the death of an active member due to non-occupational causes, the member's surviving spouse and dependent children are able to stay on the plan as long as the applicable premium payments are made.

**DEPENDENT COVERAGE** – Group rates under the group health insurance plan approved by the Government are made available to the spouse, dependents and disabled children of a qualified and participating retiree, if the premium is paid by the retired member, spouse, dependent, or disabled child. Upon the death of a retiree, the retiree's surviving spouse is able to stay on the plan as long as the applicable premium payments are made.

**RETIREE GROUP HEALTH INSURANCE PLAN OPTIONS:**

- Humana PPO-A
- Humana PPO-B
- Humana HSA1
- Humana HSA2
- Humana Seniors Medicare Advantage Plan
- Anthem Seniors Standard Plan
- Anthem Seniors Comprehensive Plan

Retirees under age 65 may select from the Humana PPO Plan options. Retirees age 65 and older may select from any of the last three plan options above only if they are covered under Medicare Parts A and B. Medicare Part D coverage is provided to those retirees electing one of the Senior Plans above.

**CURRENT GROUP HEALTH MONTHLY INSURANCE PREMIUMS EFFECTIVE JANUARY 1, 2018:**

| Plan Option                            | Single   | Two Party  |
|--|----------|------------|
| Humana PPO-A                           | \$758.91 | \$1,388.29 |
| Humana PPO-B                           | 561.61   | 1,027.36   |
| Humana HSA1                            | 511.15   | 935.04     |
| Humana HSA2                            | 501.48   | 797.53     |
| Humana Seniors Medicare Advantage Plan | 338.22   | 676.44     |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

|                                   |        |        |
|-----------------------------------|--------|--------|
| Anthem Seniors Standard Plan      | 163.31 | 326.62 |
| Anthem Seniors Comprehensive Plan | 191.39 | 382.78 |

The Government contributes \$430.75 for an individual without the tobacco credit, \$455.74 for an individual or an individual covering a spouse with the tobacco credit, and \$480.74 for a family with the tobacco credit toward the premium for single coverage for retirees and \$75 for surviving spouses without the tobacco credit and \$100 for surviving spouses with the tobacco credit of active members who die in service due to occupational causes. The remainder of any premium is paid by retirees.

**OTHER POST EMPLOYMENT BENEFITS** – Health care and prescription drug coverage is provided in all of the group health insurance plan options. Vision coverage is extended to those members electing the Humana Platinum Plan or the Humana Gold Plan.

**Total OPEB Liability (TOL) of the Government**

|                        |                      |
|------------------------|----------------------|
| Total OPEB Liability   | \$277,382,388        |
| Fiduciary Net Position | 0                    |
| Net OPEB Liability     | <u>\$277,382,388</u> |

**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.40%  |
| Real Wage growth          | N/A  |
| Wage Inflation            | N/A  |
| Municipal Bond Index Rate |  |
| Prior Measurement Date    | 3.89%  |
| Measurement Date          | 3.50%  |
| Health Care Cost Trends   |  |
| Pre-Medicare              | 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 |
| Post-Medicare             | 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022 |

**Discount rate** – The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

The RP-2000 Combined Table Generational with Scale AA was used for the inactive members receiving a benefit in the City Employees' Pension Fund. The RP-2000 Combined Table Projected with scale BB to 2017 was used for the members of the Policemen's and Firefighters' Retirement Fund, both actives and the inactive members receiving a benefit.

*Changes in the Total OPEB Liability (Asset)*

|                                   | <u>Increase / (Decrease)</u>      |
|-----------------------------------|-----------------------------------|
|                                   | <b>Total OPEB Liability (TOL)</b> |
| <b>Balances at 6/30/2018</b>      | <u>\$245,951,553</u>              |
| <b>Changes for the year:</b>      |                                   |
| Service Cost                      | 11,572,432                        |
| Interest on the TOL and Cash Flow | 9,470,049                         |



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

|  |                      |
|--|----------------------|
| Differences between expected and actual experience | (1,982,714)          |
| Changes of assumptions                             | 17,430,462           |
| Benefit payments                                   | (5,059,394)          |
| <b>Net changes</b>                                 | <b>31,430,835</b>    |
| <b>Balances at 6/30/2019</b>                       | <b>\$277,382,388</b> |

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the net OPEB liability of the Government, calculated using the discount rate of 3.50%, as well as what the Government's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower and 1-percentage point higher than the current discount rate:

|                    | 1%<br>Decrease<br>2.50% | Current<br>Discount Rate<br>3.50% | 1%<br>Increase<br>4.50% |
|--------------------|-------------------------|-----------------------------------|-------------------------|
| Net OPEB Liability | \$330,740,560           | \$277,382,388                     | \$235,788,324           |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate** – The following presents the net OPEB liability of the Government, as well as what the Government's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower and 1-percentage point higher than the current healthcare cost trend rate:

|                    | 1%<br>Decrease | Current<br>Discount Rate | 1%<br>Increase |
|--------------------|----------------|--------------------------|----------------|
| Net OPEB Liability | \$235,193,399  | \$277,382,388            | \$333,223,717  |

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

For the year ended June 30, 2019, the Government recognized OPEB expense of \$(2,284,707). At June 30, 2019 the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between expected and actual experience     | \$0                               | \$68,701,029                     |
| Changes of assumptions                                    | 14,317,879                        | 27,548,889                       |
| Employer contributions subsequent to the Measurement date | 5,378,078                         |                                  |
| <b>Total</b>  | <b>\$19,695,957</b>               | <b>\$96,249,918</b>              |

Amounts to be recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                            |                |
|----------------------------|----------------|
| <b>Year ended June 30:</b> |                |
| 2021                       | \$(23,327,188) |
| 2022                       | (23,327,188)   |
| 2023                       | (23,327,188)   |
| 2024                       | (13,605,588)   |
| 2025                       | 1,655,113      |
| Thereafter                 | 0              |

**Payable to the OPEB Plan**

At June 30, 2019, the Government had no payables for outstanding contributions to the Plan required for the year ended June 30, 2019.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**F. Pension Plan Financial Statements**

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
June 30, 2020**

|                                       | <b>PFRF</b>                 | <b>CEPF</b>                | <b>Total Pension<br/>Trust Funds</b> |
|---------------------------------------|-----------------------------|----------------------------|--------------------------------------|
| <b>ASSETS</b>                         |                             |                            |                                      |
| Cash and Cash Equivalents             | \$0                         | \$772,976                  | \$772,976                            |
| Interest Receivable                   | 3,646,263                   | 40,546                     | 3,686,809                            |
| Investments, at Fair Value:           |                             |                            |                                      |
| Debt Securities:                      |                             |                            |                                      |
| Bank Loans                            | 1,107,956                   |                            | 1,107,956                            |
| Corporate Debt                        | 103,609,230                 | 6,761,589                  | 110,370,819                          |
| Municipal Obligations                 | 5,760,256                   |                            | 5,760,256                            |
| SL Comingled Funds                    | 36,938,160                  |                            | 36,938,160                           |
| US Agencies                           | 32,109,951                  | 8,460,429                  | 40,570,380                           |
| US Government Obligations             | 34,255,899                  | 3,652,787                  | 37,908,686                           |
| Other Investments:                    |                             |                            |                                      |
| Equity Mutual Funds                   | 362,914,835                 | 12,269,965                 | 375,184,800                          |
| Equity Real Estate                    | 72,343,113                  |                            | 72,343,113                           |
| Equity Securities - Domestic          | 700,975                     |                            | 700,975                              |
| Equity Securities - International     | 174,498,302                 |                            | 174,498,302                          |
| <b>Total Investments</b>              | <u>824,238,677</u>          | <u>31,144,770</u>          | <u>855,383,447</u>                   |
| <b>Total Assets</b>                   | <u><u>\$827,884,940</u></u> | <u><u>\$31,958,292</u></u> | <u><u>\$859,843,232</u></u>          |
| <b>LIABILITIES</b>                    |                             |                            |                                      |
| Accounts Payable and Accrued Expenses | \$544,623                   | \$188                      | \$544,811                            |
| Securities Lending Transactions       | 36,938,160                  |                            | 36,938,160                           |
| <b>Total Liabilities</b>              | <u><u>\$37,482,783</u></u>  | <u><u>\$188</u></u>        | <u><u>\$37,482,971</u></u>           |
| <b>NET POSITION</b>                   |                             |                            |                                      |
| Net position restricted for pensions  | <u><u>\$790,402,157</u></u> | <u><u>\$31,958,104</u></u> | <u><u>\$822,360,261</u></u>          |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**STATEMENT OF CHANGES IN NET POSITION**  
**June 30, 2020**

|   | <u>PFRF</u>          | <u>CEPF</u>         | <u>Total Pension<br/>Trust Funds</u> |
|---|----------------------|---------------------|--------------------------------------|
| <b>ADDITIONS</b>                                      |                      |                     |                                      |
| Contributions:  |                      |                     |                                      |
| Employer  | \$32,549,517         | \$0                 | \$32,549,517                         |
| Employer - Administration                             | 5,378,078            | 34,450              | 5,412,528                            |
| Plan Members  | 10,875,896           |                     | 10,875,896                           |
| Other   | 106,394              |                     | 106,394                              |
| <b>Total Contributions</b>                            | <u>48,909,885</u>    | <u>34,450</u>       | <u>48,944,335</u>                    |
| Investment Income:                                    |                      |                     |                                      |
| Net Change in Fair Value of Investments               | 27,079,661           | 1,323,514           | 28,403,175                           |
| Interest  | 10,361,834           | 591,331             | 10,953,165                           |
| Dividends   | 4,763,678            | 276,124             | 5,039,802                            |
| <b>Total Investment Income</b>                        | <u>42,205,173</u>    | <u>2,190,969</u>    | <u>44,396,142</u>                    |
| Less Investment Expense                               | <u>2,077,254</u>     | <u>79,269</u>       | <u>2,156,523</u>                     |
| <b>Net Investment Income</b>                          | <u>40,127,919</u>    | <u>2,111,700</u>    | <u>42,239,619</u>                    |
| Income from Securities Lending Activities:            |                      |                     |                                      |
| Securities Lending Income                             | 129,001              |                     | 129,001                              |
| Securities Lending Expenses:                          |                      |                     |                                      |
| Borrower Rebates                                      | (405,692)            |                     | (405,692)                            |
| Management Fees                                       | 50,875               |                     | 50,875                               |
| <b>Total Securities Lending Expenses (Income)</b>     | <u>(354,817)</u>     | <u>0</u>            | <u>(354,817)</u>                     |
| <b>Net Income on Securities Lending Activities</b>    | <u>483,818</u>       | <u>0</u>            | <u>483,818</u>                       |
| <b>Total Additions</b>                                | <u>89,521,622</u>    | <u>2,146,150</u>    | <u>91,667,772</u>                    |
| <b>DEDUCTIONS</b>                                     |                      |                     |                                      |
| Benefit Payments                                      | 69,089,471           | 1,170,673           | 70,260,144                           |
| Administrative Expense                                | 468,526              | 1,320               | 469,846                              |
| <b>Total Deductions</b>                               | <u>69,557,997</u>    | <u>1,171,993</u>    | <u>70,729,990</u>                    |
| <b>Net Increase</b>                                   | 19,963,625           | 974,157             | 20,937,782                           |
| <b>Net Position, Beginning</b>                        | <u>766,780,680</u>   | <u>30,983,947</u>   | <u>797,764,627</u>                   |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b> | <u>3,657,852</u>     |                     | <u>3,657,852</u>                     |
| <b>Fund Balances, Beginning - Restated</b>            | <u>770,438,532</u>   | <u>30,983,947</u>   | <u>801,422,479</u>                   |
| <b>Net Position, Ending</b>                           | <u>\$790,402,157</u> | <u>\$31,958,104</u> | <u>\$822,360,261</u>                 |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

**G. The County Employees' Retirement System**

**Plan description** – The Government contributes to the Commonwealth of Kentucky's County Employees' Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, school board, and any additional eligible local agencies electing to participate in the System. At June 30, 2016, there were over 1,400 local government agencies participating in CERS, which provides for retirement, disability and death benefits. Beginning October 27, 1975, all eligible full-time employees of the Government were required to participate in CERS.

**Contributions** – Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6% of their salary to the plan. The Government's contribution rate for nonhazardous employees was 19.30%. Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who began participation on or after September 1, 2008 are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The Government's contribution rate for hazardous employees was 30.06%.

The amounts contributed to CERS were \$20,050,133, \$16,718,583 and \$14,162,524 respectively, for the years ended June 30, 2020, 2019, and 2018. The contractually required contribution amounts to CERS were \$20,990,058, \$21,120,711 and \$14,087,247 respectively, for the years ended June 30, 2020, 2019, and 2018.

**Benefits provided** – Benefits fully vest upon reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who began participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

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

The provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, were issued in June 2012. The Statement replaced the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet those criteria.

At June 30, 2019, the Government reported a liability of \$283,836,175 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Government's proportion of the

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

net pension liability was based on a projection of the Government's long term share of contributions to the pension plan relative to the projected contributions of all participating governmental agencies, as actuarially determined. At June 30, 2019, the Government's portion of nonhazardous and hazardous was 3.09% and 2.41%, respectively.

At June 30, 2019, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred Outflows of<br/>Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$8,376,308                               | \$917,893                                |
| Net difference between projected and actual earnings<br>on pension plan investments                                 |   | 4,444,509                                |
| Change of assumptions   | 28,451,589                                |  |
| Changes in proportion and differences between<br>Employer contributions and proportionate share of<br>contributions | 1,584,153                                 | 2,589,114                                |
| Government contributions subsequent to the<br>measurement date  | 20,050,133                                |  |
| Total   | \$58,462,183                              | \$7,951,516                              |

\$20,050,133 reported as deferred outflows of resources related to pensions resulting from Government contributions subsequent to the measurement date will be recognized as a reductions of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |              |
|------------|--------------|
| 2020       | \$20,801,566 |
| 2021       | 6,577,163    |
| 2022       | 2,773,326    |
| 2023       | 308,479      |
| 2024       | 0            |
| Thereafter | 0            |

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions. It is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 68.

The Actuarial Cost Method is Entry Age Normal, Level Percentage of Pay, as required by GASB Statement No. 67. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |   |
|----------------------------|---|
| Investment rate of return  | 6.25%, net of pension plan investment expense,<br>including inflation |
| Projected salary increases | 2 %, average, including inflation                                     |
| Inflation                  | 2.30%   |

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

|                                     | <b>1% Decrease<br/>(5.25%)</b> | <b>Current Discount<br/>Rate (6.25%)</b> | <b>1% Increase<br/>(7.25%)</b> |
|-------------------------------------|--------------------------------|--|--------------------------------|
| Nonhazardous                        | \$271,705,341                  | \$217,239,775                            | \$171,843,253                  |
| Hazardous                           | 83,260,444                     | 66,596,400                               | 52,934,288                     |
| <b>CERS's net pension liability</b> | <b>\$354,965,785</b>           | <b>\$283,836,175</b>                     | <b>\$224,777,541</b>           |

#### **Payable to the Pension Plan**

At June 30, 2020, the CERS reported payables of \$204,027 from the Government for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

Detailed information about the pension plan's fiduciary net position is available in the CERS financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by telephone at (502) 696-8800.

#### **H. The County Employees' Retirement System Other Paid Employee Benefits (OPEB)**

Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), and State Police Retirement System (SPRS). Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan, and the administrative costs incurred by those receiving an insurance benefit, in accordance with the provisions of Kentucky Revised Statute Sections 16.510, 61.515, 61.702, 78.520, and 78.630.

The Board of Trustees, as of June 30, 2020, is comprised of David L. Harris, Chair, Governor Appointee; Keith Percy, Vice Chair, Governor Appointee; W. Joe Brothers, Governor Appointee; John E. Chilton, Governor Appointee; John Cheshire III, Governor Appointee; Campbell Connell, KRS member elected; Kelly Downard, Governor Appointee; Joseph L. Grossman, Governor Appointee; Sherry Lynn Kremer, KRS member elected; C. Prewitt Lane, Governor Appointee; Matthew Monteiro, Governor Appointee; Betty Pendergrass, elected by CERS; Jerry W. Powell, elected by CERS; David Rich, elected by CERS; and Gerina Whethers, Governor Appointee – Ex Officio.

CERS Non-hazardous and CERS Hazardous Insurance Funds are costsharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plans for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

**Relationship to Combining Financial Statements**

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019 using generally accepted actuarial principles. GASB 74 requires Kentucky Retirement Systems to disclose a 10-year history of certain information in the Required Supplementary Information within their comprehensive annual financial report. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2017 were prepared by KRS's prior actuary.

There have been no changes in actuarial assumptions since June 30, 2017. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The Total OPEB liability as of June 30, 2019 is determined using these updated benefit provisions. It is our opinion that this procedure is reasonable, appropriate, and complies with applicable requirements under GASB Statement No. 74.

The components associated with OPEB expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position as shown in the Combining Statement of Changes in Plan Net Position and in accordance with requirements promulgated by GASB Statements No. 74 and 75. The net OPEB liability at June 30, 2019, is reported in the Notes to Combining Financial Statements and Required Supplementary Information.

**Summary of Significant Accounting and Reporting Policies**

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, KRS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

The CERS Non-hazardous and CERS Hazardous Insurance Funds are reported as OPEB trust funds, and are accounted for on the accrual basis of accounting. OPEB contributions are determined by the KRS Board and required by the employers and employees. KRS recognized employer and employee contributions to the plans through June 30, 2017. OPEB expenses are recognized as the benefits come due for the CERS Non-hazardous and CERS Hazardous Insurance Funds, which includes payments made to the Department of Employee Insurance (DEI), and Humana Inc. for OPEB costs incurred for the fiscal year ended June 30, 2019. KRS contracts with DEI and Humana to administer the claims. DEI administers retiree claims for retirees under the age of 65, and Humana administers retiree claims for members 65 and over. Since, the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Net investment income represents realized and unrealized gains and losses based on the fair value of investments, interest, and dividends, net of investment expenses. Investment income/loss is allocated to each plan based on the plan's ownership in the respective investment account.

The systems are charged administrative expenses based on the number of members and dependents electing an insurance policy provided by DEI or Humana, on a monthly basis. The administrative expenses are reported in KRS' basic financial statements included in its CAFR for the Insurance Fund.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

The Schedule of Employer Allocations reflects employer contributions received for the fiscal year ended June 30, 2019, and includes the following for each individual employer:

- employer contributing entity and reporting code;
- the amount of the employer contributing entity's contributions; and,
- the employer contributing entity's contributions as a percentage of total employer contributions, as defined by this policy.

The components of the net OPEB liability of CERS for the Government as of June 30, 2019, calculated in accordance with GASB Statement No. 74, are as follows (dollars in thousands):

|                        | CERS<br>Non-Hazardous | CERS<br>Hazardous   |
|------------------------|-----------------------|---------------------|
| Total OPEB Liability   | \$131,309,163         | \$50,151,217        |
| Fiduciary Net Position | 79,360,940            | 32,317,261          |
| Net OPEB Liability     | <u>\$51,948,223</u>   | <u>\$17,833,956</u> |

**Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability**

For financial reporting the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2019, were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ended June 30, 2018". The Total OPEB liability as of June 30, 2019 is determined using these updated assumptions. It is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 75:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.3%   |
| Payroll Growth Rate       | 2.0% for CERS nonhazardous and hazardous   |
| Salary Increase           | 3.3% to 11.55% nonhazardous; 3.05% to 18.55% hazardous   |
| Investment Rate of Return | 6.25%  |
| Healthcare Trend Rates    |  |
| Pre-65                    | Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years |
| Post-65                   | Initial trend starting at 5.1% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 2 years  |

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females).

**Discount Rate**

The projection of cash flows used to determine the discount rate of 5.68% for CERS Non-hazardous, and 5.69% for CERS Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

3.13%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2019. Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and the actuarial assumptions and methods adopted by the Board of Trustees. These projected contributions are determined without regard to the enactment of SB 151 in 2018, which is currently being reviewed by the State Supreme Court. 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 our 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.

The following presents the net OPEB liability of the Government's CERS OPEB Nonhazardous plan, calculated using the discount rate of 5.68%, as well as what the CERS's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

|              | <b>1% Decrease<br/>(4.68%)</b> | <b>Current Discount<br/>Rate (5.68%)</b> | <b>1% Increase<br/>(6.68%)</b> |
|--------------|--------------------------------|--|--------------------------------|
| Nonhazardous | \$69,589,246                   | \$51,948,221                             | \$37,413,190                   |

The following presents the net OPEB liability of the Government's CERS OPEB Hazardous plan, calculated using the discount rate of 5.69%, as well as what the CERS's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69%) or 1-percentage-point higher (6.69%) than the current rate:

|           | <b>1% Decrease<br/>(4.69%)</b> | <b>Current Discount<br/>Rate (5.69%)</b> | <b>1% Increase<br/>(6.69%)</b> |
|-----------|--------------------------------|--|--------------------------------|
| Hazardous | \$24,881,964                   | \$17,833,958                             | \$12,113,023                   |

The following presents the net OPEB liability of the Government's CERS OPEB plan, as well as what the Government's net OPEB liability of the Government's CERS OPEB plan would be if it were calculated using a discount rate 1-percentage point lower and 1-percentage point higher than the current healthcare cost trend rate:

|                                  | <b>1% Decrease</b>  | <b>Current Discount<br/>Rate</b> | <b>1% Increase</b>  |
|----------------------------------|---------------------|----------------------------------|---------------------|
| Nonhazardous                     | \$38,634,157        | \$51,948,221                     | \$68,093,103        |
| Hazardous                        | 12,409,137          | 17,833,958                       | 24,451,943          |
| <b>CERS's net OPEB liability</b> | <b>\$51,043,294</b> | <b>\$69,782,179</b>              | <b>\$92,545,046</b> |

### Contributions

The Government's non-hazardous contribution rate was 4.76%. Hazardous covered employees who began participation on or after September 1, 2008 are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The Government's contribution rate for hazardous employees was 9.52%.

The contribution amounts to CERS were \$5,238,327, \$5,762,562, and \$4,885,000 respectively, for the years ended June 30, 2020, 2019, and 2018. The contractually required contribution amounts to CERS were \$5,487,323, \$6,655,493, and \$5,090,084 respectively, for the years ended June 30, 2020, 2019, and 2018.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

**Deferred Inflows and Outflows of Resources**

The Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedule of OPEB Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. At June 30, 2019, the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows of<br/>Resources</b> | <b>Deferred Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$0                                       | \$18,991,679                             |
| Net difference between projected and actual earnings<br>on pension plan investments                                 |   | 3,332,647                                |
| Change of assumptions   | 20,761,303                                | 136,559                                  |
| Changes in proportion and differences between<br>Employer contributions and proportionate share of<br>contributions |   | 1,977,472                                |
| Government contributions subsequent to the<br>measurement date  | 5,238,327                                 |  |
| Total   | <u>\$25,999,630</u>                       | <u>\$24,438,357</u>                      |

The \$5,238,327 reported as deferred outflows of resources related to OPEB resulting from Government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                            |             |
|----------------------------|-------------|
| <b>Year ended June 30:</b> |             |
| 2020                       | \$277,205   |
| 2021                       | (671,332)   |
| 2022                       | (467,231)   |
| 2023                       | (1,391,410) |
| 2024                       | (1,214,626) |
| Thereafter                 | (209,660)   |

**Payable to the OPEB Plan**

At June 30, 2020, the CERS reported payables credit balance of \$201,225 from the Government for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

Detailed information about the OPEB plan's fiduciary net position is available in the CERS financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by telephone at (502) 696-8800.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2020

---

**NOTE 9. RECENT GASB PRONOUNCEMENTS**

Standards that will Become Effective for FY 2021 and Later Year Financial Statements

Statement No. 87, *Leases*, the objective of which is to better meet the information needs financial statement users by improving accounting and financial reporting for leases by governments. (FY 2022)

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, this Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. (FY 2022)

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, this Statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. (FY 2021)

Statement No. 91, *Conduit Debt Obligations*, the primary objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement establishes that a conduit debt obligation is not a liability of the issuer. (FY 2022)

The Government has not yet determined the effect, if any, that the adoption of these Statements may have on its financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGETARY COMPARISON**  
**GENERAL FUND**  
**For the Year Ended June 30, 2020**

|                                  | Budgeted Amounts |               |               | Variance with<br>Final Budget-Positive |
|----------------------------------|------------------|---------------|---------------|--|
|                                  | Original         | Final         | Actual        | (Negative)                             |
| REVENUES                         |                  |               |               |  |
| Licenses and Permits:            |                  |               |               |  |
| Employee Withholdings            | \$208,250,000    | \$208,250,000 | \$205,058,237 | (\$3,191,763) a                        |
| Business Returns                 | 42,848,000       | 42,848,000    | 37,941,293    | (4,906,707) a                          |
| Insurance Premiums               | 35,900,000       | 35,900,000    | 35,023,820    | (876,180) a                            |
| Bond Deposits                    |                  |               | (500)         | (500)                                  |
| Regulated License Fee            | 935,000          | 945,000       | 992,025       | 47,025                                 |
| Franchise Fee                    | 26,350,000       | 26,350,000    | 25,478,399    | (871,601) a                            |
| Bank Franchise Fee               | 1,720,000        | 1,720,000     | 1,773,980     | 53,980                                 |
| Vehicle License                  | 230,000          | 230,000       | 218,537       | (11,463)                               |
| Deed Tax Fee                     | 2,000,000        | 2,000,000     | 2,072,689     | 72,689                                 |
| Registration Fee                 | 390,000          | 390,000       | 383,308       | (6,692)                                |
| Filing Fee - Planning & Zoning   | 130,000          | 130,000       | 92,380        | (37,620)                               |
| Animal License                   | 48,000           | 48,000        | 42,107        | (5,893)                                |
| Certificates of Occupancy        | 6,000            | 6,000         | 4,570         | (1,430)                                |
| Hotel - Motel License Fee        | 36,000           | 36,000        | 31,406        | (4,594)                                |
| Total Licenses and Permits       | 318,843,000      | 318,853,000   | 309,112,251   | (9,740,749)                            |
| Taxes:                           |                  |               |               |  |
| Realty Taxes                     | 22,729,000       | 22,750,070    | 22,570,366    | (179,704)                              |
| Personal Taxes                   | 1,650,000        | 1,694,000     | 1,694,935     | 935                                    |
| PSC Taxes                        | 922,000          | 895,000       | 960,825       | 65,825                                 |
| Property Tax Discount            | (415,000)        | (413,000)     | (442,854)     | (29,854)                               |
| Property Tax Commission          | (1,026,000)      | (1,026,000)   | (1,068,011)   | (42,011)                               |
| Delinquent - Realty & Personal   | 75,000           | 200,000       | 108,550       | (91,450)                               |
| Motor Vehicle Ad Valorem Tax     | 2,000,000        | 2,032,000     | 2,065,864     | 33,864                                 |
| County Clerk Com - Motor Vehicle | (75,000)         | (67,000)      | (72,120)      | (5,120)                                |
| Supplementary Tax Bills          | 15,000           | 15,000        | 4,859         | (10,141)                               |
| Omitted Tax                      | 100,000          | 100,000       | 79,581        | (20,419)                               |
| Total Taxes                      | 25,975,000       | 26,180,070    | 25,901,995    | (278,075)                              |
| Charges for Services:            |                  |               |               |  |
| Accident Report Sales            | 120,000          | 120,000       | 126,766       | 6,766                                  |
| Administrative Collection Fees   | 7,000            | 7,000         | 3,700         | (3,300)                                |
| Adult Probation Fees             | 41,725           | 41,725        | 40,773        | (952)                                  |
| Animal Shelter Collections       | 18,000           | 18,000        | 13,975        | (4,025)                                |
| Building Permits                 | 2,102,000        | 2,102,000     | 1,885,927     | (216,073)                              |
| Computer Services Fees           | 3,000            | 3,000         | 3,171         | 171                                    |
| Detention Center                 | 8,473,142        | 8,473,142     | 8,698,829     | 225,687                                |
| Developer Landscape Fees         | 6,000            | 6,000         | 5,650         | (350)                                  |
| District Court Jail Fees         | 80,000           | 80,000        | 99,179        | 19,179                                 |
| Domestic Relations Collection    | 500              | 500           | 245           | (255)                                  |
| Downtown Arts Center             | 99,486           | 99,486        | 42,221        | (57,265)                               |
| EMS                              | 8,000,000        | 8,000,000     | 8,541,007     | 541,007                                |
| Excess Fees and Collections      | 2,700,000        | 2,700,000     | 2,999,104     | 299,104                                |
| Golf Course Collections          | 2,800,000        | 2,800,000     | 2,455,248     | (344,752)                              |
| Park Land Acquisition            | 330,250          | 330,250       | 225,629       | (104,621)                              |
| Dumpster Permit Fees             |                  |               | 775           | 775                                    |
| Parks & Recreation Programs      | 1,115,195        | 1,137,242     | 648,925       | (488,317)                              |
| Rent or Lease Income             | 688,210          | 688,210       | 484,502       | (203,708)                              |
| Total Charges for Services       | 26,584,508       | 26,606,555    | 26,275,626    | (330,929)                              |
| Fines and Forfeitures            | 260,250          | 260,250       | 182,230       | (78,020)                               |
| Intergovernmental                | 828,156          | 828,156       | 857,714       | 29,558                                 |
| Property Sales                   | 150,000          | 150,000       | 379,746       | 229,746                                |
| Investments                      | 1,182,000        | 1,182,000     | 1,282,752     | 100,752                                |
| Other Income:                    |                  |               |               |  |
| Contributions                    |                  | 38,212        | 39,708        | 1,496                                  |
| Other Income                     | 400,000          | 400,000       | 232,764       | (167,236)                              |
| Penalties & Interest             | 1,554,000        | 1,554,000     | 1,768,487     | 214,487                                |
| School Board Tax Fee             | 15,000           | 15,000        | 13,750        | (1,250)                                |
| Payment in Lieu of Taxes         | 93,000           | 93,000        | 90,626        | (2,374)                                |
| Miscellaneous                    | 1,018,777        | 1,434,829     | 1,456,286     | 21,457                                 |
| Total Other Income               | 3,080,777        | 3,535,041     | 3,601,621     | 66,580                                 |
| Total Revenues                   | 376,903,691      | 377,595,072   | 367,593,935   | (10,001,137)                           |

continued

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGETARY COMPARISON**  
**GENERAL FUND**  
**For the Year Ended June 30, 2020**

|  | Budgeted Amounts |             |             | Variance with                       |
|--|------------------|-------------|-------------|-------------------------------------|
|  | Original         | Final       | Actual      | Final Budget-Positive<br>(Negative) |
| EXPENDITURES   |                  |             |             |                                     |
| General Government:                                    |                  |             |             |                                     |
| Council Office   | 2,998,192        | 3,038,342   | 2,781,633   | (256,709)                           |
| Office of the Mayor                                    | 1,691,939        | 1,731,467   | 1,755,618   | 24,151                              |
| Special Programs                                       | 218,750          | 218,750     | 171,019     | (47,731)                            |
| Board of Elections                                     | 1,110,670        | 1,036,147   | 690,681     | (345,466)                           |
| Clerk of the Urban County Council                      | 509,906          | 516,521     | 448,217     | (68,304)                            |
| County Attorney  | 1,042,139        | 1,042,139   | 1,028,799   | (13,340)                            |
| Coroner  | 1,184,826        | 1,200,102   | 1,155,213   | (44,889)                            |
| Property Valuation Administrator                       | 320,715          | 320,715     | 320,715     |                                     |
| Contingency  | 6,278,587        | 5,533,000   |             | (5,533,000)                         |
| Circuit Judges   | 440,940          | 447,923     | 451,107     | 3,184                               |
| County Court Clerk                                     | 98,442           | 82,222      | 75,563      | (6,659)                             |
| Citizens' Advocate                                     | 40,009           | 41,174      | 35,410      | (5,764)                             |
| Commonwealth Attorney                                  | 257,675          | 257,675     | 247,342     | (10,333)                            |
| County Judge Executive                                 | 19,088           | 19,088      | 13,305      | (5,783)                             |
| Indirect Cost Allocation                               | (6,691,899)      | (6,691,899) | (7,605,785) | (913,886)                           |
| <b>Total General Government</b>                        | 9,519,979        | 8,793,366   | 1,568,837   | (7,224,529)                         |
| Administrative Services:                               |                  |             |             |                                     |
| Office of the Chief Administrative Officer             | 4,233,433        | 3,491,694   | 3,441,273   | (50,421)                            |
| Historic Preservation                                  | 380,704          | 385,821     | 346,462     | (39,359)                            |
| Government Communications                              | 845,936          | 859,687     | 850,707     | (8,980)                             |
| Grants & Special Projects                              | 617,904          | 617,746     | 655,415     | 37,669                              |
| Human Resources  | 3,418,858        | 3,452,231   | 3,281,646   | (170,585)                           |
| Internal Audit Office                                  | 640,943          | 648,628     | 633,050     | (15,578)                            |
| Lex Call   | 160,046          | 160,046     | 156,316     | (3,730)                             |
| Neighborhood Programs                                  | 85,000           | 111,371     | 96,350      | (15,021)                            |
| Purchase of Development Rights                         | 207,261          | 236,592     | 204,868     | (31,724)                            |
| <b>Total Administrative Services</b>                   | 10,590,085       | 9,963,816   | 9,666,087   | (297,729)                           |
| Chief Development Officer                              |                  |             |             |                                     |
| Chief Development Officer                              | 910,366          | 757,780     | 698,223     | (59,557)                            |
| Planning   | 2,333,313        | 2,304,149   | 2,443,399   | 139,250                             |
| <b>Total Chief Development Officer</b>                 | 3,243,679        | 3,061,929   | 3,141,622   | 79,693                              |
| Department of Information Technology:                  |                  |             |             |                                     |
| Office of the CIO                                      | 1,153,569        | 1,283,350   | 1,290,456   | 7,106                               |
| Computer Services                                      | 7,605,831        | 7,809,464   | 7,291,109   | (518,355)                           |
| Enterprise Solutions                                   | 1,203,079        | 1,188,163   | 1,208,319   | 20,156                              |
| <b>Total Information Technology</b>                    | 9,962,479        | 10,280,977  | 9,789,884   | (491,093) b                         |
| Department of Finance:                                 |                  |             |             |                                     |
| Accounting   | 1,456,354        | 1,481,256   | 1,576,876   | 95,620                              |
| Budgeting  | 510,768          | 513,157     | 510,630     | (2,527)                             |
| Central Purchasing                                     | 662,609          | 654,474     | 608,890     | (45,584)                            |
| Revenue  | 2,269,740        | 2,288,380   | 2,015,408   | (272,972)                           |
| Finance Administration                                 | 796,383          | 804,509     | 792,424     | (12,085)                            |
| <b>Total Finance</b>                                   | 5,695,854        | 5,741,776   | 5,504,228   | (237,548) b                         |
| Division of Environmental Quality & Public Works:      |                  |             |             |                                     |
| Building Inspection                                    | 2,786,203        | 2,832,418   | 2,859,236   | 26,818                              |
| Engineering  | 1,672,862        | 1,749,787   | 1,727,416   | (22,371)                            |
| Environmental Quality & PW Admin                       | 284,494          | 290,634     | 288,772     | (1,862)                             |
| Division of Environmental Services                     | 2,347,899        | 2,497,162   | 2,064,291   | (432,871)                           |
| Streets & Roads  | 3,544,736        | 3,692,320   | 3,085,768   | (606,552)                           |
| Traffic Engineering                                    | 4,550,974        | 4,915,173   | 4,781,125   | (134,048)                           |
| <b>Total Environmental Quality &amp; Public Works</b>  | 15,187,168       | 15,977,494  | 14,806,608  | (1,170,886) b                       |
| Department of Planning, Preservation, & Development:   |                  |             |             |                                     |
| Planning, Preservation, & Development Admin            | 1                | 1           |             | (1)                                 |
| <b>Total Planning, Preservation, &amp; Development</b> | 1                | 1           | 0           | (1)                                 |
| Department of Public Safety:                           |                  |             |             |                                     |
| Police   | 79,726,547       | 79,912,633  | 67,316,584  | (12,596,049)                        |
| Fire & Emergency Services                              | 80,582,206       | 80,827,388  | 74,425,592  | (6,401,796)                         |
| Community Corrections                                  | 39,882,629       | 39,844,148  | 38,879,299  | (964,849)                           |
| Public Safety Administration                           | 7,243,806        | 7,250,122   | 7,579,715   | 329,593                             |
| Code Enforcement                                       | 2,159,834        | 2,196,080   | 2,151,848   | (44,232)                            |
| Emergency Management                                   | 867,490          | 870,920     | 755,434     | (115,486)                           |
| Enhanced 911   | 3,579,016        | 3,657,163   | 3,473,556   | (183,607)                           |
| Security   | 889,370          | 902,891     | 837,566     | (65,325)                            |
| <b>Total Public Safety</b>                             | 214,930,898      | 215,461,345 | 195,419,594 | (20,041,751) b                      |
| Department of Social Services:                         |                  |             |             |                                     |
| Youth Services   | 2,517,928        | 2,568,475   | 2,313,492   | (254,983)                           |
| Family Services  | 2,885,718        | 2,967,189   | 2,821,167   | (146,022)                           |
| Adult Services   | 1,335,793        | 1,352,132   | 1,318,352   | (33,780)                            |
| Social Services Administration                         | 2,527,946        | 2,528,237   | 2,349,806   | (178,431)                           |
| <b>Total Social Services</b>                           | 9,267,385        | 9,416,033   | 8,802,817   | (613,216) b                         |

continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON  
GENERAL FUND  
For the Year Ended June 30, 2020

|  | Budgeted Amounts   |                    | Actual              | Variance with<br>Final Budget-Positive<br>(Negative) |
|--|--------------------|--------------------|---------------------|--|
|  | Original           | Final              |                     |  |
| <b>EXPENDITURES, continued</b>                                   |                    |                    |                     |  |
| Department of General Services:                                  |                    |                    |                     |  |
| Parks & Recreation   | 20,727,950         | 21,288,893         | 19,296,366          | (1,992,527)  |
| Fleet & Facilities Management                                    | 6,545,190          | 6,528,119          | 6,176,888           | (351,231)  |
| General Services Administration                                  | 2,429,119          | 2,435,181          | 2,199,414           | (235,767)  |
| <b>Total General Services</b>                                    | <u>29,702,259</u>  | <u>30,252,193</u>  | <u>27,672,668</u>   | <u>(2,579,525) b</u>                                 |
| Department of Law:   |                    |                    |                     |  |
| Law  | 2,515,263          | 2,595,624          | 2,256,394           | (339,230)  |
| <b>Total Law</b>   | <u>2,515,263</u>   | <u>2,595,624</u>   | <u>2,256,394</u>    | <u>(339,230)</u>                                     |
| Outside Agencies:  |                    |                    |                     |  |
| Commerce Lexington   | 388,450            | 291,338            | 388,450             | 97,112   |
| Downtown Lexington Partnership                                   | 147,055            | 106,761            | 125,204             | 18,443   |
| Environmental Commission   | 5,015              | 5,015              | 3,873               | (1,142)  |
| World Trade Center   | 46,750             | 35,063             | 46,750              | 11,687   |
| Grants & Special Projects Agencies                               | 1,289,225          | 1,270,100          | 1,289,225           | 19,125   |
| Social Service Agencies  | 3,093,210          | 3,034,610          | 3,034,610           |  |
| LexArts  | 415,700            | 415,700            | 415,700             |  |
| Lexington Public Library   | 16,822,310         | 17,115,819         | 17,115,823          | 4  |
| Explorium of Lexington   | 150,000            | 191,500            | 191,500             |  |
| Carnegie Literacy Center   | 111,300            | 111,300            | 78,000              | (33,300)   |
| Lyric Theatre  | 127,500            | 95,625             | 127,500             | 31,875   |
| <b>Total Outside Agencies</b>                                    | <u>22,596,515</u>  | <u>22,672,831</u>  | <u>22,816,635</u>   | <u>143,804</u>                                       |
| Debt Service:  |                    |                    |                     |  |
| Principal  | 31,707,789         | 31,385,156         | 31,119,490          | (265,666)  |
| Interest   | 15,434,730         | 15,757,363         | 15,662,147          | (95,216)   |
| <b>Total Debt Service</b>  | <u>47,142,519</u>  | <u>47,142,519</u>  | <u>46,781,637</u>   | <u>(360,882)</u>                                     |
| <b>Total Expenditures</b>  | <u>380,354,084</u> | <u>381,359,904</u> | <u>348,227,011</u>  | <u>(33,132,893)</u>                                  |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | (3,450,393)        | (3,764,832)        | 19,366,924          | 23,131,756   |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                    |                    |                     |  |
| Transfers In   | 5,902,235          | 6,673,114          | 6,555,614           | (117,500)  |
| Transfers Out  | (5,850,510)        | (7,367,574)        | (6,634,920)         | 732,654  |
| <b>Total Other Financing Sources</b>                             | <u>51,725</u>      | <u>(694,460)</u>   | <u>(79,306)</u>     | <u>615,154</u>                                       |
| <b>Net Change in Fund Balance</b>                                | (3,398,668)        | (4,459,292)        | 19,287,618          | 23,746,910   |
| <b>Fund Balance, Beginning</b>                                   | 4,484,468          | 4,484,468          | 67,914,565          | 63,430,097   |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b>            |                    |                    | (3,288,094)         | (3,288,094)  |
| <b>Fund Balances - Restated July 1</b>                           | <u>4,484,468</u>   | <u>4,484,468</u>   | <u>64,626,471</u>   | <u>60,142,003</u>                                    |
| <b>Fund Balance, Ending</b>                                      | <u>\$1,085,800</u> | <u>\$25,176</u>    | <u>\$83,914,089</u> | <u>\$83,888,913</u>                                  |

a-revenue estimates for payroll withholdings were negatively impacted by COVID-19  
d-budget savings in operating from diligent management oversight of \$8.19 million; personnel savings from CARES reimbursement of \$20.77 million

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGETARY COMPARISON**  
**FULL URBAN SERVICES DISTRICT FUND**  
**For the Year Ended June 30, 2020**

|   | Budgeted Amounts |             |             | Variance with                       |
|---|------------------|-------------|-------------|-------------------------------------|
|   | Original         | Final       | Actual      | Final Budget-Positive<br>(Negative) |
| REVENUES  |                  |             |             |                                     |
| Licenses and Permits:                             |                  |             |             |                                     |
| Bank Franchise Fee                                | \$1,720,000      | \$1,720,000 | \$1,773,980 | \$53,980                            |
| Total Licenses and Permits                        | 1,720,000        | 1,720,000   | 1,773,980   | 53,980                              |
| Taxes:  |                  |             |             |                                     |
| Realty Taxes                                      | 41,230,000       | 41,219,000  | 41,270,788  | 51,788                              |
| PSC Taxes   | 347,000          | 399,000     | 391,640     | (7,360)                             |
| Property Tax Discount                             | (705,000)        | (701,000)   | (743,816)   | (42,816)                            |
| Property Tax Commission                           | (350,000)        | (350,000)   | (350,559)   | (559)                               |
| Delinquent - Realty & Personal                    | 100,000          | 100,000     | 149,312     | 49,312                              |
| Supplementary Tax Bills                           | 2,500            | 2,500       | 573         | (1,927)                             |
| Total Taxes                                       | 40,624,500       | 40,669,500  | 40,717,938  | 48,438                              |
| Charges for Services:                             |                  |             |             |                                     |
| Rent or Lease Income                              | 4,000            | 4,000       | 2,380       | (1,620)                             |
| Commodities                                       | 2,205,500        | 2,205,500   | 1,059,274   | (1,146,226)                         |
| Dumpster Permit Fees                              | 21,000           | 21,000      | 11,250      | (9,750)                             |
| Total Charges for Services                        | 2,230,500        | 2,230,500   | 1,072,904   | (1,157,596) a                       |
| Property Sales                                    | 150,000          | 150,000     | 220,085     | 70,085                              |
| Fines and Forfeitures                             | 1,200            | 1,200       |             | (1,200)                             |
| Intergovernmental                                 | 0                | 0           | 0           | 0                                   |
| Investments                                       | 375,000          | 375,000     | 398,930     | 23,930                              |
| Other Income:                                     |                  |             |             |                                     |
| Penalties & Interest                              |                  |             | 70,687      | 70,687                              |
| Miscellaneous                                     | 9,500            | 9,500       | 15,165      | 5,665                               |
| Total Other Income                                | 9,500            | 9,500       | 85,852      | 76,352                              |
| Total Revenues                                    | 45,110,700       | 45,155,700  | 44,269,689  | (886,011)                           |
| EXPENDITURES                                      |                  |             |             |                                     |
| General Government:                               |                  |             |             |                                     |
| Contingency                                       | 264,961          | 99,248      |             | (99,248)                            |
| Indirect Cost Allocation                          | 2,869,195        | 2,869,195   | 3,300,217   | 431,022                             |
| Total General Government                          | 3,134,156        | 2,968,443   | 3,300,217   | 331,774                             |
| Administrative Services:                          |                  |             |             |                                     |
| Human Resources                                   | 7,000            | 7,000       | 7,374       | 374                                 |
| Lex Call  | 555,142          | 569,937     | 541,423     | (28,514)                            |
| Total Administrative Services                     | 562,142          | 576,937     | 548,797     | (28,140)                            |
| Department of Information Technology:             |                  |             |             |                                     |
| Computer Services                                 | 711,590          | 693,192     | 468,129     | (225,063)                           |
| Office of the CIO                                 | 200,000          | 164,014     | 166,042     | 2,028                               |
| Total Information Technology                      | 911,590          | 857,206     | 634,171     | (223,035)                           |
| Department of Finance:                            |                  |             |             |                                     |
| Central Purchasing                                | 23,463           | 23,463      | 23,627      | 164                                 |
| Finance   | 20,750           | 20,750      | 20,510      | (240)                               |
| Total Finance                                     | 44,213           | 44,213      | 44,137      | (76)                                |
| Division of Environmental Quality & Public Works: |                  |             |             |                                     |
| Waste Management                                  | 30,746,883       | 31,696,160  | 26,796,908  | (4,899,252) b                       |
| Division of Environmental Services                | 762,282          | 761,127     | 721,335     | (39,792)                            |
| Environmental Quality                             | 917,893          | 823,183     | 736,243     | (86,940)                            |
| Streets & Roads                                   | 2,818,683        | 2,835,612   | 2,454,874   | (380,738)                           |
| Traffic Engineering                               | 6,718,949        | 6,698,387   | 6,541,767   | (156,620)                           |
| Total Environmental Quality & Public Works        | 41,964,690       | 42,814,469  | 37,251,127  | (5,563,342)                         |
| Department of General Services:                   |                  |             |             |                                     |
| Fleet & Facilities Management                     | 5,975,437        | 5,383,827   | 5,346,341   | (37,486)                            |
| Total General Services                            | 5,975,437        | 5,383,827   | 5,346,341   | (37,486)                            |

continued



**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGETARY COMPARISON**  
**FULL URBAN SERVICES DISTRICT FUND**  
**For the Year Ended June 30, 2020**

|   | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget-Positive<br/>(Negative)</b> |
|---|-------------------------|---------------------|---------------------|---|
|   | <b>Original</b>         | <b>Final</b>        |                     |   |
| <b>EXPENDITURES, continued</b>                        |                         |                     |                     |   |
| Department of Law:                                    |                         |                     |                     |   |
| Law   | 17,472                  | 17,472              | 16,730              | (742)   |
| <b>Total Law</b>                                      | <u>17,472</u>           | <u>17,472</u>       | <u>16,730</u>       | <u>(742)</u>  |
| Debt Service:   |                         |                     |                     |   |
| Principal   | 461,852                 | 461,852             | 461,852             |   |
| Interest  | 201,927                 | 201,927             | 201,927             |   |
| <b>Total Debt Service</b>                             | <u>663,779</u>          | <u>663,779</u>      | <u>663,779</u>      | <u>0</u>  |
| <b>Total Expenditures</b>                             | <u>53,273,479</u>       | <u>53,326,346</u>   | <u>47,805,299</u>   | <u>(5,521,047)</u>  |
| <b>Excess (Deficiency) of Revenues Over (Under)</b>   |                         |                     |                     |   |
| <b>Expenditures</b>                                   | (8,162,779)             | (8,170,646)         | (3,535,610)         | 4,635,036   |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                         |                     |                     |   |
| Transfers In  | 1,883,800               | 1,883,800           | 1,883,800           |   |
| Transfers Out   | 2,213                   | (2,356)             | (13,773)            | (11,417)  |
| <b>Total Other Financing Sources (Uses)</b>           | <u>1,886,013</u>        | <u>1,881,444</u>    | <u>1,870,027</u>    | <u>(11,417)</u>   |
| <b>Net Change in Fund Balance</b>                     | (6,276,766)             | (6,289,202)         | (1,665,583)         | 4,623,619   |
| <b>Fund Balance, Beginning</b>                        | <u>20,000,000</u>       | <u>20,000,000</u>   | <u>25,842,822</u>   | <u>5,842,822</u>  |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b> |                         |                     | <u>(307,762)</u>    | <u>(307,762)</u>  |
| <b>Fund Balance, Ending</b>                           | <u>\$13,723,234</u>     | <u>\$13,710,798</u> | <u>\$23,869,477</u> | <u>\$10,158,679</u>   |

a-\$ 1.16 million under budgeted revenues in charges for services due to the negative impact of COVID-19

b-operating savings of \$4.90 million primarily due to management diligence and personnel savings related to COVID-19

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS

|   | Fiscal Year 2014       |  | Fiscal Year 2015       |  | Fiscal Year 2016       |  | Fiscal Year 2017       |  | Fiscal Year 2018       |  | Fiscal Year 2019       |  |
|---|------------------------|--|------------------------|--|------------------------|--|------------------------|--|------------------------|--|------------------------|--|
|   | Police & Fire          | City   | Police & Fire          | City   | Police & Fire          | City   | Police & Fire          | City   | Police & Fire          | City   | Police & Fire          | City   |
| <b>Total pension liability</b>  |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| Service cost  | \$15,273,403           | \$0  | \$15,682,820           | \$0  | \$15,545,613           | \$0  | \$15,736,332           | \$0  | \$19,289,452           | \$0  | \$20,003,501           | \$0  |
| Interest  | 53,365,849             | 852,811  | 54,617,104             | 805,933  | 56,566,064             | 736,800  | 58,934,015             | 712,234  | 65,525,538             | 618,238  | 70,968,916             | 569,079  |
| Differences between expected and actual experience  |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| Changes of assumptions  |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| Benefit payments, including refunds of member contributions   | (53,597,352)           | (1,574,594)  | (50,314,337)           | (1,470,392)  | (53,360,681)           | (1,425,983)  | (56,718,545)           | (1,332,557)  | (59,050,010)           | (1,264,711)  | (61,014,042)           | (1,234,809)  |
| <b>Net change in total pension liability</b>  | <b>15,041,900</b>      | <b>(221,783)</b>                                     | <b>27,509,302</b>      | <b>(1,009,825)</b>                                   | <b>33,251,614</b>      | <b>(137,653)</b>                                     | <b>89,052,706</b>      | <b>(13,767,200)</b>                                  | <b>73,560,380</b>      | <b>(71,224)</b>                                      | <b>56,733,039</b>      | <b>307,153</b>                                       |
| <b>Total pension liability-beginning</b>  | <b>738,343,325</b>     | <b>12,070,313</b>                                    | <b>753,385,225</b>     | <b>12,248,530</b>                                    | <b>780,894,527</b>     | <b>11,238,705</b>                                    | <b>814,146,141</b>     | <b>10,841,052</b>                                    | <b>903,198,847</b>     | <b>9,464,332</b>                                     | <b>976,759,227</b>     | <b>8,747,108</b>                                     |
| <b>Total pension liability-ending (a)</b>   | <b>\$753,385,225</b>   | <b>\$12,248,530</b>                                  | <b>\$780,894,527</b>   | <b>\$11,238,705</b>                                  | <b>\$814,146,141</b>   | <b>\$10,841,052</b>                                  | <b>\$903,198,847</b>   | <b>\$9,464,332</b>                                   | <b>\$976,759,227</b>   | <b>\$8,747,108</b>                                   | <b>\$1,033,492,266</b> | <b>\$9,054,261</b>                                   |
| *In 1973 the City of Lexington froze new entrants into the CEPF; in fiscal year 2010 the last active employee retired |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| <b>Plan fiduciary net position</b>  |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| Contributions-member  | \$27,636,473           | \$0  | \$22,705,036           | \$0  | \$24,755,620           | \$0  | \$29,667,706           | \$0  | \$27,576,764           | \$0  | \$30,277,170           | \$0  |
| Contributions-employer  | 9,730,115              |  | 9,881,338              |  | 9,493,378              |  | 11,186,704             |  | 10,750,008             |  | 10,356,318             |  |
| Net investment income   | 96,386,758             | 4,356,048  | 16,827,976             | 898,062  | 4,396,040              | 1,365,187  | 9,121,369              | 1,329,650  | 7,109,316              | 1,369,365  | 42,194,879             | 2,030,058  |
| Benefit payments, including refunds of member contributions   | (53,597,352)           | (1,574,594)  | (50,314,338)           | (1,470,392)  | (53,360,681)           | (1,425,983)  | (56,718,545)           | (1,332,557)  | (59,050,010)           | (1,264,711)  | (61,014,042)           | (1,234,809)  |
| Administrative Expense  | (598,923)              | (27,178)   | (665,175)              | (28,356)   | (178,943)              | (15,659)   | (236,211)              | (7,240)  | (306,716)              | (4,994)  | (317,040)              | (7,210)  |
| Other   |                        |  |                        |  | 80,010                 |  | 141,051                | (2)  | 8,396                  |  | 112,421                |  |
| <b>Net change in plan fiduciary net position</b>  | <b>79,557,071</b>      | <b>2,754,276</b>                                     | <b>(1,565,163)</b>     | <b>(600,680)</b>                                     | <b>(14,814,576)</b>    | <b>(76,635)</b>                                      | <b>75,282,074</b>      | <b>(10,149)</b>                                      | <b>49,987,758</b>      | <b>93,660</b>  | <b>21,609,706</b>      | <b>788,039</b>                                       |
| <b>Plan fiduciary net position-beginning</b>  | <b>556,723,810</b>     | <b>28,029,242</b>                                    | <b>636,280,881</b>     | <b>30,783,518</b>                                    | <b>634,715,718</b>     | <b>30,182,832</b>                                    | <b>619,901,142</b>     | <b>30,106,397</b>                                    | <b>695,183,216</b>     | <b>30,096,248</b>                                    | <b>745,170,974</b>     | <b>30,195,908</b>                                    |
| <b>Plan fiduciary net position-ending (b)</b>   | <b>\$636,280,881</b>   | <b>\$30,783,518</b>                                  | <b>\$634,715,718</b>   | <b>\$30,182,832</b>                                  | <b>\$619,901,142</b>   | <b>\$30,106,397</b>                                  | <b>\$695,183,216</b>   | <b>\$30,096,248</b>                                  | <b>\$745,170,974</b>   | <b>\$30,195,908</b>                                  | <b>\$766,780,680</b>   | <b>\$30,983,947</b>                                  |
| <b>Net pension liability-ending (a) - (b)</b>   | <b>\$117,104,344</b>   | <b>\$(18,534,988)</b>                                | <b>\$146,178,809</b>   | <b>\$(18,944,127)</b>                                | <b>\$194,244,999</b>   | <b>\$(19,265,345)</b>                                | <b>\$208,015,631</b>   | <b>\$(20,631,916)</b>                                | <b>\$231,588,253</b>   | <b>\$(21,448,800)</b>                                | <b>\$266,711,586</b>   | <b>\$(21,929,686)</b>                                |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>                                     | <b>84.46%</b>          | <b>251.32%</b>                                       | <b>81.28%</b>          | <b>268.56%</b>                                       | <b>76.14%</b>          | <b>277.71%</b>                                       | <b>76.97%</b>          | <b>318.00%</b>                                       | <b>76.29%</b>          | <b>345.21%</b>                                       | <b>74.19%</b>          | <b>342.20%</b>                                       |
| <b>Covered payroll</b>  | \$63,248,485           | \$0  | \$62,102,632           | \$0  | \$65,934,339           | \$0  | \$73,560,313           | \$0  | \$73,131,137           | \$0  | \$76,794,393           | \$0  |
| <b>Net pension liability as a percentage of covered payroll</b>   | <b>185.15%</b>         | <b>0.00%</b>   | <b>235.38%</b>         | <b>0.00%</b>   | <b>294.60%</b>         | <b>0.00%</b>   | <b>283.55%</b>         | <b>0.00%</b>   | <b>316.68%</b>         | <b>0.00%</b>   | <b>347.31%</b>         | <b>0.00%</b>   |
| *In 1973 the City of Lexington froze new entrants into the CEPF; in fiscal year 2010 the last active employee retired |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| <b>Actuarial Assumptions:</b>   |                        |  |                        |  |                        |  |                        |  |                        |  |                        |  |
| Valuation date  | 7/1/2014               | 7/1/2014   | 7/1/2015               | 7/1/2015   | 7/1/2016               | 7/1/2016   | 7/1/2017               | 7/1/2017   | 7/1/2018               | 7/1/2018   | 7/1/2019               | 7/1/2019   |
| Actuarial cost method   | Entry age normal       | Entry age normal                                     | Entry age normal       | Entry age normal                                     | Entry age normal       | Entry age normal                                     | Entry age normal       | Entry age normal                                     | Entry age normal       | Entry age normal                                     | Entry age normal       | Entry age normal                                     |
| Amortization method   | Level dollar, closed   | Level dollar, open                                   | Level dollar, closed   | Level dollar, open                                   | Level dollar, closed   | Level dollar, open                                   | Level dollar, closed   | Level dollar, open                                   | Level dollar, closed   | Level dollar, open                                   | Level dollar, closed   | Level dollar, open                                   |
| Amortization period   | 30 years               | 15 years   | 29 years               | 15 years   | 28 years               | 15 years   | 27 years               | 15 years   | 26 years               | 15 years   | 25 years               | 15 years   |
| Actuarial asset valuation method  | 5-year smoothed market | Market Value   | 5-year smoothed market | Market Value   | 5-year smoothed market | Market Value   | 5-year smoothed market | Market Value   | 5-year smoothed market | Market Value   | 5-year smoothed market | Market Value   |
| Investment rate of return   | 7.50%                  | 7%, including inflation                              | 7.50%                  | 7%, including inflation                              | 7.50%                  | 7%, including inflation                              | 7.50%                  | 7%, including inflation                              | 7.50%                  | 7%, including inflation                              | 7.26%                  | 5.21%, including inflation                           |
| Cost of living benefit increases (maximum)  | NA                     | 3.00%  | NA                     | 3.00%  | NA                     | 3.00%  | NA                     | 3.00%  | NA                     | 3.00%  | NA                     | 3.00%  |
| Inflation   | 3.00%                  | NA   | 3.00%                  | NA   | 3.00%                  | NA   | 3.00%                  | NA   | 2.75%                  | NA   | 2.40%                  | NA   |
| Projected salary increase   | 4% to 10.50%           | RP-2000 Combined                                     | 4% to 10.50%           | RP-2000 Combined                                     | 4% to 10.50%           | RP-2000 Combined                                     | 4% to 10.50%           | RP-2000 Combined                                     | 3.5% to 10.50%         | RP-2000 Combined                                     | 3.5% to 9.50%          | NA   |
| Mortality table   | RP-2000 Combined       | Table projected to the valuation date using scale BB | RP-2000 Combined       | Table projected to the valuation date using scale BB | RP-2000 Combined       | Table projected to the valuation date using scale BB | RP-2000 Combined       | Table projected to the valuation date using scale BB | RP-2000 Combined       | Table projected to the valuation date using scale BB | RP-2000 Combined       | Table projected to the valuation date using scale BB |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Department of Finance, Lexington-Fayette Urban County Government

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS  
SCHEDULE OF THE GOVERNMENT'S CONTRIBUTIONS  
LAST TEN FISCAL YEARS

|   | Fiscal Year   |            |               |          |               |      |               |      |               |      |
|---|---------------|------------|---------------|----------|---------------|------|---------------|------|---------------|------|
|   | 2011          |            | 2012          |          | 2013          |      | 2014          |      | 2015          |      |
|   | Police & Fire | City*      | Police & Fire | City     | Police & Fire | City | Police & Fire | City | Police & Fire | City |
| Actuarially determined contribution   | \$28,216,938  | \$0        | \$30,665,280  | \$0      | \$22,322,068  | \$0  | \$23,217,413  | \$0  | \$22,705,036  | \$0  |
| Contributions in relation to the actuarially determined contribution  | ** 28,216,938 | 74,488     | ** 30,665,280 |          | 22,322,068    |      | 23,217,413    |      | 22,705,036    |      |
| Contribution deficiency (excess)  | \$0           | (\$74,488) | \$0           | \$0      | \$0           | \$0  | \$0           | \$0  | \$0           | \$0  |
| Covered payroll   | \$64,258,162  | \$0        | \$54,595,799  | \$43,416 | \$62,455,725  | \$0  | \$63,248,485  | \$0  | \$62,102,632  | \$0  |
| Contributions as a percentage of covered payroll  | 43.91%        | NA         | 56.17%        | NA       | 35.74%        | NA   | 36.71%        | NA   | 36.56%        | NA   |
| *In 1973 the City of Lexington froze new entrants into the CEPF; in fiscal year 2010 the last active employee retired |               |            |               |          |               |      |               |      |               |      |
| Source: Department of Finance, Lexington-Fayette Urban County Government  |               |            |               |          |               |      |               |      |               |      |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS  
SCHEDULE OF THE GOVERNMENT'S CONTRIBUTIONS  
LAST TEN FISCAL YEARS

|   | Fiscal Year   |      |               |      |                 |      |               |      |               |      |
|---|---------------|------|---------------|------|-----------------|------|---------------|------|---------------|------|
|   | 2016          |      | 2017          |      | 2018            |      | 2019          |      | 2020          |      |
|   | Police & Fire | City | Police & Fire | City | Police & Fire   | City | Police & Fire | City | Police & Fire | City |
| Actuarially determined contribution   | \$24,755,620  | \$0  | \$29,808,757  | \$0  | ** \$27,585,160 | \$0  | \$30,277,170  | \$0  | \$32,549,517  | \$0  |
| Contributions in relation to the actuarially determined contribution  | 24,755,620    |      | 29,808,757    |      | ** 27,585,160   |      | 30,277,170    |      | 32,549,517    |      |
| Contribution deficiency (excess)  | \$0           | \$0  | \$0           | \$0  | \$0             | \$0  | \$0           | \$0  | \$0           | \$0  |
| Covered payroll   | \$65,934,339  | \$0  | \$73,360,313  | \$0  | \$73,131,137    | \$0  | \$76,974,393  | \$0  | \$77,788,689  | \$0  |
| Contributions as a percentage of covered payroll  | 37.55%        | NA   | 40.63%        | NA   | 37.72%          | NA   | 39.33%        | NA   | 41.84%        | NA   |
| <b>Changes in Assumption:</b>   |               |      |               |      |                 |      |               |      |               |      |
| 2019  |               |      |               |      |                 |      |               |      |               |      |
| City - The assumed rate of return was lowered from 7.00% to 5.21%. The discount rate lowered from 7.00% to 5.21%.   |               |      |               |      |                 |      |               |      |               |      |
| Police & Fire - The assumed rate of return was lowered from 7.50% to 7.26%. The assumed rate of inflation was lowered from 2.75% to 2.40%.  |               |      |               |      |                 |      |               |      |               |      |
| 2018  |               |      |               |      |                 |      |               |      |               |      |
| Police & Fire - Inflation was lowered from 3.00% to 2.75%, and wage inflation was lowered from 4.00% to 3.50%. Adopted RP-2000 Combined Table projected to the valuation date using scale BB. Pre-Retirement and Disability retiree mortality rates are assumed to be the same as the postretirement mortality rates. Retirement rates were increased to better match experience. Termination rates were increased at the early years of service. Disability rates were increased to better match experience. The percentage of disabled members who retire as a result of in-service disability was increased from 75% to 95%. |               |      |               |      |                 |      |               |      |               |      |
| *In 1973 the City of Lexington froze new entrants into the CEPF; In fiscal year 2010 the last active employee retired   |               |      |               |      |                 |      |               |      |               |      |
| **Corrected by Actuary  |               |      |               |      |                 |      |               |      |               |      |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER PENSIONS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS

|   | 2014          |       | 2015          |       | 2016          |       | 2017          |       | 2018          |       | 2019          |       | 2020          |       |
|---|---------------|-------|---------------|-------|---------------|-------|---------------|-------|---------------|-------|---------------|-------|---------------|-------|
|   | Police & Fire | City  | Police & Fire | City  | Police & Fire | City  | Police & Fire | City  | Police & Fire | City  | Police & Fire | City  | Police & Fire | City  |
| Annual money-weighted rate of return, net of investment expense | 7.45%         | 5.56% | 3.08%         | 3.49% | -0.23%        | 2.17% | 6.20%         | 3.80% | 18.37%        | 6.48% | 11.09%        | 6.18% | 3.99%         | 7.64% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Department of Finance, Lexington-Fayette Urban County Government

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS

|  | Fiscal Year         | Fiscal Year         | Fiscal Year         |
|--|---------------------|---------------------|---------------------|
|  | 2017                | 2018                | 2019                |
|  | Police & Fire       | Police & Fire       | Police & Fire       |
| <b>Total OPEB liability</b>                                  |                     |                     |                     |
| Service cost   | \$18,518,517        | \$16,561,150        | \$11,572,432        |
| Interest   | 10,445,265          | 12,078,465          | 9,470,049           |
| Changes of benefit terms                                     |                     |                     |                     |
| Differences between expected and actual experience           | (1,289,809)         | (103,220,151)       | (1,982,714)         |
| Changes of assumptions                                       | (30,781,223)        | (16,252,771)        | 17,430,462          |
| Benefit payments, including refunds of member contributions  | (5,638,286)         | (4,952,442)         | (5,059,394)         |
| <b>Net change in total OPEB liability</b>                    | <b>(8,745,536)</b>  | <b>(95,785,749)</b> | <b>31,430,835</b>   |
| <b>Total OPEB liability-beginning</b>                        | <b>350,482,838</b>  | <b>341,737,302</b>  | <b>245,951,553</b>  |
| <b>Total OPEB liability-ending</b>                           | <b>341,737,302</b>  | <b>245,951,553</b>  | <b>277,382,388</b>  |
| <b>Covered payroll</b>                                       | <b>\$73,360,313</b> | <b>\$73,131,137</b> | <b>\$76,974,393</b> |
| <b>Net OPEB liability as a percentage of covered payroll</b> | <b>465.83%</b>      | <b>336.32%</b>      | <b>360.36%</b>      |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Department of Finance, Lexington-Fayette Urban County Government

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - CERS PENSION  
SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET LIABILITY  
LAST TEN FISCAL YEARS

|  | 2014   | 2015   | 2016   | 2017  | 2018  | 2019  |
|--|--|--|--|---|---|---|
| The Government's proportion of the net pension liability (asset)   | \$115,215,078  | \$155,544,394  | \$187,010,198  | \$241,742,130   | \$248,050,278   | \$283,836,175   |
| The Government's proportionate share of the net pension liability (asset)  |  |  |  |   |   |   |
| Nonhazardous   | 2.71%  | 2.76%  | 2.96%  | 3.20%   | 3.12%   | 3.09%   |
| Hazardous  | 2.28%  | 2.39%  | 2.41%  | 2.44%   | 2.41%   | 2.41%   |
| Covered payroll  | \$72,558,727   | \$74,948,371   | \$84,194,948   | \$88,823,610  | \$89,177,740  | \$88,234,162  |
| The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 158.79%  | 207.54%  | 222.12%  | 287.12%   | 294.61%   | 319.55%   |
| Plan fiduciary net position as a percentage of the total pension liability                                       | 66.06%   | 66.12%   | 55.19%   | 55.19%  | 55.19%  | 52.57%  |
| <b>Actuarial Assumptions:</b>  |  |  |  |   |   |   |
| Valuation date   | 7/1/2013   | 7/1/2014   | 7/1/2015   | 7/1/2016  | 7/1/2017  | 7/1/2017  |
| Actuarial cost method  | Entry Age  | Entry Age  | Entry Age  | Entry Age   | Entry Age   | Entry Age   |
| Amortization method  | Level percentage of payroll, closed  | Level percentage of payroll, closed  | Level percentage of payroll, closed  | Level percentage of payroll, closed   | Level percentage of payroll, closed   | Level percentage of payroll, closed   |
| Amortization period  | 30 years   | 28 years   | 28 years   | 28 years  | 27 years  | 26 years  |
| Actuarial asset valuation method   | 5-year smoothed market 7.75%   | 5-year smoothed market 7.50%   | 5-year smoothed market 7.50%   | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized 7.50% | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized 6.25% | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized 6.25% |
| Investment rate of return  |  |  |  |   |   |   |
| Cost of living benefit increases (maximum)   |  |  |  |   |   |   |
| Inflation  | 3.50%  | 3.25%  | 3.25%  | 3.25%   | 2.30%   | 2.30%   |
|  | 4.5%, average, including inflation   | 4%, average, including inflation   | 4%, average, including inflation   | 4%, average, including inflation  | 3.05% to 18.55%, varies by service  | 3.05% to 18.55%, varies by service  |
| Projected salary increase  | 1983 Group Annuity   | RP-2000 Combined   | RP-2000 Combined   | RP-2000 Combined  | RP-2000 Combined  | RP-2000 Combined  |
| Mortality table  | Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity | Table projected to the valuation date using scale BB (set back 1 year for females) | Table projected to the valuation date using scale BB (set back 1 year for females) | Table projected to the valuation date using scale BB (set back 1 year for females)                                      | Table projected to the valuation date using scale BB (set back 1 year for females)                                      | Table projected to the valuation date using scale BB (set back 1 year for females)                                      |
|  | Mortality Table for all other members.   |  |  |   |   |   |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Kentucky Retirement Systems

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - CERS PENSION  
SCHEDULE OF THE GOVERNMENT'S CONTRIBUTIONS

|   | LAST TEN FISCAL YEARS |                      |                      |                    |                   |                    |                  |
|---|-----------------------|----------------------|----------------------|--------------------|-------------------|--------------------|------------------|
|   | 2014                  | 2015                 | 2016                 | 2017               | 2018              | 2019               | 2020             |
| Contractually required contribution                                 | \$15,852,724          | \$10,836,390         | \$10,952,366         | \$13,388,248       | \$14,087,247      | \$21,120,711       | \$20,990,058     |
| Contribution in relation to the contractually required contribution | 16,161,747            | 16,354,078           | 16,954,959           | 13,767,651         | 14,162,524 *      | 16,718,583         | 20,050,133       |
| Contribution deficiency (excess)                                    | <u>(\$309,023)</u>    | <u>(\$5,517,688)</u> | <u>(\$6,002,593)</u> | <u>(\$379,403)</u> | <u>(\$75,277)</u> | <u>\$4,402,128</u> | <u>\$939,925</u> |
| Government's covered payroll  | \$72,558,727          | \$74,948,371         | \$84,194,948         | \$88,823,610       | \$89,177,740      | \$88,234,162       | \$100,537,948    |
| Contributions as a percentage of covered payroll                    | 22.27%                | 21.82%               | 20.14%               | 15.50%             | 15.88%            | 18.95%             | 19.94%           |

**Changes in Assumption:**

2015  
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%. 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 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 201 (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.

2017

The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

\* corrected in fiscal year 2020

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Kentucky Retirement Systems

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - CERS OPEB  
SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST TEN FISCAL YEARS

|  | 2016         | 2017         | 2018         | 2019         |
|--|--------------|--------------|--------------|--------------|
| The Government's proportion of the collective net OPEB liability (asset)   | \$62,469,796 | \$84,449,594 | \$72,503,766 | \$69,782,179 |
| The Government's proportionate share of the net OPEB liability (asset)   |              |              |              |              |
| Nonhazardous   | 50,412,648   | 64,271,500   | 55,313,166   | 51,948,223   |
| Hazardous  | 12,057,148   | 20,178,094   | 17,190,600   | 17,833,956   |
| Covered payroll  | 84,194,948   | 88,823,610   | 89,177,740   | \$88,234,162 |
| The Government's proportionate share of the net OPEB liability (asset)<br>as a percentage of its covered payroll | 74.20%       | 95.08%       | 81.30%       | 79.09%       |
| Plan fiduciary net position as a percentage of the total OPEB liability  | 359.01%      | 272.62%      | 317.54%      | 383.96%      |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Kentucky Retirement Systems



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION - CERS OPEB  
SCHEDULE OF THE GOVERNMENT'S CONTRIBUTIONS  
LAST TEN FISCAL YEARS

|   | 2017             | 2018             | 2019             | 2020             |
|---|------------------|------------------|------------------|------------------|
| Contractually required contribution                                 | \$5,205,891      | \$5,090,084      | \$6,655,493      | \$5,487,323      |
| Contribution in relation to the contractually required contribution | 4,934,657        | 4,885,000        | * 5,762,562      | 5,238,327        |
| Contribution deficiency (excess)                                    | <u>\$271,234</u> | <u>\$205,084</u> | <u>\$892,931</u> | <u>\$248,996</u> |
| Government's covered payroll  | \$88,823,610     | \$89,177,740     | \$88,234,162     | \$100,537,948    |
| Contributions as a percentage of covered payroll                    | 5.56%            | 5.48%            | 6.53%            | 5.21%            |

\* Amount corrected in fiscal year 2020

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government will present information for those years for which information is available.

Source: Kentucky Retirement Systems

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **County Aid Program Fund** accounts for the allocation of county road funds from the Commonwealth of Kentucky as provided by HB 973 and adopted by the 1980 General Assembly based upon the motor fuels taxes collected.

The **Municipal Aid Program Fund** accounts for the allocation from the Commonwealth of Kentucky as provided by KRS 174 for design, right-of-way acquisitions, utilities, construction, and other municipal road expenditures.

The **Industrial Revenue Bond Fund** accounts for receipts and disbursements of IRB issuance fees.

The **Mineral Severance Fund** and **Coal Severance Fund** account for receipts and disbursements of the Coal and Mineral Severance Tax received from the Commonwealth of Kentucky.

The **Police Confiscated Fund** accounts for recoveries from federal criminal case settlements awarded to the LFUCG Division of Police. Expenditures are restricted to police law enforcement programs.

The **Police Confiscated State Fund** accounts for recoveries from state criminal case settlements awarded to the Government's Division of Police. Expenditures are restricted to police law enforcement programs.

The **Public Safety Fund** accounts for revenues and disbursements of the House Bill 413 fees received from the Commonwealth of Kentucky.

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

The **Lexington Cultural Center** is a project to construct a performing arts and exhibit facility in downtown Lexington.

The **2003 Bond Projects** are for acquisition of vehicles, equipment, the next phase of replacement of the Government Center HVAC system, and fire trucks.

The **2007, 2008, & 2009 Bond Projects** are for park projects, computer equipment, and building renovations and improvements.

The **2010 Bond Projects** are to finance various projects for departments within the Government, including acquisition of equipment, infrastructure projects, and the Purchase of Development Rights program.

The **2011 & 2012 Bond Projects** are to finance the acquisition of various equipment for departments within the Government including but not limited to Computer Services, Public Safety, Parks and Recreation, Solid Waste, Purchase of Development Rights, Recycling Center, and Public Works utility design.

The **2013 Bond Projects** are to finance the acquisition of vehicles and equipment, various parks projects, and complete renovation of the Emergency Operations Center.

The **2014 Bond Projects** will fund projects for Purchase of Development Rights, conservation easements, Public Safety radios, renovation and construction of Parks, and funding for the Arena, Arts, and Entertainment District.

The **2015 Bond Projects** will fund projects for Purchase of Development Rights, conservation easements, Public Safety, traffic signal upgrades, renovation and construction of Parks, Facilities and Fleet Management vehicle replacement and repairs, and a new senior citizens center.

The **2016 Bond Projects** will fund projects and infrastructure improvements for departments within the Government including but not limited to Chief Information Officer, General Services, Public Safety, and Planning, Preservation, & Development. Additional projects include a greenway that will link two regional trail systems, the Legacy Trail and Town Branch Trail; streetscape improvements on the Versailles Road Corridor; and paving. A taxable bond portion will finance the restoration and rehabilitation of the historic Fayette County Courthouse in order to preserve the history and architecture of Lexington.

The **2017 Bond Projects** will fund projects including, but not limited to, (i) the construction, installation and equipping of a new fire station, software system upgrades, safety operations and other safety related projects, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights.

The **2018 Bond Projects** will fund projects for Public Safety, software upgrades, infrastructure improvements, parks projects, and building improvements. In addition it will provide funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights.

The **2019 Bond Projects** will fund projects for Public Safety, software upgrades, infrastructure improvements, parks projects, and building improvements, fleet replacement, and the Lexington Convention Center renovations.

The **2020 Bond Projects** will fund projects for Public Safety, voting machine replacement, road and paving maintenance, and fleet replacement. In addition it will provide funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights.

The **Public Library Corporation** is for the acquisition, construction, equipping, and financing of public projects to be used for public library purposes.

The **Roads, Parks, Open Space, Storm Water Exactions** are for improvements necessary to provide roads, parks, open space, and storm water management in the Expansion Area Master Plan funded by developer and property owner exaction fees.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

|                                     | Special Revenue Funds     |                          |                               |                      |                   |                                |                                      | Capital Projects Funds |              |                                 |                       |  |                       |
|-------------------------------------|---------------------------|--------------------------|-------------------------------|----------------------|-------------------|--------------------------------|--------------------------------------|------------------------|--------------|---------------------------------|-----------------------|--|-----------------------|
|                                     | Local Economic Assistance |                          |                               |                      |                   | Police<br>Confiscated<br>Funds | Police<br>Confiscated<br>State Funds | Public Safety<br>Fund  | Total        | Lexington<br>Cultural<br>Center | 2003 Bond<br>Projects | 2007, 2008, &<br>2009 Bond<br>Projects | 2010 Bond<br>Projects |
|                                     | County Aid<br>Program     | Municipal<br>Aid Program | Industrial<br>Revenue<br>Bond | Mineral<br>Severance | Coal<br>Severance |                                |                                      |                        |              |                                 |                       |  |                       |
| ASSETS                              |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Current Cash                        | \$3,373,460               | \$4,950,964              | \$135,725                     | \$310,976            | \$316,064         | \$1,411,661                    | \$700,082                            | \$483,617              | \$11,682,549 | \$4,309                         | \$35,864              | \$259,398                              | \$42,851              |
| Current Investments                 | 199,734                   | 323,097                  |                               | 66,578               |                   |                                |                                      | 589,409                |              | 39,542                          |                       |  |                       |
| Receivables:                        |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Other                               |                           | 448,083                  |                               |                      |                   | 110,124                        |                                      | 30,929                 | 589,136      |                                 |                       |  |                       |
| Restricted Investments              |                           |                          |                               |                      |                   |                                |                                      |                        | 0            |                                 |                       | (258,451)                              | 205,238               |
| Total Assets                        | \$3,573,194               | \$5,722,144              | \$135,725                     | \$377,554            | \$316,064         | \$1,521,785                    | \$700,082                            | \$514,546              | \$12,861,094 | \$43,851                        | \$35,864              | \$947                                  | \$248,089             |
| LIABILITIES AND FUND BALANCES       |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Liabilities:                        |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Accounts and Contracts Payable      | \$0                       | \$691,180                | \$0                           | \$139,320            | \$363             | \$0                            | \$6,529                              | \$51,033               | \$888,425    | \$0                             | \$0                   | \$0                                    | \$0                   |
| Unearned Revenue & Other            |                           |                          |                               |                      |                   | 1,521,785                      |                                      |                        | 1,521,785    |                                 |                       |  |                       |
| Total Liabilities                   | 0                         | 691,180                  | 0                             | 139,320              | 363               | 1,521,785                      | 6,529                                | 51,033                 | 2,410,210    | 0                               | 0                     | 0                                      | 0                     |
| Fund Balances:                      |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Restricted for:                     |                           |                          |                               |                      |                   |                                |                                      |                        |              |                                 |                       |  |                       |
| Public Works                        | 3,573,194                 | 5,030,964                | 135,725                       |                      | 315,701           |                                |                                      |                        | 9,055,584    |                                 |                       |  |                       |
| Public Safety                       |                           |                          |                               |                      |                   |                                | 693,553                              | 463,513                | 1,157,066    |                                 |                       | 947                                    | 248,089               |
| Capital Projects                    |                           |                          |                               |                      |                   |                                |                                      |                        | 0            | 43,851                          | 35,864                |  |                       |
| Assigned                            |                           |                          |                               | 238,234              |                   |                                |                                      |                        | 238,234      |                                 |                       |  |                       |
| Total Fund Balances                 | 3,573,194                 | 5,030,964                | 135,725                       | 238,234              | 315,701           | 0                              | 693,553                              | 463,513                | 10,450,884   | 43,851                          | 35,864                | 947                                    | 248,089               |
| Total Liabilities and Fund Balances | \$3,573,194               | \$5,722,144              | \$135,725                     | \$377,554            | \$316,064         | \$1,521,785                    | \$700,082                            | \$514,546              | \$12,861,094 | \$43,851                        | \$35,864              | \$947                                  | \$248,089             |

Continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING BALANCE SHEET, Continued  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

| Capital Projects Funds              |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
|-------------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|--|--------------|--|
|                                     | 2011 & 2012<br>Bond Projects | 2013 Bond<br>Projects | 2014 Bond<br>Projects | 2015 Bond<br>Projects | 2016 Bond<br>Projects | 2017 Bond<br>Projects | 2018 Bond<br>Projects | 2019 Bond<br>Projects | 2020 Bond<br>Projects | Public<br>Library<br>Corporation | Roads, Parks,<br>Open Space,<br>Storm Water<br>Exactions | Total        | Total<br>Nonmajor<br>Governmental<br>Funds |
| ASSETS                              |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Current Cash                        | \$95,471                     | \$11,911              | \$5,641               | \$1,688               | \$0                   | \$0                   | \$0                   | \$0                   | \$0                   | \$494,067                        | \$4,326,699  | \$5,277,899  | \$16,960,448                               |
| Current Investments                 |                              |                       |                       |                       |                       |                       |                       |                       |                       | 328,318                          |  | 367,860      | 957,269                                    |
| Receivables:                        |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Other                               |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  | 0            | 589,136                                    |
| Restricted Investments              | 497,533                      | 12,367                | 365,808               | 644,131               | 3,465,919             | 3,177,426             | 9,600,187             | 5,386,562             | 13,009,881            |                                  |  | 36,106,601   | 36,106,601                                 |
| Total Assets                        | \$593,004                    | \$24,278              | \$371,449             | \$645,819             | \$3,465,919           | \$3,177,426           | \$9,600,187           | \$5,386,562           | \$13,009,881          | \$822,385                        | \$4,326,699  | \$41,752,360 | \$54,613,454                               |
| LIABILITIES AND FUND BALANCES       |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Liabilities:                        |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Accounts and Contracts Payable      | \$0                          | \$0                   | \$0                   | \$0                   | \$52,538              | \$88,747              | \$394,827             | \$333,359             | \$963,596             | \$0                              | \$30,127   | \$1,863,194  | \$2,751,619                                |
| Due to Other Funds                  |                              |                       |                       |                       | 3,013                 | 66,798                | 145,173               |                       | 119,905               |                                  |  | 334,889      | 334,889                                    |
| Unearned Revenue & Other            |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  | 0            | 1,521,785                                  |
| Total Liabilities                   | 0                            | 0                     | 0                     | 0                     | 55,551                | 155,545               | 540,000               | 333,359               | 1,083,501             | 0                                | 30,127   | 2,198,083    | 4,608,293                                  |
| Fund Balances:                      |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Restricted for:                     |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  |              |  |
| Public Works                        |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  | 0            | 9,055,584                                  |
| Public Safety                       |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  | 0            | 1,157,066                                  |
| Capital Projects                    | 593,004                      | 24,278                | 371,449               | 645,819               | 3,410,368             | 3,021,881             | 9,060,187             | 5,053,203             | 11,926,380            | 822,385                          | 4,296,572  | 39,554,277   | 39,554,277                                 |
| Assigned                            |                              |                       |                       |                       |                       |                       |                       |                       |                       |                                  |  | 0            | 238,234                                    |
| Total Fund Balances                 | 593,004                      | 24,278                | 371,449               | 645,819               | 3,410,368             | 3,021,881             | 9,060,187             | 5,053,203             | 11,926,380            | 822,385                          | 4,296,572  | 39,554,277   | 50,005,161                                 |
| Total Liabilities and Fund Balances | \$593,004                    | \$24,278              | \$371,449             | \$645,819             | \$3,465,919           | \$3,177,426           | \$9,600,187           | \$5,386,562           | \$13,009,881          | \$822,385                        | \$4,326,699  | \$41,752,360 | \$54,613,454                               |

LEXINGTON-FAVETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

|  | Special Revenue Funds     |                       |                         |                   |                |                          |                                | Capital Projects Funds    |                    |                                  |                    |
|--|---------------------------|-----------------------|-------------------------|-------------------|----------------|--------------------------|--------------------------------|---------------------------|--------------------|----------------------------------|--------------------|
|  | Local Economic Assistance |                       |                         |                   |                |                          |                                | Lexington Cultural Center | 2003 Bond Projects | 2007, 2008, & 2009 Bond Projects | 2010 Bond Projects |
|  | County Aid Program        | Municipal Aid Program | Industrial Revenue Bond | Mineral Severance | Coal Severance | Police Confiscated Funds | Police Confiscated State Funds |                           |                    |                                  |                    |
| <b>REVENUES</b>  |                           |                       |                         |                   |                |                          |                                |                           |                    |                                  |                    |
| Charges for Services   | \$0                       | \$0                   | \$0                     | \$0               | \$0            | \$0                      | \$0                            | \$0                       | \$0                | \$0                              | \$0                |
| Intergovernmental  | 520,196                   | 5,612,508             |                         | 211,331           | 114,956        | 440,270                  | 378,150                        | 7,493,616                 |                    |                                  |                    |
| Other  |                           | 219,264               |                         |                   |                |                          |                                | 219,264                   |                    |                                  |                    |
| Income on Investments  | 2,638                     | 4,241                 |                         | 879               |                |                          |                                | 7,758                     |                    |                                  | 1,680              |
| <b>Total Revenues</b>  | 522,834                   | 5,836,013             | 0                       | 212,210           | 114,956        | 440,270                  | 378,150                        | 7,720,638                 | 0                  | 0                                | 1,680              |
| <b>EXPENDITURES</b>  |                           |                       |                         |                   |                |                          |                                |                           |                    |                                  |                    |
| Current:   |                           |                       |                         |                   |                |                          |                                |                           |                    |                                  |                    |
| Environmental Quality & Public Works                             |                           | 4,825                 |                         | 152,783           | 28,204         |                          |                                | 185,812                   |                    |                                  |                    |
| Police   |                           |                       |                         |                   |                | 327,492                  | 222,088                        | 549,580                   |                    |                                  |                    |
| Capital:   |                           |                       |                         |                   |                |                          |                                |                           |                    |                                  |                    |
| Equipment  |                           |                       |                         |                   |                | 112,778                  |                                | 326,728                   |                    |                                  |                    |
| Acquisitions and Construction                                    | 180,744                   | 2,164,073             |                         | 66,170            |                |                          | 213,950                        | 2,542,164                 |                    |                                  | 3,524              |
| <b>Total Expenditures</b>  | 180,744                   | 2,168,898             | 0                       | 218,953           | 28,204         | 440,270                  | 222,088                        | 3,604,284                 | 0                  | 0                                | 3,524              |
| <b>Excess (Deficiency) of Revenues over (under) Expenditures</b> | 342,090                   | 3,667,115             |                         | (6,743)           | 86,752         | 0                        | 156,062                        | 4,116,354                 | 0                  | 0                                | (1,844)            |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                           |                       |                         |                   |                |                          |                                |                           |                    |                                  |                    |
| Transfers Out  |                           | (3,215,021)           | (70,000)                |                   |                |                          |                                | (3,585,021)               |                    |                                  |                    |
| <b>Total Other Financing Sources (Uses)</b>                      | 0                         | (3,215,021)           | (70,000)                | 0                 | 0              | 0                        | 0                              | (3,585,021)               | 0                  | 0                                | 0                  |
| <b>Net Change in Fund Balances</b>                               | 342,090                   | 452,094               | (70,000)                | (6,743)           | 86,752         | 0                        | 156,062                        | 531,333                   | 0                  | 0                                | (1,844)            |
| <b>Fund Balances (Deficits), Beginning</b>                       | 3,231,104                 | 4,567,450             | 205,725                 | 244,977           | 228,949        | 0                        | 537,491                        | 9,908,131                 | 43,851             | 35,864                           | 249,933            |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b>            |                           | 11,420                |                         |                   |                |                          |                                | 11,420                    |                    |                                  |                    |
| <b>Fund Balances, Beginning - Restated</b>                       | 3,231,104                 | 4,578,870             | 205,725                 | 244,977           | 228,949        | 0                        | 537,491                        | 9,919,551                 | 43,851             | 35,864                           | 249,933            |
| <b>Fund Balances (Deficits), Ending</b>                          | \$3,573,194               | \$5,030,964           | \$135,725               | \$238,234         | \$315,701      | \$0                      | \$693,553                      | \$10,450,884              | \$43,851           | \$35,864                         | \$248,089          |

Continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

|  | Capital Projects Funds    |                    |                    |                    |                    |                    |                    |                    |                    |                            | Total   | Total Nonmajor Governmental Funds |
|--|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|---|-----------------------------------|
|  | 2011 & 2012 Bond Projects | 2013 Bond Projects | 2014 Bond Projects | 2015 Bond Projects | 2016 Bond Projects | 2017 Bond Projects | 2018 Bond Projects | 2019 Bond Projects | 2020 Bond Projects | Public Library Corporation | Roads, Parks, Open Space, Storm Water Exactions |                                   |
| <b>REVENUES</b>  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| Charges for Services   | \$0                       | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                        | \$0   | \$0                               |
| Intergovernmental  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   | 7,493,616                         |
| Exactions  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            | 79,066  | 79,066                            |
| Other  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            | 262,538   | 481,802                           |
| Income on Investments  | 515                       | (62)               | 1,788              | 4,349              | 23,258             | 35,876             | 63,885             | 62,261             | 42,028             | 4,265                      | 29,588  | 277,190                           |
| <b>Total Revenues</b>  | 515                       | (62)               | 1,788              | 4,349              | 23,258             | 35,876             | 63,885             | 62,261             | 42,028             | 266,803                    | 108,654   | 8,331,674                         |
| <b>EXPENDITURES</b>  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| Current:   |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| General Government   |                           |                    |                    |                    |                    |                    | 40,031             |                    |                    |                            |   | 38,560                            |
| Finance  |                           |                    |                    |                    | 5,164              |                    |                    |                    |                    | 391                        | (1,471)   | 5,555                             |
| Environmental Quality & Public Works                             |                           |                    |                    |                    | 3,500              |                    | 165,270            | 8,936              |                    |                            |   | 363,518                           |
| Planning, Preservation, & Development                            |                           |                    |                    |                    | 97,481             |                    |                    |                    |                    |                            |   | 97,481                            |
| Police   |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   | 0                                 |
| Community Corrections  |                           |                    |                    |                    |                    |                    | 469,890            | 19,286             |                    |                            |   | 549,580                           |
| General Services   |                           |                    |                    |                    |                    |                    | 816,340            |                    |                    |                            |   | 489,176                           |
| Parks and Recreation   |                           |                    |                    |                    |                    | 6,345              |                    |                    |                    |                            |   | 822,685                           |
| Debt Service:  |                           |                    |                    |                    |                    | 3,101              |                    | 16,800             |                    |                            |   | 19,901                            |
| Principal  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| Interest   |                           |                    |                    |                    |                    |                    |                    |                    |                    | 258,658                    |   | 258,658                           |
| Other Debt Service   |                           |                    |                    |                    |                    |                    |                    |                    |                    | 3,880                      |   | 3,880                             |
| Capital:   |                           |                    |                    |                    |                    |                    |                    |                    | 83,731             |                            |   | 83,731                            |
| Equipment  |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| Acquisitions and Construction                                    | 8,016                     | 74                 | 10,664             | 12,944             | 79,470             | 85,016             | 303,511            | 984,191            | 6,397,310          |                            |   | 7,873,180                         |
| Discount on Bonds  |                           |                    |                    | 11,221             | 548,764            | 4,235,634          | 1,032,279          | 6,829,125          | 1,919,556          |                            |   | 14,588,119                        |
| <b>Total Expenditures</b>  | 8,016                     | 74                 | 10,664             | 24,165             | 734,379            | 4,330,096          | 2,827,321          | 7,858,338          | 8,400,597          | 262,929                    | (1,471)   | 24,458,632                        |
| <b>Excess (Deficiency) of Revenues over (under) Expenditures</b> | (7,501)                   | (136)              | (8,876)            | (19,816)           | (711,121)          | (4,294,220)        | (2,763,436)        | (7,796,077)        | (8,358,569)        | 3,874                      | 110,125   | (19,731,242)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                           |                    |                    |                    |                    |                    |                    |                    |                    |                            |   |                                   |
| Transfers Out  |                           |                    |                    |                    | (29,080)           |                    | (728,468)          | (3,500)            |                    |                            |   | (761,048)                         |
| Issuance of Debt   |                           |                    |                    |                    |                    |                    |                    |                    | 18,110,000         |                            |   | 18,110,000                        |
| Premium on Bonds   |                           |                    |                    |                    |                    |                    |                    |                    | 2,250,106          |                            |   | 2,250,106                         |
| Discount on Bonds  |                           |                    |                    |                    |                    |                    |                    |                    | (75,157)           |                            |   | (75,157)                          |
| <b>Total Other Financing Sources (Uses)</b>                      | 0                         | 0                  | 0                  | 0                  | (29,080)           | 0                  | (728,468)          | (3,500)            | 20,284,949         | 0                          | 0   | 15,938,880                        |
| <b>Net Change in Fund Balances</b>                               | (7,501)                   | (136)              | (8,876)            | (19,816)           | (740,201)          | (4,294,220)        | (3,491,904)        | (7,799,577)        | 11,926,380         | 3,874                      | 110,125   | (3,792,362)                       |
| <b>Fund Balances (Deficits), Beginning</b>                       | 600,505                   | 24,414             | 377,201            | 665,635            | 4,150,569          | 7,316,101          | 12,552,091         | 12,852,780         |                    | 818,511                    | 4,186,447                                       | 53,782,979                        |
| <b>Adjustment to Opening Fund Balance (Note 2.D.)</b>            |                           |                    | 3,124              |                    |                    |                    |                    |                    | 0                  |                            |   | 3,124                             |
| <b>Fund Balances, Beginning - Restated</b>                       | 600,505                   | 24,414             | 380,325            | 665,635            | 4,150,569          | 7,316,101          | 12,552,091         | 12,852,780         |                    | 818,511                    | 4,186,447                                       | 53,797,523                        |
| <b>Fund Balances (Deficits), Ending</b>                          | \$593,004                 | \$24,278           | \$371,449          | \$645,819          | \$3,410,368        | \$3,021,881        | \$9,060,187        | \$5,053,203        | \$11,926,380       | \$822,385                  | \$4,296,572                                     | \$50,005,161                      |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ending 6/30/20

| Grantor/Program Title                                       | Federal CFDA Number | Direct/Pass-through Grantor's Number | Accrued (Deferred) Revenue at July 1, 2019 | Revenue Received | Passed Through to Sub recipients Expenditures | Total Expenditures | Accrued (Deferred) Revenue at June 30, 2020 |
|---|---------------------|--------------------------------------|--|------------------|---|--------------------|---|
| <b>US Department of Agriculture:</b>                        |                     |                                      |  |                  |   |                    |   |
| Direct Programs:  |                     |                                      |  |                  |   |                    |   |
| Child Care Food Program                                     | 10.558              | 11475                                | \$2,677                                    | \$15,118         | \$0   | \$12,441           | \$0   |
| Child Care Food Program                                     | 10.558              | 11475                                |  | 31,921           |   | 34,556             | 2,635                                       |
| Urban Forestry  | 10.675              | PON2-128-1900001567                  | 5,379                                      | 5,379            |   |                    |   |
| Purchase of Development Rights (PDR)                        | 10.931              | 68-5C16-16-828                       | 90,714                                     | 750,490          |   | 659,776            |   |
| <b>Total US Department of Agriculture</b>                   |                     |                                      | <b>98,770</b>                              | <b>802,908</b>   | <b>0</b>                                      | <b>706,773</b>     | <b>2,635</b>                                |
| <b>US Department of Housing and Urban Development:</b>      |                     |                                      |  |                  |   |                    |   |
| Direct Programs:  |                     |                                      |  |                  |   |                    |   |
| Community Dev Block Grant                                   | 14.218              | B14MC210004                          | 351  | 158,276          |   | 157,925            |   |
| Community Dev Block Grant                                   | 14.218              | B15MC210004                          | 5,173                                      | 168,114          | 2,068   | 170,787            | 9,914                                       |
| Community Dev Block Grant                                   | 14.218              | B16MC210004                          | 2,270                                      | 92,261           | 3,271   | 86,775             | 55  |
| Community Dev Block Grant                                   | 14.218              | B17MC210004                          | 5,975                                      | 140,166          | 17,650  | 135,560            | 19,019                                      |
| Community Dev Block Grant                                   | 14.218              | B18MC210004                          | 51,697                                     | 889,453          | 127,334                                       | 885,934            | 175,512                                     |
| Community Dev Block Grant                                   | 14.218              | B19MC210004                          |  | 798,572          | 442,745                                       | 403,045            | 47,218                                      |
| Emergency Solutions   | 14.231              | E17MC210004                          | 2,160                                      | 14,214           | 5,556   | 6,498              |   |
| Emergency Solutions   | 14.231              | E18MC210004                          |  | 62,749           | 48,568  | 21,501             | 7,320                                       |
| Emergency Solutions   | 14.231              | E19MC210004                          |  | 56,036           | 57,832  |                    | 1,796                                       |
| HOME  | 14.239              | M15MC210201                          | 5,000                                      | 11,406           |   | 6,406              |   |
| HOME  | 14.239              | M16MC210201                          | 11,030                                     | 46,778           |   | 35,748             |   |
| HOME  | 14.239              | M17MC210201                          | 100  | 529,282          | 529,363                                       | 22                 | 203   |
| HOME  | 14.239              | M18MC210201                          | 2,773                                      | 422,278          | 385,528                                       | 59,717             | 25,740                                      |
| HOME  | 14.239              | M19MC210201                          |  | 18,543           | 7,370   | 43,638             | 32,465                                      |
| Housing Opp for Pers with AIDS (HOPWA)                      | 14.241              | KY-H17-0017-00                       | 28,937                                     | 426,947          | 403,965                                       | 10,759             | 16,714                                      |
| Continuum of Care   | 14.267              | KY0193L4I021700                      | 8,294                                      | 34,437           |   | 26,143             |   |
| Continuum of Care   | 14.267              | KY0215L4I021800                      |  | 10,861           |   | 15,457             | 4,596                                       |
| <b>Total US Department of Housing and Urban Development</b> |                     |                                      | <b>123,760</b>                             | <b>3,880,373</b> | <b>2,031,250</b>                              | <b>2,065,915</b>   | <b>340,552</b>                              |
| <b>US Department of Interior:</b>                           |                     |                                      |  |                  |   |                    |   |
| Passed through Commonwealth of Kentucky:                    |                     |                                      |  |                  |   |                    |   |
| Certified Local Government Scholarship                      | 15.904              | SC-410-1900001424                    |  | 16,200           |   | 16,200             |   |
| <b>Total US Department of Interior</b>                      |                     |                                      |  | <b>16,200</b>    |   | <b>16,200</b>      |   |
| <b>US Department of Justice:</b>                            |                     |                                      |  |                  |   |                    |   |
| Direct Programs:  |                     |                                      |  |                  |   |                    |   |
| Police Confiscated Funds                                    | 16.001              | NA                                   | (1,563,051)                                | 399,003          |   | 440,270            | (1,521,784)                                 |
| Justice Assistance Grant COVID                              | 16.034              | 2020-VD-BX-1279                      |  |                  |   | 37,979             | 37,979                                      |
| SCAAP   | 16.606              | 2013-AP-BX-0161                      | (34)                                       |                  |   | 34                 |   |
| SCAAP   | 16.606              | 2014-AP-BX-0607                      | (19,546)                                   |                  |   | 19,546             |   |
| SCAAP   | 16.606              | 2015-AP-BX-0465                      | (21,173)                                   |                  |   | 21,173             |   |
| SCAAP   | 16.606              | 2016-AP-BX-0337                      | (44,231)                                   |                  |   | 44,231             |   |
| SCAAP   | 16.606              | 2019-AP-BX-0086                      | (30,869)                                   |                  |   | 6,779              | (24,090)                                    |
| SCAAP   | 16.606              | 2019-AP-BX-0789                      |  | 9,477            |   | 8,000              | (1,477)                                     |
| SCAAP   | 16.606              | 2020-AP-BX-1189                      |  | 35,916           |   |                    | (35,916)                                    |
| Justice Assistance Grant                                    | 16.738              | 2016-DJ-BX-0185                      | (14,171)                                   | (701)            |   | 13,470             |   |
| Justice Assistance Grant                                    | 16.738              | 2017-DJ-BX-0808                      | (55)                                       |                  |   |                    | (55)  |
| Justice Assistance Grant                                    | 16.738              | 2018-DJ-BX-0168                      |  | 151,750          |   |                    | (151,750)                                   |
| Justice Assistance Grant                                    | 16.738              | 2019-DJ-BX-0499                      |  | 148,589          |   | 66,317             | (82,272)                                    |
| Comprehensive Opioid Abuse Program (COAP)                   | 16.838              | 2018-AR-BX-K059                      | 22,082                                     | 97,855           |   | 173,553            | 97,780                                      |
| Passed through Commonwealth of Kentucky:                    |                     |                                      |  |                  |   |                    |   |
| VOCA (Victims of Crime Advocate Program)                    | 16.575              | VOCA-2018-LFUCG-STRE-00030           |  | 8,872            |   | 8,872              |   |
| VOCA (Victims of Crime Advocate Program)                    | 16.575              | VOCA-2019-LFUCG-STRE-00091           |  | 21,031           |   | 33,011             | 11,980                                      |
| Underserved Minority Victim Advocacy Prog.                  | 16.575              | VOCA-2018-LFUCG-STRE-00087           | 25,858                                     | 59,263           |   | 33,405             |   |
| Underserved Minority Victim Advocacy Prog.                  | 16.575              | VOCA-2019-LFUCG-STRE-00072           |  | 59,611           |   | 88,582             | 28,971                                      |
| Sexual Assault Nurse Examiner (SANE)                        | 16.588              | VAWA-2018-LFUCG-ST-00614             | 5,964                                      | 27,429           |   | 21,465             |   |
| Sexual Assault Nurse Examiner (SANE)                        | 16.588              | VAWA-2019-LFUCG-ST-00645             |  | 8,263            |   | 20,846             | 12,583                                      |
| Street Sales  | 16.738              | 2017-JAG-LFUCG-STRE-01160            | 24,622                                     | 24,622           |   |                    |   |
| Street Sales (Confiscated Funds)                            | 16.738              | 2018-JAG-LFUCG-STRE-01191            |  | 16,878           |   | 16,878             |   |
| Street Sales  | 16.738              | 2018-JAG-LFUCG-STRE-01191            |  | 16,368           | 62,344  | 12,656             | 58,632                                      |
| Street Sales  | 16.738              | 2019-JAG-LFUCG-STRE-01216            |  |                  |   | 5,821              | 5,821                                       |
| <b>Total US Department of Justice</b>                       |                     |                                      | <b>(1,614,604)</b>                         | <b>1,084,226</b> | <b>62,344</b>                                 | <b>1,072,888</b>   | <b>(1,563,598)</b>                          |
| <b>US Department of Transportation:</b>                     |                     |                                      |  |                  |   |                    |   |
| Passed through Commonwealth of Kentucky:                    |                     |                                      |  |                  |   |                    |   |
| Air Quality Planning  | 20.205              | SC-625-1900000323                    | 30,708                                     | 30,708           |   |                    |   |
| Air Quality Planning  | 20.205              | 1900002234                           |  | 59,926           |   | 115,631            | 55,705                                      |
| Armstrong Mill Sidewalks                                    | 20.205              | PO2-628-1700004143                   |  | 45,982           |   | 50,262             | 4,280                                       |
| Beaumont YMCA Trail Project                                 | 20.205              | PO2-628-1700004155                   | 2,000                                      | 2,000            |   | 720                | 720   |
| Bicycle and Pedestrian Planning                             | 20.205              | SC-625-1900000323                    | 14,993                                     | 14,993           |   |                    |   |
| Bicycle and Pedestrian Planning                             | 20.205              | 1900002234                           |  | 46,873           |   | 70,983             | 24,110                                      |
| Brighton Trail Pedestrian Bridge                            | 20.205              | PO2-628-1700002505                   |  | 17,190           |   | 17,190             |   |
| Citation Trail  | 20.205              | PO2-628-1700004156                   | (5,861)                                    |                  |   | 4,556              | (1,305)                                     |
| Clays Mill Road   | 20.205              | PO2-625-1500002693                   |  | 5,000            |   | 5,000              |   |
| Federal Highway Planning                                    | 20.205              | SC-625-1900000307                    | 69,527                                     | 69,527           |   |                    |   |
| Federal Highway Planning                                    | 20.205              | SC-625-1900001597                    |  | 314,546          |   | 390,193            | 75,647                                      |
| Fiber Optic Cable Installation                              | 20.205              | PO2-628-1600004546                   | 17,152                                     | 130,728          |   | 113,576            |   |
| Forbes Road   | 20.205              | PO2-628-1700002506                   | 18,220                                     | 35,360           |   | 17,140             |   |
| Four Side   | 20.205              | PO2-628-1600005725                   | 2,807                                      | 4,083            |   | 2,218,764          | 2,217,488                                   |
| Intelligent Transpor. System (ITS)                          | 20.205              | PO2-625-1700002191                   | 255,687                                    | 255,687          |   |                    |   |



**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ending 6/30/20

| Grantor/Program Title                                   | Federal CFDA Number | Direct/ Pass-through Grantor's Number | Accrued (Deferred) Revenue at July 1, 2019 | Revenue Received | Passed Through to Sub recipients Expenditures | Total Expenditures | Accrued (Deferred) Revenue at June 30, 2020 |
|---|---------------------|---------------------------------------|--|------------------|---|--------------------|---|
| Intelligent Transpor. System (ITS)                      | 20.205              | SC-625-1700002191                     | 477,856                                    | 477,856          |   |                    |   |
| Intelligent Transpor. System (ITS)                      | 20.205              | PO2-625-1700002191                    |  | 202,572          |   | 463,601            | 261,029                                     |
| Legacy Trail Phase III                                  | 20.205              | PO2-628-1400005764                    |  |                  |   | 1,154              | 1,154                                       |
| Lexington Community Land Trust                          | 20.205              | PO2-625-1500000828                    | 55,358                                     | 55,358           |   |                    |   |
| W. Loudon Avenue Streetscape                            | 20.205              | PO2-628-1800002729                    | 4,000                                      |                  |   | 9,098              | 13,098                                      |
| Man O' War & Richmond Intersection Project              | 20.205              | PO2-625-1400004869                    | 20,390                                     | 20,390           |   |                    |   |
| Mercer Rd/Greendale Rd Turn lanes                       | 20.205              | PO2-628-1800001345                    | 21,693                                     | 34,467           |   | 12,774             |   |
| Mobility Office   | 20.205              | SC-625-1900000323                     | 90,475                                     | 90,475           |   |                    |   |
| Mobility Office   | 20.205              | 1900002234                            |  | 85,213           |   | 138,523            | 53,310                                      |
| Newtown Pike Supplement #2                              | 20.205              | C-00343167                            | (466,781)                                  | 140,728          |   | 475,683            | (131,826)                                   |
| Nicholasville Road Corridor Land Use Study              | 20.205              | SC-625-1900002248                     |  | 49,280           |   | 70,400             | 21,120                                      |
| Old Frankfort Pike Scenic Byway Viewing Area            | 20.205              | PO2-628-1500003392                    | 5,841                                      |                  |   | 439,506            | 445,347                                     |
| Oxford Circle Sidewalks                                 | 20.205              | PO2-628-1700004160                    |  | 2,000            |   | 36,602             | 34,602                                      |
| Polo Club Boulevard Project                             | 20.205              | PO2-625-1300001036                    | 4,893                                      | 587,451          |   | 689,155            | 106,597                                     |
| Rosemont Garden Sidewalks                               | 20.205              | PO2-628-1700004171                    |  | 18,571           |   | 22,142             | 3,571                                       |
| South Elkhorn Trail                                     | 20.205              | PO2-628-1700004176                    | 912  | 912              |   |                    |   |
| Todds Road Sidewalks                                    | 20.205              | PO2-628-1700004177                    | 3,743                                      | 3,743            |   |                    |   |
| Town Branch   | 20.205              | PO2-628-1200004353                    | 15,369                                     | 31,177           |   | 15,848             | 40  |
| Town Branch Commons Corridor-Zone 2                     | 20.205              | PO2-628-1600003719                    | 2,708                                      | 3,702            |   | 9,510              | 8,516                                       |
| Town Branch Trail Commons-Midland Section               | 20.205              | PO2-628-1600005544                    | 26,613                                     | 132,401          |   | 286,473            | 180,685                                     |
| Town Branch Trail Crossing                              | 20.205              | PO2-628-1500004792                    | 3,040                                      | 39,520           |   | 36,564             | 84  |
| Town Branch Trail Phase IV, V, VI                       | 20.205              | PO2-628-1500003706                    | 205,617                                    | 309,889          |   | 117,321            | 13,049                                      |
| West Hickman Trail                                      | 20.205              | PO2-628-1600005956                    | 148,593                                    | 469,311          |   | 351,228            | 30,510                                      |
| Wilson Downing Sidewalks                                | 20.205              | PO2-628-1700004178                    |  | 2,713            |   | 7,773              | 5,060                                       |
| Winchester/Liberty Intersection Improvements            | 20.205              | PO2-628-1600003038                    | 160,800                                    | 160,800          |   |                    |   |
| MCSAP (Motor Carrier Safety Asst.Prog.)                 | 20.218              | No Number                             |  | 43,291           |   | 49,311             | 6,020                                       |
| MCSAP2 (Motor Carrier Safety Asst.Prog.)                | 20.218              | No Number                             | 13,941                                     | 28,655           |   | 14,714             |   |
| Ticketing Aggressive Cars/Trucks (TACT)                 | 20.218              | No Number                             | 949  | 5,938            |   | 4,989              |   |
| Fed Transit Admin Section 5303                          | 20.505              | PO30217442                            | 31,962                                     | 31,962           |   |                    |   |
| Fed Transit Admin Section 5303                          | 20.505              | PO30217442                            |  |                  |   | 45,034             | 45,034                                      |
| Traffic Safety Supplement                               | 20.600              | SC-625-19000008211                    | 16,071                                     | 17,123           |   | 1,052              |   |
| Traffic Safety Supplement                               | 20.600              | SC-625-19000015351                    | 7,276                                      | 29,971           |   | 22,695             |   |
| Traffic Safety  | 20.600              | SC-625-20000002891                    |  | 34,978           |   | 39,796             | 4,818                                       |
| Traffic Safety Occupant Protection Prog.                | 20.616              | SC-625-19000009091                    | 3,851                                      | 6,166            |   | 2,315              |   |
| Traffic Safety Occupant Protection Prog.                | 20.616              | SC-625-20000003411                    |  | 10,292           |   | 14,390             | 4,098                                       |
| Traffic Safety  | 20.616              | SC-625-19000008141                    | 4,472                                      | 12,334           |   | 7,862              |   |
| Traffic Safety Impaired Driving Enforcement             | 20.616              | SC-625-20000003641                    |  | 6,702            |   | 9,355              | 2,653                                       |
| Town Branch Tiger                                       | 20.933              | SC-628-1800005041                     | 883,249                                    | 2,009,798        |   | 2,627,397          | 1,500,848                                   |
| <b>Total US Department of Transportation</b>            |                     |                                       | <u>2,148,124</u>                           | <u>6,188,342</u> | <u>0</u>                                      | <u>9,026,280</u>   | <u>4,986,062</u>                            |
| <b>US Environmental Protection Agency</b>               |                     |                                       |  |                  |   |                    |   |
| Passed through Commonwealth of Kentucky:                |                     |                                       |  |                  |   |                    |   |
| West Hickman Wet Weather Storage                        | 66.458              | A15-026 SWR                           | 1,409,931                                  | 7,136,159        |   | 5,726,228          |   |
| <b>Total US Environmental Protection Agency</b>         |                     |                                       | <u>1,409,931</u>                           | <u>7,136,159</u> | <u>0</u>                                      | <u>5,726,228</u>   | <u>0</u>                                    |
| <b>US Department of Health and Human Services:</b>      |                     |                                       |  |                  |   |                    |   |
| Direct Programs:  |                     |                                       |  |                  |   |                    |   |
| SAMHSA (Substance Abuse Mental Health Serv)             | 93.243              | 1H79SP080309-01                       | 323,563                                    | 396,723          |   | 127,771            | 54,611                                      |
| SAMHSA (Substance Abuse Mental Health Serv)             | 93.243              | 5H79SP080309-02                       |  | 69,116           |   | 272,712            | 203,596                                     |
| Passed through Commonwealth of Kentucky:                |                     |                                       |  |                  |   |                    |   |
| Senior Citizens   | 93.044              | AS-2019-2020                          |  | 80,587           |   | 80,587             |   |
| Wellness Edge Program                                   | 93.325              | 90PRRC0001-01-01                      | 15,765                                     | 15,765           |   |                    |   |
| Refugee Targeted Assistance Prog.(RTAP)                 | 93.584              | 257-107042-2018                       | 7,586                                      | 7,586            |   |                    |   |
| Extended School Program - CARES                         | 93.575              | N/A                                   |  |                  |   | 150,028            | 150,028                                     |
| Home Network  | 93.597              | 2016-2017-PUBLIC-R                    | 11,673                                     |                  |   | (11,673)           |   |
| Home Network  | 93.597              | 2017-2018-PUBLIC-R                    | (283,490)                                  |                  |   | 283,490            |   |
| Home Network  | 93.597              | 2018-2019-PUBLIC-R                    | (248,290)                                  | 48,610           |   |                    | (296,900)                                   |
| Home Network  | 93.597              | 2019-2020-PUBLIC-R                    |  | 265,260          |   |                    | (265,260)                                   |
| Head Start Program                                      | 93.600              | No Number                             | 3,324                                      | 3,324            |   |                    |   |
| Head Start Program                                      | 93.600              | No Number                             |  | 31,797           |   | 35,555             | 3,758                                       |
| <b>Total US Department of Health and Human Services</b> |                     |                                       | <u>(169,869)</u>                           | <u>918,768</u>   | <u>0</u>                                      | <u>938,470</u>     | <u>(150,167)</u>                            |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ending 6/30/20

| Grantor/Program Title  | Federal<br>CFDA<br>Number | Direct/<br>Pass-through<br>Grantor's Number | Accrued<br>(Deferred)<br>Revenue at<br>July 1, 2019 | Revenue<br>Received | Passed Through<br>to Sub recipients<br>Expenditures | Total<br>Expenditures | Accrued<br>(Deferred)<br>Revenue at<br>June 30, 2020 |
|--|---------------------------|---|---|---------------------|---|-----------------------|--|
| <b>US Department of Homeland Security Office of Domestic Preparedness:</b> |                           |   |   |                     |   |                       |  |
| Direct Programs:   |                           |   |   |                     |   |                       |  |
| Assistance to Firefighters   | 97.044                    | EMW-2017-FO-03956                           |   | 70,300              |   | 70,300                |  |
| Fire Prevention  | 97.044                    | EMW-2017-FP-00614                           | 47,618  | 47,618              |   |                       |  |
| Passed through Commonwealth of Kentucky:                                   |                           |   |   |                     |   |                       |  |
| Hazard Mitigation Grant Prog.(HMGP_PLAN)                                   | 97.039                    | PON2-095-17000013341                        | 1,141   | 1,141               |   |                       |  |
| Chemical Stockpile Emergency (CSEPP)                                       | 97.040                    | PO2-095-16000047103                         | 9,254   | 9,254               |   |                       |  |
| Chemical Stockpile Emergency (CSEPP)                                       | 97.040                    | PO2-095-17000054304                         | 77,882  | 77,882              |   |                       |  |
| Chemical Stockpile Emergency (CSEPP)                                       | 97.040                    | SC-095-17000054303                          | 203,164   | 374,482             |   | 203,493               | 32,175   |
| Chemical Stockpile Emergency (CSEPP)                                       | 97.040                    | SC-095-1900001734                           |   | 143,441             |   | 399,399               | 255,958  |
| Disaster Reimbursement-COVID-20  |                           | N/A   |   |                     |   | 255,746               | 255,746  |
| Emergency Management Assistance  | 97.042                    | SC-095-19000009781                          | 40,587  | 65,098              |   | 24,511                |  |
| Emergency Management Assistance  | 97.042                    | EMA-2019-EP-00008-S01                       |   | 47                  |   | 65,574                | 65,527   |
| State Homeland Bomb Squad  | 97.067                    | SC-094-1900001087                           | 9,240   | 53,105              |   | 46,758                | 2,893  |
| State Homeland Bomb Squad  | 97.067                    | SC-094-2000000841                           |   |                     |   | 123,100               | 123,100  |
| State Homeland Camera  | 97.067                    | SC-094-2000000843                           |   | 9,315               |   | 9,315                 |  |
| State Homeland Fire  | 97.067                    | SC-094-2000000842                           |   |                     |   | 34,965                | 34,965   |
| State Homeland Personal Protection Equip.                                  | 97.067                    | PO2-094-18000025391                         | 6,332   | 6,332               |   |                       |  |
| State Homeland Police Emergency Response Unit                              | 97.067                    | SC-094-1900001085                           |   | 300,000             |   | 300,000               |  |
| <b>Total US Dept. of Homeland Security Office of Domestic Preparedness</b> |                           |   | <b>395,218</b>                                      | <b>1,158,015</b>    | <b>0</b>  | <b>1,533,161</b>      | <b>770,364</b>                                       |
| Passed through Commonwealth of Kentucky:                                   |                           |   |   |                     |   |                       |  |
| Help America Vote  | 90.401                    | N/A   |   |                     |   | 965,600               | 965,600  |
| Help America Vote  | 90.404                    | N/A   |   |                     |   | 30,720                | 30,720   |
| <b>Total US Department of Energy</b>                                       |                           |   | <b>0</b>  | <b>0</b>            | <b>0</b>  | <b>996,320</b>        | <b>996,320</b>                                       |
| <b>US Department of Treasury</b>   |                           |   |   |                     |   |                       |  |
| Passed through Commonwealth of Kentucky:                                   |                           |   |   |                     |   |                       |  |
| CARES Act Coronavirus Relief   | 21.019                    | FAP111-44-00                                |   |                     |   | 20,848,764            | 20,848,764   |
| <b>Total US Department of Treasury</b>                                     |                           |   | <b>0</b>  | <b>0</b>            | <b>0</b>  | <b>20,848,764</b>     | <b>20,848,764</b>                                    |
| <b>Total Federal Financial Assistance</b>                                  |                           |   | <b>\$2,391,330</b>                                  | <b>\$21,184,991</b> | <b>\$2,093,594</b>                                  | <b>\$42,930,999</b>   | <b>\$26,230,932</b>                                  |

Note: Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended June 30, 2020**

| Grantor/Program Title                      | Grantor's Number            | Grantor                                 | Accrued or (Deferred) Revenue at July 1, 2019 | Revenue Received   | Passed Through to Sub recipients Expenditures | Expenditures       | Accrued or (Deferred) Revenue at June 30, 2020 |
|--|-----------------------------|---|---|--------------------|---|--------------------|--|
| Day Treatment                              | PON25231900001089           | Kentucky Dept. of Juvenile Justice      | \$61,376                                      | \$61,376           | \$0   | \$0                | \$0  |
| Day Treatment                              | PON25231900001089           | Kentucky Dept. of Juvenile Justice      | (450,000)                                     | 198,071            |   | \$198,071          | (450,000)                                      |
| Economic Development-Ashland               | N/A                         | Kentucky Cabinet Economic Development   | (34,000)                                      |                    |   |                    | (34,000)                                       |
| Economic Development-Belcan Engineer.      | N/A                         | Kentucky Cabinet Economic Development   | (200,000)                                     |                    |   |                    | (200,000)                                      |
| Economic Development-Bingham McCutchen     | N/A                         | Kentucky Cabinet Economic Development   | (40,800)                                      |                    |   |                    | (40,800)                                       |
| Economic Development-Tiffany               | N/A                         | Kentucky Cabinet Economic Development   |   | 10,000             |   | 9,503              | (497)  |
| Emergency Medical Services                 | N/A                         | Kentucky Bd. Emergency Medical Services |   |                    |   |                    |  |
| Federal Highway Planning                   | 1900000307                  | Kentucky Transportation Cabinet         | 4,345   | 4,345              |   |                    |  |
| Federal Highway Planning                   | 1900001597                  | Kentucky Transportation Cabinet         |   | 19,659             |   | 24,387             | 4,728  |
| Fire Training Incentive                    | 155                         | Kentucky Fire Commission                |   |                    |   |                    |  |
| Fire Training Incentive                    | 155                         | Kentucky Fire Commission                |   | 3,235,657          |   | 3,235,657          |  |
| Fire Training Administration               | 155                         | Kentucky Fire Commission                | (30,584)                                      |                    |   | 20,936             | (9,648)  |
| Fire Training Administration               | 155                         | Kentucky Fire Commission                |   | 38,374             |   | 14,177             | (24,197)                                       |
| Hazard Mitigation Grant Prog(HMGP_Plan)    | PON20951700001334           | Kentucky Emergency Management Agency    | 183   | 183                |   |                    |  |
| Home Network                               | 2017-2018-PUBLIC-R          | Lexington Fayette County Health Dept    | (145,737)                                     |                    |   |                    |  |
| Home Network                               | 2018-2019-PUBLIC-R          | Lexington Fayette County Health Dept    | (79,370)                                      | 15,030             |   | 145,737            | (85,487)                                       |
| Home Network                               | 2019-2020-PUBLIC-R          | Lexington Fayette County Health Dept    |   | 43,250             |   | 8,913              | (43,250)                                       |
| Kentucky Fire Commission Training Facility | N/A                         | Kentucky Fire Commission                | (7,887)                                       | (7,887)            |   |                    |  |
| Kentucky Pride                             | N/A                         | Kentucky Energy & Environmental Cabinet | (63)  |                    |   | 63                 |  |
| Kentucky Pride                             | N/A                         | Kentucky Energy & Environmental Cabinet | (113,305)                                     |                    |   | 113,305            | (111,544)                                      |
| Kentucky Pride                             | N/A                         | Kentucky Energy & Environmental Cabinet |   | 160,011            |   | 48,467             |  |
| KY Pride Household Hazardous Waste Mgmt    | N/A                         | Kentucky Division of Waste Management   | (2,153)                                       | (2,153)            |   |                    |  |
| KY SAP 2020 (Substance Abuse Program)      | PON2-527-2000001585-1       | Kentucky Department of Corrections      |   | 101,745            |   | 55,092             | (46,653)                                       |
| KY_SAP_F_2020 (Substance Abuse Program)    | PON2-527-1900003102-1       | Kentucky Department of Corrections      |   | 39,510             |   | 46,800             | 7,290  |
| Law Enforcement Protection Program         | SC-094-1900001258           | Kentucky Office Homeland Security       | 39,423  | 35,658             |   | 42,417             | 6,759  |
| Law Enforcement Protection Program (2)     | SC-094-1900001294           | Kentucky Office Homeland Security       | 64,378  | 64,378             |   |                    | 39,423   |
| Lexington Community Land Trust             | PO2-625-1500000828          | Kentucky Transportation Cabinet         | 5,766   | 5,766              |   |                    |  |
| Local Records Grant Project                | SY1903LR16                  | Kentucky Dept. for Libraries & Archives | 4,665   |                    |   | 6,380              |  |
| Paula Nye Memorial Education               | 2017-13                     | Kentucky Bicycle and Bikeway Commission | (10)  | (10)               |   |                    | 11,045   |
| Police Training Incentive                  | N/A                         | Kentucky Law Enforcement Foundation     | 269,844                                       | 269,844            |   |                    |  |
| Police Training Administration             | N/A                         | Kentucky Law Enforcement Foundation     | (36,733)                                      | 3,390              |   | 372                | (39,751)                                       |
| Police Training Incentive                  | N/A                         | Kentucky Law Enforcement Foundation     |   | 2,979,508          |   | 3,244,769          | 265,261  |
| Police Training Administration             | N/A                         | Kentucky Law Enforcement Foundation     |   | 37,046             |   |                    | (37,046)                                       |
| RMAG (Rubber Modified Asphalt Grant)       | N/A                         | Kentucky Energy & Environmental Cabinet |   | 98,852             |   | 98,852             |  |
| SANE3 (Sexual Assault Treatment Project)   | V/A/W/A-2018-LFUCG-ST-00614 | Kentucky Justice Cabinet                | 2,600   | 9,800              |   | 7,200              |  |
| SANE3 (Sexual Assault Treatment Project)   | V/A/W/A-2019-LFUCG-ST-00645 | Kentucky Justice Cabinet                |   | 600                |   | 3,600              | 3,000  |
| Senior Citizens                            | AS-2019-2020                | Bluegrass Area Development District     |   |                    |   |                    |  |
| State Homeland Commercial Mobile Radio (2) | PO2 094 1800001195 1        | Kentucky Office Homeland Security       | 49,560  | 103,840            |   | 103,840            | 54,971   |
| Waste Tire                                 | PO2-625-1900095884          | Kentucky Energy & Environmental Cabinet |   | 4,000              |   | 4,000              |  |
| <b>Total State Financial Assistance</b>    |                             |   | <u>(\$638,502)</u>                            | <u>\$7,529,843</u> | <u>\$0</u>                                    | <u>\$7,437,949</u> | <u>(\$730,396)</u>                             |

Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for the acquisition, operation, and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes.

The **Right of Way** program was established in 2003 to account for fees levied to monitor and manage public facilities located in public rights-of-way.

The **Extended School Program** was established in 1994 to provide before and after school care for children in participating elementary and middle schools.

The **Enhanced 911 Fund** was established in 1996 to account for the revenues and expenses of developing and operating an enhanced 911 system.

The **Central Kentucky Network Fund** was established in 2014 to ensure the appropriate treatment of revenues or other monies received from jurisdictions participating in the Central Kentucky 911 Network.

The **Small Business Development Fund** was established in 2000 to promote and assist the growth and development of business concerns. This program was previously administered by the Urban County Development Corporation, a component unit of the Government, which was dissolved in March 2000.

The **Public Parking Corporation** was established in 1984 to account for the construction and operation of government-owned parking facilities.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2020**

|  | <b>Right of Way</b> | <b>Extended School<br/>Program</b> | <b>Enhanced 911</b> | <b>CKY Network</b> | <b>Small<br/>Business<br/>Development</b> | <b>Public<br/>Parking<br/>Corporation</b> | <b>Total</b>        |
|--|---------------------|------------------------------------|---------------------|--------------------|---|---|---------------------|
| <b>ASSETS</b>  |                     |                                    |                     |                    |   |   |                     |
| Current Assets:  |                     |                                    |                     |                    |   |   |                     |
| Cash   | \$2,303,731         | \$912,292                          | \$6,132,669         | \$144,299          | \$154,640                                 | \$503                                     | \$9,648,134         |
| Investments  |                     |                                    | 1,475,707           |                    | 17,210                                    |   | 1,492,917           |
| Receivables:   |                     |                                    |                     |                    |   |   |                     |
| Other Receivables  |                     | 426                                | 250,286             | 63,541             | 35,867                                    |   | 350,120             |
| Less Allowance for Uncollectible Accounts                    |                     |                                    |                     |                    | (35,867)                                  |   | (35,867)            |
| Due from Other Funds   |                     |                                    | 5,309               |                    |   |   | 5,309               |
| Inventories and Prepaid Expenses                             |                     | 1,390                              | 42,803              | 7,193              |   |   | 51,386              |
| <b>Total Current Assets</b>                                  | <u>2,303,731</u>    | <u>914,108</u>                     | <u>7,906,774</u>    | <u>215,033</u>     | <u>171,850</u>                            | <u>503</u>                                | <u>11,511,999</u>   |
| Noncurrent Assets:   |                     |                                    |                     |                    |   |   |                     |
| Land Improvements  |                     | 10,000                             |                     |                    |   |   | 10,000              |
| Buildings  |                     |                                    | 7,514               |                    |   |   | 7,514               |
| Vehicles, Equipment, and Furniture                           | 107,245             | 103,481                            | 2,746,570           |                    |   |   | 2,957,296           |
| Intangibles  |                     |                                    | 1,490,573           |                    |   |   | 1,490,573           |
| Less Accumulated Depreciation                                | (74,391)            | (105,704)                          | (3,941,094)         |                    |   |   | (4,121,189)         |
| <b>Total Noncurrent Assets</b>                               | <u>32,854</u>       | <u>7,777</u>                       | <u>303,563</u>      | <u>0</u>           | <u>0</u>                                  | <u>0</u>                                  | <u>344,194</u>      |
| <b>Total Assets</b>  | <u>\$2,336,585</u>  | <u>\$921,885</u>                   | <u>\$8,210,337</u>  | <u>\$215,033</u>   | <u>\$171,850</u>                          | <u>\$503</u>                              | <u>\$11,856,193</u> |
| Deferred outflows of resources:                              |                     |                                    |                     |                    |   |   |                     |
| Deferred Pension Amounts                                     | 150,189             | 375,850                            | 1,090,347           |                    |   |   | 1,616,386           |
| Deferred Other Post Employment Benefit Amounts               | 64,377              | 161,251                            | 457,095             |                    |   |   | 682,723             |
| <b>Total Deferred Outflows of Resources</b>                  | <u>214,566</u>      | <u>537,101</u>                     | <u>1,547,442</u>    | <u>0</u>           | <u>0</u>                                  | <u>0</u>                                  | <u>2,299,109</u>    |
| <b>Total Assets &amp; Deferred Outflows of Resources</b>     | <u>\$2,551,151</u>  | <u>\$1,458,986</u>                 | <u>\$9,757,779</u>  | <u>\$215,033</u>   | <u>\$171,850</u>                          | <u>\$503</u>                              | <u>\$14,155,302</u> |
| <b>LIABILITIES</b>   |                     |                                    |                     |                    |   |   |                     |
| Current Liabilities:   |                     |                                    |                     |                    |   |   |                     |
| Accounts, Contracts, and Retainage Payable                   | \$12,913            | \$3,316                            | \$25,419            | \$0                | \$0                                       | \$0                                       | \$41,648            |
| Accrued Payroll  | 8,740               | 37,676                             | 90,093              |                    |   |   | 136,509             |
| Compensated Absences   | 8,176               | 1,287                              | 327,317             |                    |   |   | 336,780             |
| <b>Total Current Liabilities</b>                             | <u>29,829</u>       | <u>42,279</u>                      | <u>442,829</u>      | <u>0</u>           | <u>0</u>                                  | <u>0</u>                                  | <u>514,937</u>      |
| Noncurrent Liabilities:                                      |                     |                                    |                     |                    |   |   |                     |
| Bond Payable Noncurrent                                      |                     |                                    |                     |                    |   |   | 0                   |
| Compensated Absences   | 8,176               | 41,598                             | 327,317             |                    |   |   | 377,091             |
| Unfunded Other Post Employment Benefit Liability             | 164,460             | 412,447                            | 1,132,162           |                    |   |   | 1,709,069           |
| Unfunded Pension Liability                                   | 668,936             | 1,677,611                          | 4,605,021           |                    |   |   | 6,951,568           |
| <b>Total Noncurrent Liabilities</b>                          | <u>841,572</u>      | <u>2,131,656</u>                   | <u>6,064,500</u>    | <u>0</u>           | <u>0</u>                                  | <u>0</u>                                  | <u>9,037,728</u>    |
| <b>Total Liabilities</b>                                     | <u>\$871,401</u>    | <u>\$2,173,935</u>                 | <u>\$6,507,329</u>  | <u>\$0</u>         | <u>\$0</u>                                | <u>\$0</u>                                | <u>\$9,552,665</u>  |
| Deferred inflows of resources:                               |                     |                                    |                     |                    |   |   |                     |
| Deferred Pension Amounts                                     | \$30,982            | \$77,700                           | \$213,286           | \$0                | \$0                                       | \$0                                       | \$321,968           |
| Deferred Other Post Employment Benefit Amounts               | 58,689              | 147,185                            | 404,022             |                    |   |   | 609,896             |
| <b>Total Deferred Inflows of Resources</b>                   | <u>89,671</u>       | <u>224,885</u>                     | <u>617,308</u>      | <u>0</u>           | <u>0</u>                                  | <u>0</u>                                  | <u>931,864</u>      |
| <b>Total Liabilities &amp; Deferred Inflows of Resources</b> | <u>\$961,072</u>    | <u>\$2,398,820</u>                 | <u>\$7,124,637</u>  | <u>\$0</u>         | <u>\$0</u>                                | <u>\$0</u>                                | <u>\$10,484,529</u> |
| <b>NET POSITION</b>  |                     |                                    |                     |                    |   |   |                     |
| Net Investment in Capital Assets                             | 32,854              | 7,777                              | 303,563             |                    |   |   | 344,194             |
| Restricted for:  |                     |                                    |                     |                    |   |   |                     |
| Unrestricted (Deficits)                                      | 1,557,225           | (947,611)                          | 2,329,579           | 215,033            | 171,850                                   | 503                                       | 3,326,579           |
| <b>Total Net Position</b>                                    | <u>\$1,590,079</u>  | <u>(\$939,834)</u>                 | <u>\$2,633,142</u>  | <u>\$215,033</u>   | <u>\$171,850</u>                          | <u>\$503</u>                              | <u>\$3,670,773</u>  |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2020**

|   | <b>Right of<br/>Way</b> | <b>Extended<br/>School<br/>Program</b> | <b>Enhanced<br/>911</b> | <b>CKY<br/>Network</b> | <b>Small<br/>Business<br/>Development</b> | <b>Public<br/>Parking<br/>Corporation</b> | <b>Total</b>       |
|---|-------------------------|--|-------------------------|------------------------|---|---|--------------------|
| <b>Operating Revenues</b>                 |                         |  |                         |                        |   |   |                    |
| User Charges                              | \$0                     | \$0                                    | \$0                     | \$0                    | \$0                                       | \$0                                       | \$0                |
| Fees                                      |                         | 1,500,523                              | 4,464,045               | 458,376                |   |   | 6,422,944          |
| License Fees and Permits                  | 773,172                 |  |                         |                        |   |   | 773,172            |
| Other                                     |                         | 122                                    | 6,133                   |                        |   |   | 6,255              |
| <b>Total Operating Revenues</b>           | <u>773,172</u>          | <u>1,500,645</u>                       | <u>4,470,178</u>        | <u>458,376</u>         | <u>0</u>                                  | <u>0</u>                                  | <u>7,202,371</u>   |
| <b>Operating Expenses</b>                 |                         |  |                         |                        |   |   |                    |
| Right of Way                              | 620,567                 |  |                         |                        |   |   | 620,567            |
| Extended School Program                   |                         | 1,548,320                              |                         |                        |   |   | 1,548,320          |
| Enhanced 911                              |                         |  | 4,900,007               |                        |   |   | 4,900,007          |
| CKY Network                               |                         |  |                         | 417,102                |   |   | 417,102            |
| Administration                            |                         | 251,510                                |                         |                        |   |   | 251,510            |
| Depreciation                              | 6,324                   | 3,111                                  | 174,470                 |                        |   |   | 183,905            |
| <b>Total Operating Expenses</b>           | <u>626,891</u>          | <u>1,802,941</u>                       | <u>5,074,477</u>        | <u>417,102</u>         | <u>0</u>                                  | <u>0</u>                                  | <u>7,921,411</u>   |
| <b>Operating Income (Loss)</b>            | 146,281                 | (302,296)                              | (604,299)               | 41,274                 | 0   | 0   | (719,040)          |
| <b>Nonoperating Revenues (Expenses)</b>   |                         |  |                         |                        |   |   |                    |
| Income on Investments                     |                         | 2,671                                  | 50,442                  |                        | 461                                       |   | 53,574             |
| <b>Total Nonoperating Revenues</b>        | <u>0</u>                | <u>2,671</u>                           | <u>50,442</u>           | <u>0</u>               | <u>461</u>                                | <u>0</u>                                  | <u>53,574</u>      |
| <b>Income (Loss) Before Transfers</b>     | 146,281                 | (299,625)                              | (553,857)               | 41,274                 | 461                                       | 0   | (665,466)          |
| Transfers In                              |                         |  | 200,000                 |                        |   |   | 200,000            |
| Transfers Out                             |                         |  |                         | (200,000)              |   |   | (200,000)          |
| <b>Change in Net Position</b>             | <u>146,281</u>          | <u>(299,625)</u>                       | <u>(353,857)</u>        | <u>(158,726)</u>       | <u>461</u>                                | <u>0</u>                                  | <u>(665,466)</u>   |
| <b>Net Position, Beginning</b>            | 1,449,281               | (626,466)                              | 2,992,482               | 373,759                | 171,389                                   | 503                                       | 4,360,948          |
| <b>Net Position, Beginning - Restated</b> | (5,483)                 | (13,743)                               | (5,483)                 |                        |   |   | (24,709)           |
| <b>Net Position, Ending</b>               | <u>\$1,590,079</u>      | <u>(\$939,834)</u>                     | <u>\$2,633,142</u>      | <u>\$215,033</u>       | <u>\$171,850</u>                          | <u>\$503</u>                              | <u>\$3,670,773</u> |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended June 30, 2020

|   | Right of Way       | Extended<br>School<br>Program | Enhanced 911       | CKY<br>Network   | Small Business<br>Development | Public Parking<br>Corporation | Total              |
|---|--------------------|-------------------------------|--------------------|------------------|-------------------------------|-------------------------------|--------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>  |                    |                               |                    |                  |                               |                               |                    |
| <b>Cash Flows from Operating Activities:</b>  |                    |                               |                    |                  |                               |                               |                    |
| Receipts from Customers   | \$827,113          | \$1,500,478                   | \$4,381,884        | \$441,685        | \$0                           | \$0                           | \$7,151,160        |
| Payments to Suppliers   | (158,510)          | (222,526)                     | (1,570,835)        | (421,504)        |                               |                               | (2,373,375)        |
| Payments to Employees   | (359,912)          | (1,159,105)                   | (2,243,750)        |                  |                               |                               | (3,762,767)        |
| Payments for Interfund Services Used  | (2,702)            | (251,510)                     | (310)              |                  |                               |                               | (254,522)          |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <b>305,989</b>     | <b>(132,663)</b>              | <b>566,989</b>     | <b>20,181</b>    | <b>0</b>                      | <b>0</b>                      | <b>760,496</b>     |
| <b>Cash Flows from Noncapital Financing Activities:</b>   |                    |                               |                    |                  |                               |                               |                    |
| Transfers In  |                    |                               | 200,000            |                  |                               |                               | 200,000            |
| Transfers Out   |                    |                               |                    | (200,000)        |                               |                               | (200,000)          |
| <b>Net Cash Flows Provided by (Used in) Noncapital Financing Activities</b>                                     | <b>0</b>           | <b>0</b>                      | <b>200,000</b>     | <b>(200,000)</b> | <b>0</b>                      | <b>0</b>                      | <b>0</b>           |
| <b>Cash Flows Provided by Investing Activities:</b>   |                    |                               |                    |                  |                               |                               |                    |
| Purchases of Investments  |                    |                               | (19,491)           |                  | (461)                         |                               | (19,952)           |
| Income on Investments   |                    | 2,671                         | 50,442             |                  | 461                           |                               | 53,574             |
| <b>Net Cash Flows Provided by (Used in) Investing Activities</b>  | <b>0</b>           | <b>2,671</b>                  | <b>30,951</b>      | <b>0</b>         | <b>0</b>                      | <b>0</b>                      | <b>33,622</b>      |
| <b>Net Increase (Decrease)</b>  | <b>305,989</b>     | <b>(129,992)</b>              | <b>797,940</b>     | <b>(179,819)</b> | <b>0</b>                      | <b>0</b>                      | <b>794,118</b>     |
| <b>Cash at Beginning of Year</b>  | <b>1,997,742</b>   | <b>1,042,284</b>              | <b>5,334,729</b>   | <b>324,118</b>   | <b>154,640</b>                | <b>503</b>                    | <b>8,854,016</b>   |
| <b>Cash at End of Year</b>  | <b>\$2,303,731</b> | <b>\$912,292</b>              | <b>\$6,132,669</b> | <b>\$144,299</b> | <b>\$154,640</b>              | <b>\$503</b>                  | <b>\$9,648,134</b> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>        | <b>\$146,281</b>   | <b>(\$302,296)</b>            | <b>(\$604,299)</b> | <b>\$41,274</b>  | <b>\$0</b>                    | <b>\$0</b>                    | <b>(\$719,040)</b> |
| <b>Operating Income (Loss)</b>  |                    |                               |                    |                  |                               |                               |                    |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b> |                    |                               |                    |                  |                               |                               |                    |
| Depreciation  | 6,324              | 3,111                         | 174,470            |                  |                               |                               | 183,905            |
| (Increase) Decrease in Assets:  |                    |                               |                    |                  |                               |                               |                    |
| Other Receivables   | 53,941             | (167)                         | (88,294)           | (16,691)         |                               |                               | (51,211)           |
| Inventories and Prepaid Expenses  |                    | (1,390)                       | (29,936)           | (4,060)          |                               |                               | (35,386)           |
| Due from Other Funds  |                    |                               | (5,309)            |                  |                               |                               | (5,309)            |
| (Increase) Decrease in Deferred Outflows:   |                    |                               |                    |                  |                               |                               |                    |
| Deferred Other Post Employment Benefit Amounts  | (11,761)           | (28,257)                      | (86,984)           |                  |                               |                               | (127,002)          |
| Deferred Pension Amounts  | 10,729             | 30,916                        | 41,774             |                  |                               |                               | 83,419             |
| <b>Increase (Decrease) in Liabilities:</b>  |                    |                               |                    |                  |                               |                               |                    |
| Accounts Payable  | 10,572             | (36,267)                      | (35,283)           | (342)            |                               |                               | (61,320)           |
| Accrued Payroll   | 3,546              | 1,901                         | 54,109             |                  |                               |                               | 59,556             |
| Compensated Absences  |                    | (10,177)                      | 570,392            |                  |                               |                               | 562,851            |
| Unfunded Other Post Employment Benefit Liability  | (6,415)            | (16,086)                      | (44,155)           |                  |                               |                               | (66,656)           |
| Unfunded Pension Liability  | 84,339             | 211,512                       | 580,598            |                  |                               |                               | 876,449            |
| <b>Increase (Decrease) in Deferred Inflows:</b>   |                    |                               |                    |                  |                               |                               |                    |
| Deferred Other Post Employment Benefit Amounts  | 21,736             | 54,510                        | 149,631            |                  |                               |                               | 225,877            |
| Deferred Pension Amounts  | (15,939)           | (39,973)                      | (109,725)          |                  |                               |                               | (165,637)          |
| <b>Total Adjustments</b>  | <b>159,708</b>     | <b>169,633</b>                | <b>1,171,288</b>   | <b>(21,093)</b>  | <b>0</b>                      | <b>0</b>                      | <b>1,479,536</b>   |
| <b>Net Cash Provided by (Used In) Operating Activities</b>  | <b>\$305,989</b>   | <b>(\$132,663)</b>            | <b>\$566,989</b>   | <b>\$20,181</b>  | <b>\$0</b>                    | <b>\$0</b>                    | <b>\$760,496</b>   |

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing on a cost-reimbursement basis of services provided by one department to other departments within the Government and outside agencies associated with the Government. Individual funds included in this fund type are as follows:

The **Health, Dental, and Vision Care Insurance Fund** accounts for the Government's self-insurance programs for employee medical, dental, and vision care benefits.

The **Insurance and Risk Management Fund** accounts for the Government's self-insurance programs for workers' compensation, vehicle liability and physical, general liability and property damage coverage.



**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2020**

|                                  | <b>Health,<br/>Dental, and<br/>Vision Care</b> | <b>Insurance<br/>and Risk<br/>Management</b> | <b>Total</b>               |
|----------------------------------|--|--|----------------------------|
| <b>ASSETS</b>                    |  |  |                            |
| Current Assets:                  |  |  |                            |
| Cash                             | \$2,494,566                                    | \$34,745,607                                 | \$37,240,173               |
| Due from Other Funds             | 0  | 334,889                                      | 334,889                    |
| Receivables                      | 2,274  | 26,896                                       | 29,170                     |
| Inventories and Prepaid Expenses | 412,839  |  | 412,839                    |
| <b>Total Current Assets</b>      | <u><u>\$2,909,679</u></u>                      | <u><u>\$35,107,392</u></u>                   | <u><u>\$38,017,071</u></u> |
| <b>LIABILITIES</b>               |  |  |                            |
| Current Liabilities:             |  |  |                            |
| Accounts Payable                 | \$1,004,120                                    | \$66,988                                     | \$1,071,108                |
| Claims Payable:                  |  |  |                            |
| Reported                         |  | 11,885,567                                   | 11,885,567                 |
| Incurred But Not Reported        | 1,905,559                                      | 15,571,046                                   | 17,476,605                 |
| <b>Total Current Liabilities</b> | <u><u>2,909,679</u></u>                        | <u><u>27,523,601</u></u>                     | <u><u>30,433,280</u></u>   |
| <b>Total Liabilities</b>         | <u><u>\$2,909,679</u></u>                      | <u><u>\$27,523,601</u></u>                   | <u><u>\$30,433,280</u></u> |
| <b>NET POSITION</b>              |  |  |                            |
| Unrestricted                     | <u><u>\$0</u></u>                              | <u><u>\$7,583,791</u></u>                    | <u><u>\$7,583,791</u></u>  |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, & CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended June 30, 2020**

|                                 | <b>Health, Dental, and Vision Care Insurance</b> |                    |                    |                   | <b>Insurance and Risk Management</b> |                    |
|---------------------------------|--|--------------------|--------------------|-------------------|--------------------------------------|--------------------|
|                                 | <b>Health</b>                                    | <b>Dental</b>      | <b>Vision Care</b> | <b>Total</b>      |                                      | <b>Total</b>       |
| <b>Operating Revenues</b>       |  |                    |                    |                   |                                      |                    |
| Premiums                        | \$33,372,608                                     | \$2,416,628        | \$322,016          | \$36,111,252      | \$10,854,328                         | \$46,965,580       |
| <b>Total Operating Revenues</b> | <u>33,372,608</u>                                | <u>2,416,628</u>   | <u>322,016</u>     | <u>36,111,252</u> | <u>10,854,328</u>                    | <u>46,965,580</u>  |
| <b>Operating Expenses</b>       |  |                    |                    |                   |                                      |                    |
| Claims and Benefit Payments     | 29,765,048                                       | 2,431,874          | 319,627            | 32,516,549        | 9,783,655                            | 42,300,204         |
| Operating Supplies and Expense  | 3,594,703  |                    |                    | 3,594,703         |                                      | 3,594,703          |
| <b>Total Operating Expenses</b> | <u>33,359,751</u>                                | <u>2,431,874</u>   | <u>319,627</u>     | <u>36,111,252</u> | <u>9,783,655</u>                     | <u>45,894,907</u>  |
| <b>Operating Income (Loss)</b>  | 12,857   | (15,246)           | 2,389              | 0                 | 1,070,673                            | 1,070,673          |
| <b>Change in Net Position</b>   | <u>12,857</u>                                    | <u>(15,246)</u>    | <u>2,389</u>       | <u>0</u>          | <u>1,070,673</u>                     | <u>1,070,673</u>   |
| <b>Net Position, Beginning</b>  | <u>213,663</u>                                   | <u>(213,525)</u>   | <u>(138)</u>       | <u>0</u>          | <u>6,513,118</u>                     | <u>6,513,118</u>   |
| <b>Net Position, Ending</b>     | <u>\$226,520</u>                                 | <u>(\$228,771)</u> | <u>\$2,251</u>     | <u>\$0</u>        | <u>\$7,583,791</u>                   | <u>\$7,583,791</u> |

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2020**

|  | <u>Health,<br/>Dental, and<br/>Vision Care</u> | <u>Insurance<br/>and Risk<br/>Management</u> | <u>Total</u>                   |
|--|--|--|--------------------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>   |  |  |                                |
| <b>Cash Flows from Operating Activities:</b>   |  |  |                                |
| Receipts from Other Funds  | \$0  | \$0  | \$0                            |
| Receipts from Employees and Other Sources  | 36,111,252                                     |  | \$36,111,252                   |
| Receipts from Interfund Services Provided  | (1,509)  | 13,444,853                                   | 13,443,344                     |
| Refunds from/(Payments to) Suppliers   | (3,850,827)                                    | (10,379)                                     | (3,861,206)                    |
| Payments for Claims  | (31,770,360)                                   | (9,076,073)                                  | (40,846,433)                   |
| <b>Net Cash Provided by Operating Activities</b>   | <u>488,556</u>                                 | <u>4,358,401</u>                             | <u>4,846,957</u>               |
| <br><b>Net Increase in Cash and Cash Equivalents</b>   | <br>488,556                                    | <br>4,358,401                                | <br>4,846,957                  |
| <br>Cash at Beginning of Year  | <br><u>2,006,010</u>                           | <br><u>30,387,206</u>                        | <br><u>32,393,216</u>          |
| <br><b>Cash at End of Year</b>   | <br><u><u>\$2,494,566</u></u>                  | <br><u><u>\$34,745,607</u></u>               | <br><u><u>\$37,240,173</u></u> |
| <br><b>Reconciliation of Operating Income to Net Cash<br/>Used In Operating Activities:</b>            |  |  |                                |
| <br><b>Operating Income (Loss)</b>   | <br>\$0  | <br>\$1,070,673                              | <br>\$1,070,673                |
| <br><b>Adjustments to Reconcile Operating Income<br/>to Net Cash Provided by Operating Activities:</b> |  |  |                                |
| <b>Decrease in Assets:</b>   |  |  |                                |
| Due from Other Funds   |  | 2,590,526                                    | 2,590,526                      |
| Other Receivables  | (1,509)  | (1)  | (1,510)                        |
| Inventories and Prepaid Expenses   | (81,145)                                       |  | (81,145)                       |
| <b>Increase in Liabilities:</b>  |  |  |                                |
| Accounts Payable   | (174,979)                                      | (10,379)                                     | (185,358)                      |
| Claims Payable   | 746,189  | 707,582                                      | 1,453,771                      |
| <b>Total Adjustments</b>   | <u>488,556</u>                                 | <u>3,287,728</u>                             | <u>3,776,284</u>               |
| <br><b>Net Cash Used in Operating Activities</b>   | <br><u><u>\$488,556</u></u>                    | <br><u><u>\$4,358,401</u></u>                | <br><u><u>\$4,846,957</u></u>  |

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the Government in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. These include pension trust, expendable trust, and agency funds. Individual funds included in this fund type are as follows:

### **INVESTMENT TRUST FUND**

The **Sanitary Sewer Investment Trust** is an investment trust fund. In fiscal year 2014, the Government defeased all outstanding debt and entered into a new Sewer indenture agreement. The new indenture provides that the gross income and revenues of the System first be used to pay operating and maintenance expenses of the System. Net Revenues of the System are deposited into the Bond Account, which is held by a Trustee.

### **CUSTODIAL FUNDS**

The **Neighborhood Sewer Projects Fund** is a custodial fund that accounts for the collection of special assessments and debt service payments on financing for neighborhood capital projects.

The **Juvenile & Adult Probation Fund** accounts for funds collected by the divisions of Youth Services and Detention Services from juvenile and adult offenders and disbursed to victims in accordance with court decrees and funds collected from and disbursed for inmates on work release.

The **Property & Evidence Fund** accounts for monies collected from prisoners. Once the case has been adjudicated through the court system, money is distributed as ordered.

The **Domestic Relations Fund** accounts for the child support payments collected by the Government from non-custodial parents and disbursed to custodial parents.

The **Representative Payee Fund** accounts for funds managed by the Government on behalf of adults who are unable to manage their own money in order to prevent the exploitation, abuse, and neglect of these citizens.

The **Prisoners' Account System** was transferred to the Government in 1994 and accounts for the operations of the commissary at the Fayette County Detention Center.

**Statement of Net Position**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2020**

|   | <u>Sewer</u>               |
|---|----------------------------|
| <b>ASSETS</b>                                 |                            |
| Cash and Cash Equivalents                     | \$25,465,518               |
| <b>Total Assets</b>                           | <u><u>\$25,465,518</u></u> |
| <br><b>NET POSITION</b>                       |                            |
| Net position restricted for pool participants | <u><u>\$25,465,518</u></u> |

**STATEMENT OF CHANGES IN NET POSITION**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2020**

|   | <u>Sewer</u>               |
|---|----------------------------|
| <b>ADDITIONS</b>                        |                            |
| Contributions:                          |                            |
| Employer                                | \$6,603,860                |
| <b>Total Contributions</b>              | <u>6,603,860</u>           |
| Investment Income:                      |                            |
| Net Change in Fair Value of Investments |                            |
| Interest                                | 405,170                    |
| <b>Total Investment Income</b>          | <u>405,170</u>             |
| Less Investment Expense                 | 950                        |
| <b>Net Investment Income</b>            | <u>404,220</u>             |
| <b>Total Additions</b>                  | <u>7,008,080</u>           |
| <b>DEDUCTIONS</b>                       |                            |
| Benefit Payments                        | 10,247,408                 |
| <b>Total Deductions</b>                 | <u>10,247,408</u>          |
| <b>Net Decrease</b>                     | (3,239,328)                |
| <b>Net Position, Beginning</b>          | 28,704,846                 |
| <b>Net Position, Ending</b>             | <u><u>\$25,465,518</u></u> |

**STATEMENT OF CHANGES IN NET POSITION**  
**Custodial Funds**  
**For the Year Ended June 30, 2020**

|   | Domestic<br>Relations Fund | Juvenile and<br>Adult<br>Probation | Neighborhood<br>Sewer Projects<br>Fund | Representative<br>Payee Program | Property &<br>Evidence Fund | Prisoner<br>Account | Total<br>Custodial<br>Funds |
|---|----------------------------|------------------------------------|--|---------------------------------|-----------------------------|---------------------|-----------------------------|
| <b>ASSETS</b>                                     |                            |                                    |  |                                 |                             |                     |                             |
| Cash and Cash Equivalents                         | \$314,227                  | \$337,425                          | \$714                                  | \$66,296                        | \$1,298,395                 | \$1,141,088         | \$3,158,145                 |
| Receivables:                                      |                            |                                    |  |                                 |                             |                     |                             |
| Interest Receivable                               | 50                         |                                    |  |                                 |                             |                     | 50                          |
| <b>Total Assets</b>                               | <u>\$314,277</u>           | <u>\$337,425</u>                   | <u>\$714</u>                           | <u>\$66,296</u>                 | <u>\$1,298,395</u>          | <u>\$1,141,088</u>  | <u>\$3,158,195</u>          |
| <b>LIABILITIES</b>                                |                            |                                    |  |                                 |                             |                     |                             |
| Accounts Payable and Accrued Expenses             | \$0                        | \$0                                | \$0                                    | \$525                           | \$0                         | \$223,808           | \$224,333                   |
| <b>Total Liabilities</b>                          | <u>\$0</u>                 | <u>\$0</u>                         | <u>\$0</u>                             | <u>\$525</u>                    | <u>\$0</u>                  | <u>\$223,808</u>    | <u>\$224,333</u>            |
| <b>NET POSITION</b>                               |                            |                                    |  |                                 |                             |                     |                             |
| Individuals, organizations, and Other Governments | <u>\$314,277</u>           | <u>\$337,425</u>                   | <u>\$714</u>                           | <u>\$65,771</u>                 | <u>\$1,298,395</u>          | <u>\$917,280</u>    | <u>\$2,933,862</u>          |

**STATEMENT OF CHANGES IN NET POSITION**  
**Custodial Funds**  
**For the Year Ended June 30, 2020**

|                                | Domestic Relations Fund | Juvenile and Adult Probation | Neighborhood Sewer Projects Fund | Representative Payee Program | Property & Evidence Fund  | Prisoner Account        | Total Custodial Funds     |
|--------------------------------|-------------------------|------------------------------|----------------------------------|------------------------------|---------------------------|-------------------------|---------------------------|
| <b>ADDITIONS</b>               |                         |                              |                                  |                              |                           |                         |                           |
| Contributions:                 |                         |                              |                                  |                              |                           |                         |                           |
| Employer                       | \$0                     | \$0                          | \$0                              | \$0                          | \$0                       | \$0                     | \$0                       |
| Plan Members                   | 31,057                  | 88,506                       |                                  |                              | 689,818                   | 2,569,621               | 3,379,002                 |
| Other Governments              |                         |                              |                                  | 279,129                      |                           | 317,072                 | 596,201                   |
| <b>Total Contributions</b>     | <u>31,057</u>           | <u>88,506</u>                | <u>0</u>                         | <u>279,129</u>               | <u>689,818</u>            | <u>2,886,693</u>        | <u>3,975,203</u>          |
| <b>Total Additions</b>         | <u>31,057</u>           | <u>88,506</u>                | <u>0</u>                         | <u>279,129</u>               | <u>689,818</u>            | <u>2,886,693</u>        | <u>3,975,203</u>          |
| <b>DEDUCTIONS</b>              |                         |                              |                                  |                              |                           |                         |                           |
| Benefit Payments               | 31,057                  | 81,514                       |                                  | 236,560                      | 402,941                   | 4,355                   | 756,427                   |
| Administrative Expense         |                         |                              |                                  |                              |                           | 2,729,244               | 2,729,244                 |
| <b>Total Deductions</b>        | <u>31,057</u>           | <u>81,514</u>                | <u>0</u>                         | <u>236,560</u>               | <u>402,941</u>            | <u>2,733,599</u>        | <u>3,485,671</u>          |
| <b>Net Increase (Decrease)</b> | <u>0</u>                | <u>6,992</u>                 | <u>0</u>                         | <u>42,569</u>                | <u>286,877</u>            | <u>153,094</u>          | <u>489,532</u>            |
| <b>Net Position, Beginning</b> | <u>314,277</u>          | <u>330,433</u>               | <u>714</u>                       | <u>23,202</u>                | <u>1,011,518</u>          | <u>764,186</u>          | <u>2,444,330</u>          |
| <b>Net Position, Ending</b>    | <u><u>\$314,277</u></u> | <u><u>\$337,425</u></u>      | <u><u>\$714</u></u>              | <u><u>\$65,771</u></u>       | <u><u>\$1,298,395</u></u> | <u><u>\$917,280</u></u> | <u><u>\$2,933,862</u></u> |



## NONMAJOR COMPONENT UNITS

The **Lexington Transit Authority** is authorized to promote and develop mass transportation, including acquisition, operation, and extension of the existing mass transit system.

The **Lexington Public Library** provides educational, informational, and recreational services to Lexington and Fayette County through circulating and reference materials.

The **Lexington Convention and Visitors Bureau** promote recreational, convention, and tourist activity in Lexington and Fayette County.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS**

|   | <b>June 30, 2020</b>                       |   |   |   |
|---|--|---|---|---|
|   | <b>Lexington<br/>Transit<br/>Authority</b> | <b>Lexington<br/>Public<br/>Library</b> | <b>Lexington<br/>Convention and<br/>Visitors Bureau</b> | <b>Total Nonmajor<br/>Component<br/>Units</b> |
| <b>ASSETS</b>   |  |   |   |   |
| Cash  | \$15,509,280                               | \$8,122,550                             | \$2,286,713   | \$25,918,543                                  |
| Investments   | 8,355,000                                  | 5,094,598                               |   | 13,449,598                                    |
| Receivables:  |  |   |   |   |
| Accounts Receivable   | 199,507                                    |   | 7,782   | 207,289                                       |
| Other   | 192,397                                    | 37,506                                  |   | 229,903                                       |
| Due from Primary Government   |  | 1,450,778                               | 369,063   | 1,819,841                                     |
| Due from Other Governments  | 4,621,197                                  |   |   | 4,621,197                                     |
| Inventories and Prepaid Expenses  | 713,223                                    | 124,533                                 | 142,041   | 979,797                                       |
| Restricted Current Assets:  |  |   |   |   |
| Cash  | 596,005                                    | 621,403                                 | 8,358   | 1,225,766                                     |
| Investments   |  | 743,389                                 | 2,601,090   | 3,344,479                                     |
| Pension Assets  | 653,456                                    |   |   | 653,456                                       |
| Capital Assets:   |  |   |   |   |
| Non-depreciable   | 5,002,037                                  | 5,240,932                               | 194,800   | 10,437,769                                    |
| Depreciable (Net)   | 34,138,864                                 | 19,899,609                              | 1,710,439   | 55,748,912                                    |
| <b>Total Assets</b>   | <b>\$69,980,966</b>                        | <b>\$41,335,298</b>                     | <b>\$7,320,286</b>                                      | <b>\$118,636,550</b>                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |  |   |   |   |
| Deferred Pension Amounts  | \$2,285,415                                | \$3,203,901                             | \$1,395,714   | \$6,885,030                                   |
| Deferred Other Post Employment Benefit Amounts<br>on Pension Plan Investments |  | 1,411,680                               | 598,056   | 2,009,736                                     |
| Deferred Amount on Note Payable   |  |   | 2,625,000   | 2,625,000                                     |
| <b>Total Deferred Outflows of Resources</b>                                   | <b>2,285,415</b>                           | <b>4,615,581</b>                        | <b>4,618,770</b>  | <b>11,519,766</b>                             |
| <b>Total Assets and Deferred Outflows of Resources</b>                        | <b>\$72,266,381</b>                        | <b>\$45,950,879</b>                     | <b>\$11,939,056</b>                                     | <b>\$130,156,316</b>                          |
| <b>LIABILITIES</b>  |  |   |   |   |
| Accounts, Contracts Payable and<br>Accrued Liabilities                        | \$829,453                                  | \$610,204                               | \$158,325   | \$1,597,982                                   |
| Interest Payable  |  | 138                                     |   | 138   |
| Due to Component Units  |  |   | 2,625,000   | 2,625,000                                     |
| Unearned Revenue and Other  |  | 13,411                                  | 821   | 14,232  |
| Non-Current Liabilities:  |  |   |   |   |
| Due Within One Year:  |  |   |   |   |
| Compensated Absences  | 152,826                                    | 330,744                                 | 119,283   | 602,853                                       |
| Bonds and Notes Payable   | 968,098                                    | 646,901                                 |   | 1,614,999                                     |
| Due in More Than One Year:  |  |   |   |   |
| Compensated Absences  | 353,789                                    |   |   | 353,789                                       |
| Bonds and Notes Payable   | 16,609,979                                 | 7,387,220                               | 28,776  | 24,025,975                                    |
| Unfunded Other Post Retirement<br>Benefit Liability                           |  | 3,583,624                               | 1,099,225   | 4,682,849                                     |
| Unfunded Pension Liability  |  | 14,988,332                              | 4,597,572   | 19,585,904                                    |
| <b>Total Liabilities</b>  | <b>\$18,914,145</b>                        | <b>\$27,560,574</b>                     | <b>\$8,629,002</b>                                      | <b>\$55,103,721</b>                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |  |   |   |   |
| Deferred Pension Amounts  | \$3,242,812                                | \$932,213                               | \$181,796   | \$4,356,821                                   |
| Deferred Other Post Employment Benefit Amounts                                |  | 1,421,181                               | 391,405   | 1,812,586                                     |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>3,242,812</b>                           | <b>2,353,394</b>                        | <b>573,201</b>  | <b>6,169,407</b>                              |
| <b>Total Liabilities and Deferred Inflows of Resources</b>                    | <b>\$22,156,957</b>                        | <b>\$29,913,968</b>                     | <b>\$9,202,203</b>                                      | <b>\$61,273,128</b>                           |
| <b>NET POSITION</b>   |  |   |   |   |
| Net Investment in Capital Assets  | \$22,158,829                               | \$17,106,420                            | \$1,905,239   | \$41,170,488                                  |
| Restricted for:   |  |   |   |   |
| Governmental and Program Funds  |  | 1,331,750                               |   | 1,331,750                                     |
| Unrestricted  | 27,950,595                                 | (2,401,259)                             | 831,614   | 26,380,950                                    |
| <b>Total Net Position</b>   | <b>\$50,109,424</b>                        | <b>\$16,036,911</b>                     | <b>\$2,736,853</b>                                      | <b>\$68,883,188</b>                           |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS  
For the Year Ended June 30, 2020

|   | Program Revenues        |  |  | Net (Expenses) Revenue and<br>Changes in Net Position |                                |  |   |
|---|-------------------------|--|--|---|--------------------------------|--|---|
|   | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Lexington<br>Transit<br>Authority                     | Lexington<br>Public<br>Library | Lexington<br>Convention and<br>Visitors Bureau | Total<br>Nonmajor<br>Component<br>Units |
| <b>Expenses</b>                                 |                         |  |  |   |                                |  |   |
| <b>Lexington Transit Authority</b>              |                         |  |  |   |                                |  |   |
| Transit Operations                              | \$24,334,597            | \$9,426,510                              | \$1,251,035                            | (\$10,289,983)  |                                |  | (\$10,289,983)                          |
| Depreciation                                    | 3,153,740               |  |  | (3,153,740)   |                                |  | (3,153,740)                             |
| Interest on Long-Term Debt                      | 164,695                 |  |  | (164,695)   |                                |  | (164,695)                               |
| Total Lexington Transit Authority               | 27,653,032              | 9,426,510                                | 1,251,035                              |   |                                |  | (13,608,418)                            |
| <b>Lexington Public Library</b>                 |                         |  |  |   |                                |  |   |
| Library Operations                              | 15,618,521              | 1,225,823                                | 105,000                                |   | (\$13,827,080)                 |  | (13,827,080)                            |
| Depreciation                                    | 1,501,348               |  |  |   | (1,501,348)                    |  | (1,501,348)                             |
| Interest on Long-Term Debt                      | 346,664                 |  |  |   | (346,664)                      |  | (346,664)                               |
| Total Lexington Public Library                  | 17,466,533              | 1,225,823                                | 105,000                                |   |                                |  | (15,675,092)                            |
| <b>Lexington Convention and Visitors Bureau</b> |                         |  |  |   |                                |  |   |
| Convention and Tourism Operations               | 7,063,977               | 294,036                                  |  |   |                                | (\$6,769,941)                                  | (6,769,941)                             |
| Depreciation                                    | 285,123                 |  |  |   |                                | (285,123)                                      | (285,123)                               |
| Total Lexington Convention and Visitors Bureau  | 7,349,100               | 294,036                                  | 0                                      |   |                                |  | (7,055,064)                             |
| Total Nonmajor Component Units                  | \$52,468,665            | \$10,946,369                             | \$1,356,035                            | (\$13,608,418)  | (\$15,675,092)                 | (\$7,055,064)                                  | (\$36,338,574)                          |
| <b>General Revenues:</b>                        |                         |  |  |   |                                |  |   |
| Taxes   |                         |  |  |   |                                |  |   |
| Income on Investments                           |                         |  |  | \$19,444,518  | \$17,115,822                   | \$5,787,946                                    | \$42,348,286                            |
| Gain on Sale of Capital Assets                  |                         |  |  |   | 184,352                        | 34,057   | 218,409                                 |
| Miscellaneous                                   |                         |  |  | 34,606  |                                |  | 34,606                                  |
|   |                         |  |  | (714,958)   |                                | 7,623  | (317,904)                               |
| <b>Total General Revenues</b>                   |                         |  |  | 18,764,166  | 17,689,605                     | 5,829,626                                      | 42,283,397                              |
| Change in Net Position                          |                         |  |  | 5,155,748   | 2,014,513                      | (1,225,438)                                    | 5,944,823                               |
| Net Position, Beginning                         |                         |  |  | 44,953,676  | 14,022,398                     | 3,962,291                                      | 62,938,365                              |
| Net Position, Ending                            |                         |  |  | \$50,109,424  | \$16,036,911                   | \$2,736,853                                    | \$68,883,188                            |

## STATISTICAL SECTION

The Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Government's overall financial health.

Financial Trends: Tables 1 – 6

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.

Revenue Capacity: Tables 7 – 12

These schedules contain information to help the reader assess the Government's most significant local revenue sources.

Debt Capacity: Tables 13 – 17

These schedules present information to help the reader assess the affordability of the Government's current level of outstanding debt and the Government's ability to issue additional debt in the future.

Demographic & Economic Indicators: Tables 18 – 21

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activity takes place.

Operating Information: Tables 22 – 24

These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the government provides and the activities it performs.

TABLE 1

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NET POSITION  
LAST TEN FISCAL YEARS

|   | 2011            | 2012            | 2013            | 2014            | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|---|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Governmental Activities</b>              |                 |                 |                 |                 |               |               |               |               |               |               |
| Net Investment in Capital Assets            | \$921,236,876   | \$899,350,344   | \$877,691,469   | \$860,074,409   | \$838,877,310 | \$813,823,945 | \$752,686,501 | \$718,483,933 | \$667,270,316 | \$693,353,437 |
| Restricted                                  | 32,640,718      | 20,289,131      | 26,895,407      | 22,045,314      | 34,719,227    | 58,884,930    | 61,892,472    | 69,345,687    | 67,240,794    | 63,237,509    |
| Unrestricted (Deficit)                      | (110,023,238)   | (98,714,274)    | (94,638,121)    | (83,112,939)    | (350,553,804) | (370,433,940) | (403,166,799) | (741,550,665) | (766,027,807) | (841,868,598) |
| Total governmental activities net position  | 843,854,356     | 820,925,201     | 809,948,755     | 799,006,784     | 523,242,733   | 502,274,935   | 411,412,174   | 46,278,955    | (31,516,697)  | (85,277,652)  |
| <b>Business-type Activities</b>             |                 |                 |                 |                 |               |               |               |               |               |               |
| Net Investment in Capital Assets            | 209,276,568     | 217,434,369     | 217,313,258     | 222,913,279     | 227,825,104   | 231,848,112   | 235,845,376   | 247,162,736   | 275,607,655   | 301,488,408   |
| Restricted                                  | 50,637,360      | 57,712,759      | 66,194,803      | 68,209,300      | 60,086,906    | 69,892,072    | 77,840,186    | 74,759,178    | 15,450,619    | 16,856,445    |
| Unrestricted (Deficit)                      | 33,023,663      | 29,435,424      | 27,429,362      | 33,237,351      | 36,179,971    | 38,061,916    | 41,169,488    | 39,300,274    | 54,867,555    | 43,004,483    |
| Total business-type activities net position | 292,937,591     | 304,582,552     | 310,937,423     | 324,359,930     | 324,091,981   | 339,802,100   | 354,855,050   | 361,222,188   | 345,925,829   | 361,349,336   |
| <b>Primary Government</b>                   |                 |                 |                 |                 |               |               |               |               |               |               |
| Net Investment in Capital Assets            | 1,130,513,444   | 1,116,784,713   | 1,095,004,727   | 1,082,987,688   | 1,066,702,414 | 1,045,672,057 | 988,531,877   | 965,646,669   | 942,877,971   | 994,841,845   |
| Restricted                                  | 83,278,078      | 78,001,890      | 93,090,210      | 90,254,614      | 94,806,133    | 128,777,002   | 139,732,658   | 144,104,865   | 82,691,413    | 80,093,954    |
| Unrestricted (Deficit)                      | (76,999,575)    | (69,278,850)    | (67,208,759)    | (49,875,588)    | (314,173,833) | (332,372,024) | (361,997,311) | (702,250,391) | (711,160,252) | (798,864,115) |
| Total primary government net position       | \$1,136,791,947 | \$1,125,507,753 | \$1,120,886,178 | \$1,123,366,714 | \$847,334,714 | \$842,077,035 | \$766,267,224 | \$407,501,143 | \$314,409,132 | \$276,071,684 |

\* In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions.

\*\* In 2018, the Government implemented GASB Statement No. 74 which revised the reporting for its liability related to other paid employee benefits (OPEB).

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 2

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Actual Basis of Accounting)

|  | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                        |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities:               |               |               |               |               |               |               |               |               |               |               |
| Administrative Services                | \$1,386,040   | \$21,143,480  | \$11,761,053  | \$5,342,609   | \$7,433,487   | \$7,800,854   | \$9,578,189   | \$10,332,453  | \$10,124,062  | \$11,693,590  |
| Chief Development Officer              |               | 470,018       | 620,665       | 192,555       | 513,854       | 2,074,348     | 207,793       | 263,297       | 1,207,709     | 14,475,178    |
| Community Corrections                  | 31,104,781    | 31,286,365    | 32,631,937    | 34,000,937    | 30,066,104    | 30,814,432    | 33,771,453    | 40,748,826    | 42,468,842    | 40,829,856    |
| Environmental Quality & Public Works   | 23,500,067    |               |               |               |               |               |               |               |               |               |
| Finance                                |               | 80,559,723    | 83,878,537    | 45,339,718    | 54,933,912    | 60,134,890    | 61,270,031    | 65,541,170    | 64,882,901    | 99,634,822    |
| Fire & Emergency Services              | 28,515,655    | 19,357,661    | 14,744,087    | 16,726,346    | 14,049,319    | 39,135,165    | 49,393,398    | 36,669,013    | 36,311,239    | 38,586,921    |
| General Government                     | 67,106,441    | 66,413,015    | 62,781,239    | 67,689,682    | 56,832,342    | 66,853,053    | 84,838,719    | 92,898,310    | 89,329,598    | 97,423,698    |
| General Services**                     | 24,197,239    | 22,985,046    | 23,692,990    | 26,973,537    | 25,480,664    | 30,180,917    | 45,598,791    | 24,040,021    | 45,808,696    | 32,298,976    |
| Health, Dental and Vision Insurance    | 14,242,698    | 10,041,709    | 10,898,533    | 10,551,162    | 11,827,132    | 12,486,401    | 22,964,722    | 13,442,525    | 12,376,066    | 13,771,668    |
| Information Technology**               | 34,755,417    | 26,211,457    | 25,006,634    | 24,893,545    | 25,000,892    | 22,632,726    | 26,894,758    | 27,763,298    | 28,505,869    | 28,527,889    |
| Law                                    | 9,713,226     |               |               | 6,983,029     | 8,401,242     | 9,464,131     | 11,174,379    | 11,011,888    | 12,247,559    | 11,932,762    |
| Parks & Recreation                     | 10,227,268    | 3,497,483     | 4,006,240     | 3,811,867     | 2,650,481     | 2,109,025     | 5,652,482     | 2,602,304     | 2,886,923     | 2,276,542     |
| Planning, Preservation, & Development* | 19,064,298    | 19,386,251    | 19,653,677    | 19,693,483    | 18,854,526    | 21,010,506    | 23,375,486    | 24,127,163    | 24,799,178    | 21,973,908    |
| Police                                 | 71,714,415    | 68,164,371    | 3,767,295     | 47,343,980    | 42,415,735    | 53,776,224    | 45,359,659    | 46,217,442    | 46,408,689    | 658,637       |
| Public Safety**                        | 11,162,765    |               | 69,945,322    | 69,822,219    | 56,418,416    | 64,145,155    | 74,436,600    | 94,799,943    | 87,225,335    | 98,572,293    |
| Public Works                           | 63,671,436    | 13,042,036    | 14,666,437    | 10,776,283    | 12,593,479    | 12,560,199    | 14,759,631    | 14,913,489    | 14,632,438    | 15,881,668    |
| Social Services                        |               | 9,780,945     | 10,194,745    | 10,478,516    | 10,964,083    | 11,754,471    | 13,035,311    | 14,222,704    | 15,086,794    | 14,413,447    |
| Interest on Long-Term Debt             | 13,131,617    | 12,835,920    | 13,116,205    | 12,053,635    | 13,116,151    | 13,722,941    | 15,336,458    | 15,273,176    | 16,044,874    | 15,587,055    |
| Total governmental activities          | 434,166,241   | 405,173,480   | 401,565,596   | 413,673,195   | 391,551,819   | 460,655,438   | 537,647,840   | 534,867,022   | 550,546,772   | 548,538,910   |
| Business-Type Activities:              |               |               |               |               |               |               |               |               |               |               |
| Sanitary Sewer System                  | 42,472,580    | 40,124,346    | 39,014,016    | 43,664,387    | 41,207,716    | 44,271,125    | 50,078,962    | 53,354,239    | 63,106,251    | 65,670,252    |
| Public Facilities                      | 10,741,225    | 10,333,320    | 9,419,886     | 8,895,507     | 8,829,979     | 9,596,104     | 8,666,540     | 8,049,921     | 6,915,288     | 6,898,732     |
| Public Parking                         | 906,926       | 847,894       | 84,866        | 265,226       | 66,994        | 66,987        | 1,965,274     |               |               |               |
| Landfill                               | 6,581,625     | 5,271,593     | 4,099,770     | 6,060,197     | 4,426,038     | 5,542,566     | 3,962,016     | 4,071,987     | 4,799,382     | 4,677,693     |
| Right of Way                           | 312,770       | 298,896       | 284,470       | 308,683       | 280,214       | 336,415       | 493,872       | 529,580       | 593,476       | 626,891       |
| Extended School Program                | 2,207,310     | 2,339,148     | 2,198,555     | 1,977,394     | 1,951,359     | 2,262,605     | 2,023,018     | 2,137,227     | 2,152,127     | 1,802,941     |
| Prisoners' Account System              | 1,287,139     | 1,373,473     | 1,393,543     | 1,844,393     | 1,253,423     | 1,716,855     | 3,002,164     | 2,930,224     |               |               |
| Enhanced 911                           | 3,083,806     | 2,973,688     | 2,930,379     | 2,384,796     | 2,638,373     | 3,940,313     | 4,170,674     | 4,701,497     | 4,797,403     | 5,074,477     |
| CKY Network                            | 84,242        | 29,307        | 10,668        | 450,919       | 1,307,829     | 879,328       | 412,763       | 266,242       | 421,115       | 417,102       |
| Water Quality                          | 6,280,081     | 9,182,669     | 8,308,501     | 9,139,302     | 8,618,921     | 11,290,945    | 12,062,937    | 13,618,632    | 13,628,042    | 14,744,923    |
| Total Business-Type Activities         | 73,957,704    | 72,773,734    | 67,744,654    | 74,990,804    | 70,580,846    | 79,903,243    | 86,838,220    | 89,659,549    | 96,413,084    | 99,913,011    |
| Total Primary Government               | \$508,123,945 | \$477,949,214 | \$469,110,250 | \$488,663,997 | \$462,132,665 | \$540,558,681 | \$624,486,060 | \$624,526,571 | \$646,759,856 | \$648,451,921 |

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS (cont'd.)  
(Accrual Basis of Accounting)

|  | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Program Revenues</b>  |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities:   |               |               |               |               |               |               |               |               |               |               |
| Administrative Services***   | \$1,000       | \$1,603,453   | \$559,050     | \$367,363     | \$351,158     | \$498,615     | \$769,505     | \$2,123,003   | \$395,756     | \$480,879     |
| Chief Development Officer***   | 7,429,351     | 7,707,225     | 8,286,565     | 9,161,315     | 8,574,892     | 9,330,723     | 9,263,554     | 9,309,583     | 40,428        | 190,118       |
| Community Corrections  | 2,406,997     |               |               |               |               |               |               |               | 10,424,478    | 9,225,735     |
| Environmental Quality  |               |               |               |               |               |               |               |               |               |               |
| Environmental Quality & Public Works***  |               |               |               |               |               |               |               |               |               |               |
| Finance  | 3,145,043     | 2,912,917     | 2,757,405     | 2,681,977     | 3,140,243     | 2,485,454     | 3,113,988     | 3,005,644     | 3,180,175     | 4,851,621     |
| Fire & Emergency Services  | 6,478,108     | 2,511,142     | 2,413,363     | 3,358,781     | 1,912,603     | 472,126       | 55,401        | 462,509       | 459,930       | 399,959       |
| General Government   | 15,644,332    | 7,340,946     | 6,952,394     | 7,036,029     | 8,211,753     | 9,210,668     | 6,422,785     | 6,817,192     | 8,178,353     | 8,724,174     |
| General Services**   | 97,898        | 15,086,369    | 23,141,015    | 17,046,255    | 19,035,778    | 18,642,898    | 19,438,510    | 17,275,262    | 21,877,626    | 17,275,262    |
| Health, Dental, and Vision   | 34,755,417    | 63,132        | 28,827        | 4,155         | 97,971        | 18,346        | 1,700         | 16,548        | 4,139         | 7,724         |
| Information Technology**   | 20,876        | 26,211,457    | 25,006,634    | 24,893,455    | 25,000,892    | 22,632,726    | 26,894,758    | 27,763,298    | 28,505,869    | 28,527,889    |
| Law  |               |               |               | 4,271         | 3,821         | 3,096         | 981           | 213           | 3,376         | 598           |
| Parks & Recreation   | 4,258,091     | 481,053       | 41,563,325    | 3,869,900     | 15,013        | 17,700        | 1,087         | 1,087         | 2,638         | 20,731        |
| Planning, Preservation, & Development* ***   |               |               |               | 3,114,354     | 4,335,455     | 4,403,431     | 4,335,455     | 4,335,455     | 4,483,856     | 3,418,739     |
| Police   | 2,402,840     | 1,528,342     | 1,902,297     | 2,039,209     | 2,709,381     | 3,119,969     | 3,114,354     | 3,134,064     | 3,100,837     | 3,000,837     |
| Public Safety** ***  |               |               |               | 64,898        | 1,640,754     | 1,513,686     | 1,717,739     | 2,068,459     | 1,987,333     | 1,889,897     |
| Public Works   | 4,088,338     | 2,043,401     | 1,857,059     | 247,594       |               | 69,522        | 73,187        | 69,023        | 73,867        | 792,741       |
| Social Services  | 13,849,522    | 1,766,790     | 1,857,123     | 1,703,695     | 1,804,885     | 1,662,363     | 1,586,791     | 1,864,271     | 2,129,603     | 2,097,349     |
| Operating Grants & Contributions   | 3,542,915     | 14,139,426    | 13,065,788    | 15,108,425    | 15,087,470    | 13,383,964    | 13,146,822    | 10,617,000    | 11,596,202    | 34,183,724    |
| Capital Grants & Contributions   | 7,078,729     | 8,316,236     | 6,272,539     | 9,200,572     | 8,190,685     | 8,319,315     | 6,269,038     | 5,718,463     | 5,188,577     | 9,710,448     |
| Total Governmental Activities  | 105,547,184   | 96,078,664    | 98,573,466    | 98,840,995    | 100,429,782   | 96,193,389    | 95,431,225    | 96,743,087    | 101,633,043   | 121,796,937   |
| <b>Business-Type Activities:</b>   |               |               |               |               |               |               |               |               |               |               |
| Changes for Services   |               |               |               |               |               |               |               |               |               |               |
| Sanitary Sewer System  | 48,803,593    | 47,287,791    | 52,927,780    | 50,480,049    | \$2,007,762   | 58,394,719    | 63,890,717    | 64,451,293    | 75,961,739    | 77,458,054    |
| Public Facilities  | 7,157,088     | 7,156,666     | 5,830,285     | 6,375,794     | 6,405,783     | 6,987,558     | 7,303,362     | 6,145,356     | 5,949,941     | 5,978,762     |
| Public Parking   | 859,874       | 977,414       | 4,560         |               |               | 705           |               |               |               |               |
| Landfill   | 7,203,610     | 7,183,611     | 6,845,329     | 7,064,989     | 7,211,864     | 7,050,937     | 7,060,342     | 7,028,050     | 7,173,603     | 7,217,580     |
| Right of Way   | 483,196       | 419,676       | 392,466       | 520,812       | 475,126       | 703,959       | 656,344       | 682,221       | 773,172       | 773,172       |
| Extended School Program  | 2,038,391     | 2,338,243     | 2,379,751     | 2,202,171     | 2,229,896     | 2,289,089     | 1,904,620     | 2,060,463     | 2,126,102     | 1,500,645     |
| Prisoners' Account System  | 1,121,799     | 1,524,127     | 1,619,626     | 2,372,285     | 1,227,415     | 1,621,110     | 3,165,187     | 3,165,206     | 4,176,602     | 4,176,602     |
| Enhanced 911   | 3,749,409     | 3,999,658     | 3,517,634     | 4,273,106     | 3,810,087     | 4,126,861     | 4,429,689     | 4,502,449     | 4,760,725     | 4,760,725     |
| CKY Network  | 1,401,699     | 51,798        | 25,738        | 111,576       | 1,260,890     | 815,110       | 400,735       | 319,414       | 498,913       | 458,376       |
| Water Quality  | 11,694,366    | 12,095,514    | 12,296,476    | 13,119,523    | 13,541,859    | 13,661,911    | 13,563,289    | 14,062,286    | 14,784,064    | 15,345,166    |
| Total Business-Type Activities   | 83,102,228    | 83,034,498    | 85,539,645    | 86,520,306    | 87,979,682    | 95,443,490    | 102,404,830   | 102,450,861   | 111,553,185   | 113,199,953   |
| Total Primary Government   | 188,709,412   | 179,113,162   | 184,213,111   | 185,361,301   | 188,409,464   | 191,636,879   | 197,836,055   | 199,193,948   | 212,986,228   | 234,996,870   |
| <b>Net (Expense)/Revenue</b>   |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities  | (328,619,060) | (309,096,816) | (302,792,130) | (314,832,198) | (291,122,037) | (364,462,049) | (442,216,615) | (438,123,935) | (448,713,729) | (426,741,973) |
| Business-Type Activities   | 9,204,524     | 10,260,764    | 18,094,991    | 11,529,502    | 17,398,836    | 15,540,247    | 15,566,610    | 12,791,312    | 14,940,101    | 13,286,922    |
| Total Primary Government   | (319,414,536) | (298,836,052) | (284,697,139) | (303,302,696) | (273,723,201) | (348,921,802) | (426,650,005) | (425,332,623) | (433,773,628) | (413,455,051) |
| <b>General Revenues and Other Changes in Net Position</b>  |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities:   |               |               |               |               |               |               |               |               |               |               |
| Property Taxes   | \$7,548,109   | \$2,860,840   | \$3,597,311   | \$4,759,199   | \$5,241,837   | \$6,751,090   | \$8,636,843   | 62,072,333    | 64,573,949    | 66,619,933    |
| Licenses and Permits   | 224,399,866   | 230,580,201   | 238,924,158   | 246,271,270   | 265,596,233   | 275,539,490   | 288,771,661   | 304,625,553   | 303,562,887   | 304,493,274   |
| Grants & Contributions Not Restricted to Specific Programs:  |               |               |               |               |               |               |               |               |               |               |
| Community Development Block Grant  |               |               |               |               |               |               |               |               |               |               |
| Income on Investments  | 2,175,565     | 2,171,901     | 2,176,035     | 2,009,120     | 1,719,372     | 8,018,438     | 1,154,744     | 1,951,474     | 3,352,871     | 2,433,102     |
| Sale of Assets   | 129,839       | 589,867       | (509,890)     | 263,242       | 1,341,333     | 602,208       | 1,029,385     | 1,029,385     | 2,733,373     | 1,974,061     |
| Transfers  | 2,300,242     | 31,125,9      | 283,406       | 1,941,282     | 1,941,282     | 1,144,379     | 149,226       | 421,745       | 421,745       | 421,745       |
| Total Governmental Activities  | 282,803,509   | 286,167,661   | 293,364,435   | 304,431,384   | 324,496,198   | 341,750,628   | 351,520,137   | 369,027,899   | 375,209,550   | 377,172,849   |
| Business-Type Activities:  |               |               |               |               |               |               |               |               |               |               |
| Income on Investments  | 540,692       | 1,029,866     | (215,314)     | 1,021,558     | (604,800)     | 547,366       | 159,737       | 962,755       | 1,730,075     | 1,652,479     |
| Sale of Assets   | 39,149        | 7,824         |               | 10,168        | 2,546         | 313,102       | 536,905       | 28,641        | 19,254        | 19,254        |
| Transfers  | (1,249,888)   | 346,507       | (1,902,981)   | 1,893,005     | (592,086)     | 860,468       | (513,660)     | 800,072       | (564,725)     | 349,759       |
| Total Business-Type activities   | (670,047)     | 1,384,197     | (281,246,140) | 306,324,389   | 323,904,112   | 342,611,096   | 351,006,477   | 370,819,367   | 376,394,154   | 377,172,849   |
| Total Primary Government   | 282,133,462   | 287,551,858   |               |               |               |               |               |               |               |               |
| <b>Change in Net Position</b>  |               |               |               |               |               |               |               |               |               |               |
| Governmental activities  | (45,815,551)  | (22,929,155)  | (9,427,695)   | (10,400,814)  | 33,374,161    | (22,711,421)  | (90,696,478)  | (69,096,036)  | (73,504,179)  | (51,571,362)  |
| Business-type activities   | 8,534,477     | 11,644,961    | (1,548,751)   | 13,422,507    | 16,806,750    | 16,400,715    | 15,052,950    | 14,582,705    | 16,124,705    | 15,889,160    |
| Prior Period Adjustment - Government Activities  | 225,143       |               |               |               |               |               |               |               |               |               |
| Prior Period Adjustment-Business-Type Activities   |               |               |               |               |               |               |               |               |               |               |
| Total Primary Government   | (5,214,453)   | (811,284,194) | 378,175       | (52,480,336)  | (17,074,699)  | 1,743,623     | (66,283)      | (296,037,183) | (4,291,473)   | (2,189,593)   |
| **Planning, Preservation, & Development was added in FY13 and was previously included with Administration.   |               |               |               |               |               |               |               |               |               |               |
| ***In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Planning moved to Chief Development Officer. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911. |               |               |               |               |               |               |               |               |               |               |
| Source: Department of Finance, Lexington-Fayette Urban County Government   |               |               |               |               |               |               |               |               |               |               |



TABLE 3

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

|                              | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund                 |              |              |              |              |              |              |              |              |              |              |
| Reserved                     | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| Nonspendable                 | 1,493,737    | 1,461,447    | 1,405,198    | 1,627,367    | 2,064,127    | 2,102,194    | 2,343,585    | 2,480,783    | 2,290,430    | 2,374,571    |
| Restricted for:              |              |              |              |              |              |              |              |              |              |              |
| Public Safety                |              |              |              |              | 198,175      | 397,688      | 602,807      | 812,350      | 1,026,212    | 1,222,654    |
| Energy Improvement Projects  |              |              | 408,227      | 636,874      | 552,989      | 552,011      | 676,218      | 595,075      | 628,995      | 261,950      |
| Committed for:               |              |              |              |              |              |              |              |              |              |              |
| General Government           | 3,931,000    |              | 6,612,684    | 11,249,146   | 11,606,932   | 13,353,512   | 5,941,545    | 3,640,127    | 4,228,784    | 5,312,381    |
| Economic Stabilization       | 18,200,738   | 18,482,971   | 23,290,466   | 25,224,221   | 29,685,851   | 30,687,844   | 31,408,506   | 34,015,454   | 35,345,181   | 42,476,494   |
| Assigned to:                 |              |              |              |              |              |              |              |              |              |              |
| Capital Projects             |              | 6,972,224    | 8,060,560    | 8,137,251    | 20,449,635   | 13,924,969   | 4,913,896    | 1,660,938    | 2,318,361    |              |
| General Government           |              | 11,583,075   | 10,325,000   | 12,700,000   | 14,500,000   | 21,200,000   | 14,000,000   | 15,400,000   | 16,145,000   | 28,197,020   |
| Urban Services               |              | 2,500,000    |              |              |              |              |              |              |              |              |
| Unassigned                   | 562,360      | 3,265,872    | 4,309,677    | 4,176,646    | 4,273,341    | 4,789,658    | 5,419,629    | 5,757,987    | 5,931,602    | 4,069,019    |
| Total                        | 24,187,835   | 44,265,589   | 54,411,812   | 63,751,505   | 83,331,050   | 87,007,876   | 65,306,186   | 64,362,714   | 67,914,565   | 83,914,089   |
| Urban Services               |              |              |              |              |              |              |              |              |              |              |
| Reserved                     |              |              |              |              |              |              |              |              |              |              |
| Nonspendable                 | 4,031        | 604          | 175          | 11,112       | 2,735        | 2,603        | 22,900       | 62,543       | 94,468       | 78,519       |
| Restricted for:              |              |              |              |              |              |              |              |              |              |              |
| Urban Service Projects       | 20,420,741   | 22,767,570   | 28,631,854   | 29,855,868   | 31,391,398   | 30,368,714   | 23,836,031   | 28,107,799   | 25,745,424   | 23,788,028   |
| Energy Improvement Projects  |              |              | 10,383       | 13,314       | 2,930        | 2,930        | 5,860        | 11,720       | 2,930        | 2,930        |
| Total                        | 20,424,772   | 22,768,174   | 28,642,412   | 29,880,294   | 31,397,063   | 30,374,247   | 23,864,791   | 28,182,062   | 25,842,822   | 23,869,477   |
| All Other Governmental Funds |              |              |              |              |              |              |              |              |              |              |
| Reserved                     |              |              |              |              |              |              |              |              |              |              |
| Undesignated, reported in:   |              |              |              |              |              |              |              |              |              |              |
| Nonspendable                 | 369          | 6,604        | 22,376       | 77,859       | 106,066      | 2,680        |              |              |              |              |
| Restricted for:              |              |              |              |              |              |              |              |              |              |              |
| Public Works                 | 10,357,176   | 8,238,721    | 9,032,953    | 11,534,007   | 8,202,688    | 6,271,461    | 5,618,682    | 7,765,585    | 8,233,228    | 9,055,584    |
| Public Safety                | 3,117,402    | 2,812,852    | 1,659,378    | 1,569,569    | 1,529,730    | 1,460,930    | 1,418,500    | 1,253,572    | 1,429,926    | 1,157,066    |
| Capital Projects             | 32,094,257   | 19,027,031   | 25,214,697   | 20,133,026   | 33,754,253   | 57,700,163   | 41,101,200   | 47,044,427   | 43,874,848   | 39,554,277   |
| Grants Projects              | 546,461      | 1,262,100    | 1,262,100    | 1,262,100    | 210,880      | 232,138      | 241,043      | 250,200      | 259,010      | 266,013      |
| Committed for:               |              |              |              |              |              |              |              |              |              |              |
| General Government           | 410,544      | 447,605      |              |              |              |              |              |              |              |              |
| Assigned to:                 |              |              |              |              |              |              |              |              |              |              |
| General Government           |              |              | 445,690      | 1,721,084    | 1,327,774    | 720,741      | 457,767      | 390,941      | 244,977      | 238,234      |
| Unassigned                   | (974,484)    | (370,103)    |              |              |              | (82,433)     |              | (36,392)     |              |              |
| Total                        | \$45,551,725 | \$31,424,810 | \$37,637,194 | \$36,297,645 | \$45,131,391 | \$66,305,680 | \$48,837,192 | \$56,668,333 | \$54,041,989 | \$50,271,174 |

LFUCG elected to implement GASB Statement No. 54, Fund Balance Reporting and the Governmental Fund Type Definitions, in fiscal year 2011. This statement allows the entity to apply prospectively in the statistical section. Therefore, LFUCG has not reclassified prior information.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 4

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

|   | 2011                  | 2012               | 2013                | 2014               | 2015                | 2016                | 2017                  | 2018                | 2019                 | 2020                |
|---|-----------------------|--------------------|---------------------|--------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|---------------------|
| <b>Revenues</b>   |                       |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Licenses and Permits                                      | \$228,816,452         | \$235,226,117      | \$243,655,298       | \$253,581,959      | \$271,354,443       | \$281,240,662       | \$294,952,524         | \$310,378,790       | \$310,116,817        | \$310,886,231       |
| Taxes   | 52,548,109            | 52,860,840         | 53,597,311          | 54,759,199         | 55,241,837          | 56,751,090          | 58,636,843            | 62,072,333          | 64,573,949           | 66,619,933          |
| Charges for Services                                      | 24,158,224            | 26,262,822         | 26,365,849          | 26,797,087         | 28,036,635          | 29,175,200          | 27,222,202            | 27,327,074          | 29,687,509           | 27,348,530          |
| Fines and Forfeitures                                     | 220,449               | 176,319            | 311,930             | 258,112            | 235,626             | 222,201             | 234,820               | 185,061             | 231,863              | 182,230             |
| Intergovernmental   | 33,622,666            | 35,125,072         | 32,365,491          | 38,199,741         | 35,010,716          | 38,232,668          | 28,719,916            | 27,179,190          | 29,163,862           | 54,678,597          |
| Exactions   | 96,613                | 129,603            | 532,410             | 486,643            | 2,074,477           | 317,370             | 514,337               | 243,198             | 79,066               | 79,066              |
| Property Sales  | 2,681,463             | 453,540            | 462,570             | 181,052            | 529,770             | 585,626             | 1,766,593             | 332,635             | 542,862              | 599,831             |
| Income on Investments                                     | 129,839               | 589,902            | (509,785)           | 263,298            | 1,941,301           | 1,341,478           | 602,208               | 1,029,385           | 2,733,373            | 1,974,061           |
| Other   | 8,998,513             | 4,002,075          | 3,436,946           | 4,067,219          | 5,244,909           | 4,536,586           | 5,011,982             | 6,771,390           | 5,953,044            | 5,468,172           |
| <b>Total Revenues</b>                                     | <b>351,272,328</b>    | <b>354,826,290</b> | <b>360,218,020</b>  | <b>378,594,310</b> | <b>399,669,714</b>  | <b>412,402,881</b>  | <b>417,661,425</b>    | <b>435,424,305</b>  | <b>443,246,477</b>   | <b>467,836,651</b>  |
| <b>Expenditures</b>                                       |                       |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Administrative Services***                                | 1,209,504             | 19,612,467         | 10,370,972          | 5,014,372          | 7,431,873           | 8,060,766           | 9,259,948             | 9,397,369           | 9,524,646            | 11,771,749          |
| Chief Development Officer***                              |                       | 458,932            | 613,743             | 190,339            | 537,986             | 1,107,841           | 963,105               | 1,322,146           | 1,305,739            | 4,187,070           |
| Environmental Quality                                     | 22,544,214            |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Environmental Quality & Public Works***                   |                       | 36,315,403         | 37,037,311          | 36,407,046         | 40,387,589          | 42,819,684          | 43,305,223            | 46,744,561          | 47,066,717           | 50,127,256          |
| Finance   | 9,271,854             | 5,405,089          | 5,115,502           | 5,020,225          | 5,225,806           | 5,536,971           | 5,977,862             | 6,004,097           | 5,872,974            | 5,570,958           |
| General Government  | 7,382,550             | 5,059,177          | 5,647,407           | 5,678,539          | 6,306,980           | 6,542,424           | 6,556,907             | 6,354,511           | 7,962,989            | 5,152,565           |
| General Services**  | 25,763,110            | 24,095,490         | 26,517,790          | 24,348,481         | 26,139,238          | 29,278,819          | 30,068,997            | 30,457,511          | 30,817,638           | 28,833,781          |
| Information Technology**                                  | 8,450,628             |                    |                     | 6,018,607          | 7,513,809           | 9,187,214           | 9,964,616             | 13,127,259          | 12,010,209           | 10,550,550          |
| Law   | 10,237,207            | 3,571,448          | 3,994,327           | 4,035,393          | 2,844,757           | 2,275,312           | 10,462,417            | 2,590,350           | 2,904,061            | 2,349,463           |
| Outside Agencies  | 19,244,315            | 20,571,727         | 20,260,096          | 24,739,506         | 23,623,807          | 28,736,538          | 22,958,277            | 23,470,932          | 25,103,810           | 25,427,994          |
| Planning, Preservation, & Development* ***                |                       |                    |                     | 8,670,017          | 10,436,351          | 12,486,736          | 14,614,512            | 14,506,605          | 13,339,484           | 97,481              |
| Public Safety** ***                                       | 160,552,216           | 193,328,465        | 172,413,558         | 173,507,393        | 177,216,505         | 186,290,364         | 209,591,012           | 211,574,153         | 216,669,362          | 224,825,855         |
| Public Works  | 21,858,996            |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Social Services   | 8,402,054             | 7,804,749          | 8,222,664           | 8,196,041          | 8,422,005           | 9,190,567           | 10,296,721            | 10,852,548          | 11,188,437           | 10,874,167          |
| Debt Service:   |                       |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Principal   | 20,035,000            | 18,465,000         | 17,855,000          | 21,925,000         | 20,850,000          | 22,010,000          | 21,470,000            | 26,855,000          | 29,245,000           | 31,840,000          |
| Interest and Other  | 13,703,243            | 12,927,929         | 13,108,740          | 13,667,645         | 12,558,133          | 13,938,702          | 15,073,088            | 15,356,878          | 16,167,674           | 15,951,685          |
| Capital   | 49,010,038            | 29,785,796         | 28,336,917          | 48,815,941         | 51,092,128          | 70,848,354          | 95,073,861            | 43,876,088          | 61,177,621           | 46,466,887          |
| <b>Total Expenditures</b>                                 | <b>377,664,929</b>    | <b>377,401,672</b> | <b>353,153,928</b>  | <b>386,234,545</b> | <b>400,586,967</b>  | <b>448,310,292</b>  | <b>305,606,546</b>    | <b>462,490,008</b>  | <b>490,356,361</b>   | <b>474,027,461</b>  |
| Excess (Deficiency) of Revenues over (under) Expenditures | (26,392,601)          | (22,575,382)       | 7,064,092           | (7,640,235)        | (917,253)           | (35,907,411)        | (87,945,121)          | (27,065,703)        | (47,109,884)         | (6,190,810)         |
| <b>Other Financing Sources (Uses)</b>                     |                       |                    |                     |                    |                     |                     |                       |                     |                      |                     |
| Transfers In  | 3,843,657             | 18,102,675         | 7,226,272           | 28,308,895         | 21,319,957          | 24,833,948          | 11,581,277            | 12,385,610          | 11,979,061           | 10,850,178          |
| Transfers Out   | (3,773,123)           | (18,493,131)       | (7,822,695)         | (29,163,490)       | (21,316,119)        | (25,134,821)        | (11,801,402)          | (12,710,446)        | (11,141,975)         | (11,107,641)        |
| Debt Proceeds (net of bond refunding)                     | 19,720,000            | 37,275,000         | 21,177,299          | 78,350,131         | 49,993,988          | 56,180,000          | 70,278,668            | 54,808,279          | 42,055,000           | 18,110,000          |
| Premium (Discount) on Bonds Issued                        | (4,580,255)           | (6,014,921)        | (4,549,025)         | (60,617,275)       | (19,150,513)        | 3,362,960           | (27,626,773)          | (15,467,353)        | 2,804,065            | 2,174,949           |
| Total Other Financing Sources (Uses)                      | 15,210,279            | 30,869,623         | 16,031,851          | 16,878,261         | 30,847,313          | 59,242,087          | 42,431,770            | 39,016,090          | 45,696,151           | 20,027,486          |
| <b>Net Change in Fund Balances</b>                        | <b>(\$11,182,322)</b> | <b>\$8,294,241</b> | <b>\$23,095,943</b> | <b>\$9,238,026</b> | <b>\$29,930,060</b> | <b>\$23,334,676</b> | <b>(\$45,513,351)</b> | <b>\$11,950,387</b> | <b>(\$1,413,733)</b> | <b>\$13,836,676</b> |
| Debt Service as a Percentage of Noncapital Expenditures   | 10.2%                 | 8.7%               | 9.1%                | 10.1%              | 9.1%                | 9.0%                | 7.8%                  | 9.7% ****           | 9.9% ****            | 10.8%               |

\*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

\*\*In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

\*\*\*In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

\*\*\*\*Correction on Debt Service Percentage for FY18 & FY19

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 5

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CHANGES IN FUND BALANCE, GENERAL FUND  
LAST TEN FISCAL YEARS  
(Budgetary Basis of Accounting)

|  | 2011               | 2012                | 2013                | 2014               | 2015                | 2016               | 2017                  | 2018               | 2019               | 2020                |
|--|--------------------|---------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|--------------------|--------------------|---------------------|
| <b>Revenues</b>                            |                    |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| Licenses and Permits                       | \$227,486,734      | \$233,898,045       | \$242,304,633       | \$252,196,981      | \$269,928,753       | \$279,796,674      | \$293,445,670         | \$308,811,807      | \$308,462,028      | \$309,112,552       |
| Taxes                                      | 20,992,845         | 20,880,351          | 21,368,326          | 21,899,738         | 21,826,464          | 22,599,975         | 23,068,237            | 24,528,574         | 25,221,927         | 25,901,995          |
| Charges for Services                       | 24,084,059         | 23,879,484          | 24,202,174          | 24,643,221         | 25,633,499          | 27,409,249         | 24,604,479            | 24,865,154         | 28,196,399         | 26,275,627          |
| Fines and Forfeitures                      | 215,493            | 170,001             | 309,442             | 257,039            | 234,615             | 220,612            | 234,363               | 184,729            | 230,914            | 182,230             |
| Intergovernmental                          | 2,441,417          | 1,942,553           | 1,978,891           | 1,720,761          | 797,537             | 858,600            | 546,939               | 775,621            | 975,875            | 857,714             |
| Property Sales                             | 1,985,318          | 152,194             | 137,719             | 56,688             | 318,536             | 205,560            | 1,265,147             | 248,629            | 236,248            | 379,746             |
| Income on Investments                      | (2,381)            | 390,823             | (556,777)           | 432,454            | 1,564,895           | 775,012            | 339,889               | 556,641            | 1,604,513          | 1,282,752           |
| Other                                      | 4,159,715          | 2,213,409           | 2,388,300           | 2,509,949          | 4,198,344           | 3,669,875          | 3,502,017             | 4,131,498          | 4,981,187          | 3,601,621           |
| <b>Total Revenues</b>                      | <b>281,363,200</b> | <b>283,526,860</b>  | <b>292,132,708</b>  | <b>303,716,831</b> | <b>324,502,643</b>  | <b>335,535,557</b> | <b>347,006,741</b>    | <b>364,102,653</b> | <b>369,909,091</b> | <b>367,593,937</b>  |
| <b>Expenditures and Other</b>              |                    |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| <b>Financing Sources (Uses)</b>            |                    |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| Administrative Services***                 | 1,209,504          | 15,973,425          | 8,112,087           | 2,656,141          | 5,617,560           | 6,177,391          | 7,524,232             | 7,751,744          | 7,773,340          | 9,666,087           |
| Chief Development Officer***               |                    | 158,932             | 163,743             | 182,074            | 267,683             | 1,001,763          | 845,523               | 1,288,532          | 1,305,739          | 3,141,622           |
| Environmental Quality                      | 6,407              |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| Environmental Quality & Public Works***    |                    | 8,380,410           | 8,103,750           | 7,366,215          | 9,814,924           | 11,746,025         | 11,730,796            | 12,369,277         | 11,441,398         | 14,806,608          |
| Finance                                    | 7,936,589          | 5,387,968           | 5,101,158           | 5,022,088          | 5,350,469           | 5,494,593          | 5,909,131             | 5,938,150          | 5,875,301          | 5,504,228           |
| General Government                         | 3,872,271          | 1,700,098           | 3,476,730           | 3,664,554          | 4,109,338           | 4,265,335          | 4,333,737             | 3,444,293          | 5,124,053          | 1,568,837           |
| General Services**                         | 25,414,155         | 24,165,031          | 26,774,613          | 29,847,860         | 27,906,695          | 31,355,145         | 31,546,178            | 30,722,576         | 28,716,761         | 27,672,668          |
| Information Technology**                   | 7,820,811          |                     |                     | 6,018,605          | 8,213,083           | 8,887,236          | 10,471,207            | 10,804,309         | 10,738,780         | 9,789,884           |
| Law  | 9,607,308          | 3,494,863           | 3,926,008           | 3,974,171          | 2,315,205           | 2,182,164          | 10,186,108            | 2,454,494          | 2,548,860          | 2,256,394           |
| Outside Agencies                           | 16,935,373         | 17,206,291          | 17,121,904          | 18,935,337         | 19,540,759          | 20,264,359         | 20,528,503            | 20,987,191         | 22,289,443         | 22,816,635          |
| Planning, Preservation, & Development* *** |                    |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| Public Safety** ***                        | 154,017,726        | 187,071,884         | 167,821,104         | 165,631,441        | 172,810,800         | 186,461,715        | 206,803,147           | 203,622,135        | 207,963,308        | 195,419,594         |
| Public Works                               | 16,628,445         |                     |                     |                    |                     |                    |                       |                    |                    |                     |
| Social Services                            | 6,801,050          | 6,003,513           | 6,566,634           | 6,633,883          | 6,821,502           | 7,870,878          | 9,209,025             | 9,262,532          | 9,067,801          | 8,802,817           |
| Debt Service                               | 33,701,269         | 30,937,819          | 29,748,196          | 34,160,768         | 31,970,746          | 34,481,109         | 35,216,103            | 41,330,879         | 44,051,251         | 46,781,637          |
| Other Financing (Sources) Uses             | (3,207,654)        | (37,031,128)        | 2,332,547           | 2,541,672          | 643,862             | 1,181,014          | 694,993               | 366,171            | (2,874,377)        | 79,306              |
| Financing Sources (Uses)                   | 280,743,254        | 263,449,106         | 281,986,485         | 294,377,138        | 304,923,098         | 333,240,985        | 368,587,574           | 363,742,003        | 366,387,641        | 348,306,317         |
| <b>Net Change in Fund Balance</b>          | <b>\$619,946</b>   | <b>\$20,077,754</b> | <b>\$10,146,223</b> | <b>\$9,339,693</b> | <b>\$19,579,545</b> | <b>\$2,294,572</b> | <b>(\$21,580,833)</b> | <b>\$360,650</b>   | <b>\$3,521,450</b> | <b>\$19,287,620</b> |

\*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

\*\* In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

\*\*\*In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 6

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SANITARY SEWER SYSTEM  
SUMMARY OF REVENUES AND EXPENSES

|                                      | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019          | 2020         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| <b>Revenues</b>                      |              |              |              |              |              |              |              |              |               |              |
| Sewer Service Charges                | \$45,663,797 | \$44,334,743 | \$45,990,027 | \$46,577,092 | \$46,845,571 | \$53,005,210 | \$60,085,888 | \$60,398,087 | \$61,524,855  | \$63,750,674 |
| Sewer Tap on Fees                    | 1,523,169    | 1,944,010    | 2,325,787    | 2,013,656    | 2,482,245    | 3,249,636    | 2,154,652    | 2,923,533    | 2,119,925     | 2,338,996    |
| Exactions                            | 885,730      | 150,120      | 4,002,945    | 801,569      | 426,085      | 411,513      | 294,332      | 329,120      | 273,763       | 131,575      |
| Rental Income                        |              |              |              |              |              |              |              |              | 358,303       |              |
| Other Income                         | 776,339      | 615,624      | 609,021      | 1,155,128    | 2,297,116    | 1,127,145    | 912,835      | 82,988       | 12,257,683    | 11,013,992   |
| Total Revenues                       | 48,849,035   | 47,044,497   | 52,927,780   | 50,547,445   | 52,051,017   | 57,793,504   | 63,447,707   | 63,733,728   | 76,534,529    | 77,235,237   |
| <b>Operating Expenses</b>            |              |              |              |              |              |              |              |              |               |              |
| Treatment Plant                      | 8,411,093    | 7,933,477    | 8,217,471    | 7,935,854    | 7,318,958    | 6,713,706    | 7,116,239    | 8,157,629    | 7,745,135     | 8,491,727    |
| Collection System                    | 5,544,184    | 5,064,273    | 4,405,020    | 4,461,052    | 4,187,968    | 4,413,641    | 4,536,910    | 1,832,856    | 2,467,916     | 2,337,284    |
| Administration                       | 18,243,183   | 17,142,578   | 16,216,619   | 20,773,379   | 20,119,458   | 21,566,883   | 24,011,158   | 28,262,383   | 37,748,088    | 36,559,715   |
| Depreciation                         | 7,214,960    | 7,299,442    | 7,683,896    | 8,047,827    | 8,471,363    | 9,130,305    | 10,568,196   | 12,137,121   | 12,517,562    | 13,649,916   |
| Total Operating Expenses             | 39,413,420   | 37,439,770   | 36,523,006   | 41,218,112   | 40,097,747   | 41,824,535   | 46,232,503   | 50,389,989   | 60,478,701    | 61,038,642   |
| Operating Income                     | 9,435,615    | 9,604,727    | 16,404,774   | 9,329,333    | 11,953,270   | 15,968,969   | 17,215,204   | 13,343,739   | 16,055,828    | 16,196,595   |
| Net Nonoperating Revenues/(Expenses) | (2,486,197)  | (1,697,841)  | (2,649,715)  | (1,451,967)  | (1,710,547)  | (2,005,954)  | (4,005,015)  | (2,289,314)  | (1,444,433)   | (3,656,358)  |
| Transfers In                         | 3,010,299    | 422,187      | 1,208,935    | 88,369,088   | 6,230        |              |              | 150,000      | 172,823,976   | 280,000      |
| Transfers Out                        | (4,283,344)  | (466,138)    | (1,039,194)  | (88,351,969) | 354          | (4,236)      | (185,026)    | 56,435       | (172,680,119) | (187,703)    |
| Net Income/Change in Net Position    | \$5,676,373  | \$7,862,935  | \$13,924,800 | \$7,894,485  | \$10,249,307 | \$13,958,779 | \$13,025,163 | \$11,260,860 | \$14,755,252  | \$12,632,534 |

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 7

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NET ASSESSED VALUE  
REAL, TANGIBLE, & INTANGIBLE PROPERTY  
(In Thousands)

| Fiscal Year | Residential  | Farms     | Commercial  | Oil, Mineral & Timber Rights | Tangible    | Intangible | Total        | Less Intangible | Total Taxable Assessed Value | Total Direct Tax Rate (Per \$100 of Assessed value) |
|-------------|--------------|-----------|-------------|------------------------------|-------------|------------|--------------|-----------------|------------------------------|---|
| 2011        | \$15,043,326 | \$880,219 | \$6,377,418 | \$2,241                      | \$4,975,027 |            | \$27,278,231 |                 | \$27,278,231                 | 0.2535  |
| 2012        | 15,164,243   | 898,982   | 6,421,877   | 1,880                        | 5,014,698   |            | 27,501,680   |                 | 27,501,680                   | 0.2535  |
| 2013        | 15,235,648   | 897,667   | 6,523,119   | 1,499                        | 5,333,542   |            | 27,991,475   |                 | 27,991,475                   | 0.2535  |
| 2014        | 15,299,695   | 899,945   | 6,757,308   | 1,127                        | 5,395,493   |            | 28,353,568   |                 | 28,353,568                   | 0.2535  |
| 2015        | 15,741,024   | 919,466   | 7,162,151   | 1,080                        | 5,793,103   |            | 29,616,824 * |                 | 29,616,824                   | 0.2535  |
| 2016        | 15,497,091   | 911,673   | 6,935,829   | 995                          | 5,527,611   |            | 28,873,199 * |                 | 28,873,199                   | 0.2538  |
| 2017        | 16,346,959   | 948,410   | 7,509,402   | 1,345                        | 5,801,304   |            | 30,607,420   |                 | 30,607,420                   | 0.2538  |
| 2018        | 17,358,420   | 746,352   | 8,117,423   | 1,740                        | 5,953,135   |            | 32,177,070   |                 | 32,177,070                   | 0.2533  |
| 2019        | 17,859,282   | 752,367   | 8,789,535   | 1,889                        | 5,810,802   |            | 33,213,875   |                 | 33,213,875                   | 0.2533  |
| 2020        | 18,607,797   | 767,150   | 9,147,948   | 1,889                        | 6,110,074   |            | 34,634,858   |                 | 34,634,858                   | 0.2536  |

Note: Property is assessed at 100% fair market value. The intangible property tax rate was repealed as of January 1, 2006 per Kentucky Revised Statute 132.208.

\* Year 2015 & 2016 data was flipped: Corrected Error

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 8

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy |           | Collections in Subsequent Years | Total Collections to Date |           |
|-------------|----------------------------------|--|-----------|---------------------------------|---------------------------|-----------|
|             |                                  | Amount                                   | % of Levy |                                 | Amount                    | % of Levy |
| 2011        | \$52,264,220                     | \$51,732,977                             | 99.0%     | \$531,243 *                     | \$52,264,220              | 100.0%    |
| 2012        | 52,631,283                       | 52,011,046                               | 98.8%     | 620,237 *                       | 52,631,283                | 100.0%    |
| 2013        | 53,136,159                       | 52,567,908                               | 98.9%     | 568,251 *                       | 53,136,159                | 100.0%    |
| 2014        | 53,598,026                       | 53,147,356                               | 99.2%     | 450,670 *                       | 53,598,026                | 100.0%    |
| 2015        | 54,798,187                       | 53,072,141                               | 96.9%     | 1,699,084                       | 54,771,226                | 100.0%    |
| 2016        | 55,935,427                       | 54,402,567                               | 97.3%     | 109,862                         | 54,512,430                | 97.5%     |
| 2017        | 58,046,716                       | 56,107,829                               | 96.7%     |                                 | 56,107,829                | 96.7%     |
| 2018        | 61,778,968                       | 59,899,917                               | 97.0%     |                                 | 59,899,917                | 97.0%     |
| 2019        | 63,891,892                       | 62,113,756                               | 97.2%     |                                 | 62,113,756                | 97.2%     |
| 2020        | 66,517,997                       | 64,288,746                               | 96.6%     |                                 | 64,288,746                | 96.6%     |

Note: Data provided by the Sheriff's Tax Settlement Report

\*Corrected to reflect collections to date by fiscal year of levies

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 9

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(RATE PER \$100)

| Fiscal<br>Year | LFUCG Direct Rates |                |        |          |                 | Overlapping Rates           |                                |                       |                       |                      | Total  |        |
|----------------|--------------------|----------------|--------|----------|-----------------|-----------------------------|--------------------------------|-----------------------|-----------------------|----------------------|--------|--------|
|                | General            | Urban Services |        |          | Total<br>Direct | Fayette<br>County<br>School | Commonwealth<br>of<br>Kentucky | Soil &                |                       |                      |        |        |
|                |                    | Refuse         | Street |          |                 |                             |                                | Extension<br>Services | Water<br>Conservation | Health<br>Department |        |        |
|                |                    |                | Lights | Cleaning |                 |                             |                                |                       |                       |                      |        |        |
| 2011           | 0.0800             | 0.1431         | 0.0210 | 0.0094   | 0.2535          | 0.6280                      | 0.1220                         | 0.0032                | 0.0004                | 0.0280               | 0.0600 | 1.0951 |
| 2012           | 0.0800             | 0.1431         | 0.0210 | 0.0094   | 0.2535          | 0.6280                      | 0.1220                         | 0.0032                | 0.0004                | 0.0280               | 0.0600 | 1.0951 |
| 2013           | 0.0800             | 0.1431         | 0.0210 | 0.0094   | 0.2535          | 0.6280                      | 0.1220                         | 0.0032                | 0.0004                | 0.0280               | 0.0600 | 1.0951 |
| 2014           | 0.0800             | 0.1431         | 0.0210 | 0.0094   | 0.2535          | 0.6740                      | 0.1220                         | 0.0033                | 0.0004                | 0.0280               | 0.0600 | 1.1412 |
| 2015           | 0.0800             | 0.1431         | 0.0210 | 0.0094   | 0.2535          | 0.6960                      | 0.1220                         | 0.0034                | 0.0005                | 0.0280               | 0.0600 | 1.1634 |
| 2016           | 0.0800             | 0.1431         | 0.0210 | 0.0097   | 0.2538          | 0.7400                      | 0.1220                         | 0.0035                | 0.0005                | 0.0280               | 0.0600 | 1.2078 |
| 2017           | 0.0800             | 0.1431         | 0.0210 | 0.0097   | 0.2538          | 0.7500                      | 0.1220                         | 0.0035                | 0.0006                | 0.0280               | 0.0600 | 1.2179 |
| 2018           | 0.0800             | 0.1426         | 0.0210 | 0.0097   | 0.2533          | 0.7500                      | 0.1220                         | 0.0035                | 0.0006                | 0.0280               | 0.0600 | 1.2174 |
| 2019           | 0.0800             | 0.1426         | 0.0210 | 0.0097   | 0.2533          | 0.8100                      | 0.1220                         | 0.0035                | 0.0006                | 0.0280               | 0.0600 | 1.2774 |
| 2020           | 0.0800             | 0.1426         | 0.0213 | 0.0097   | 0.2536          | 0.8100                      | 0.1220                         | 0.0035                | 0.0006                | 0.0280               | 0.0600 | 1.2777 |

Note: All taxpayers in Fayette County are subject to the General Service rate. Total Direct rate is for taxpayers receiving complete urban services. Rates would be reduced for those taxpayers receiving less than full urban services.

The annual increase in real property tax revenue, excluding new assessments, must be 4% or less. Any amount over 4% is subject to a recall vote.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 10

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

| Name                             | 2020             |      |                 | 2012             |      |                 |
|----------------------------------|------------------|------|-----------------|------------------|------|-----------------|
|                                  | Taxable Assessed |      | % of Total City | Taxable Assessed |      | % of Total City |
|                                  | Value            | Rank | Value           | Value            | Rank | Value           |
| Fayette Mall SPE LLC             | \$138,573,200    | 1    | 0.40%           | \$117,000,000    | 1    | 0.43%           |
| Hap Property Owner, LP           | 125,600,000      | 2    | 0.36%           |                  |      |                 |
| Fritz Farm Retail Company LLC    | 84,450,000       | 3    | 0.24%           |                  |      |                 |
| Passco Fritz Farm Mngr LLC TTEE  | 64,157,000       | 4    | 0.19%           |                  |      |                 |
| Fayette Middle Anchor LLC        | 63,000,000       | 5    | 0.18%           |                  |      |                 |
| Healthsouth Kentucky Real Estate | 56,446,100       | 6    | 0.16%           |                  |      |                 |
| Newtown Crossing II LLC          | 53,000,000       | 7    | 0.15%           | 37,000,000       | 8    | 0.13%           |
| War Admiral Place                | 54,662,000       | 8    | 0.16%           | 44,570,900       | 5    | 0.16%           |
| Strata Racquet LLC               | 51,500,000       | 9    | 0.15%           |                  |      |                 |
| Sir Forty 57 LLC                 | 50,000,000       | 10   | 0.14%           |                  |      |                 |
| Fourth Quarter Properties*       |                  |      |                 |                  |      |                 |
| Lexmark International Inc.       |                  |      |                 | 94,605,300       | 2    | 0.34%           |
| Weingarten Realty Inc.           |                  |      |                 | 55,806,600       | 3    | 0.20%           |
| Fayette Plaza CMBS LLC           |                  |      |                 | 48,274,200       | 4    | 0.18%           |
| Ball Realty Inc.                 |                  |      |                 | 40,000,000       | 6    | 0.15%           |
| Diamondrock Griffin              |                  |      |                 | 38,463,600       | 7    | 0.14%           |
| Mid American Apts LLC            |                  |      |                 | 35,950,000       | 9    | 0.13%           |
|                                  |                  |      |                 | 32,700,000       | 10   | 0.12%           |
| Total                            | \$741,388,300    |      | 2.13%           | \$544,370,600    |      | 1.98%           |

\*Hap Properties purchased Hamburg Pavillion from Fourth Quarter Properties in July 2014.

Source: Department of Finance, Lexington-Fayette Urban County Government



TABLE 11

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
DIRECT AND OVERLAPPING  
LICENSE FEE RATES  
LAST TEN FISCAL YEARS

| Fiscal<br>Year | LFUCG Direct |  | Fayette County School |       |
|----------------|--------------|--|-----------------------|-------|
|                | Rate         |  |                       | Total |
| 2011           | 2.25%        |  | 0.50%                 | 2.75% |
| 2012           | 2.25%        |  | 0.50%                 | 2.75% |
| 2013           | 2.25%        |  | 0.50%                 | 2.75% |
| 2014           | 2.25%        |  | 0.50%                 | 2.75% |
| 2015           | 2.25%        |  | 0.50%                 | 2.75% |
| 2016           | 2.25%        |  | 0.50%                 | 2.75% |
| 2017           | 2.25%        |  | 0.50%                 | 2.75% |
| 2018           | 2.25%        |  | 0.50%                 | 2.75% |
| 2019           | 2.25%        |  | 0.50%                 | 2.75% |
| 2020           | 2.25%        |  | 0.50%                 | 2.75% |

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 12

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
TEN MAJOR OCCUPATIONAL TAX WITHHOLDERS  
CURRENT YEAR AND NINE YEARS AGO

| Name   | 2020 Rank | 2012 Rank |
|--|-----------|-----------|
| University of Kentucky   | 1         | 1         |
| Fayette County Board of Education                                  | 2         | 3         |
| Baptist Healthcare   | 3         | 6         |
| Lexington-Fayette Urban County Government                          | 4         | 4         |
| St. Joseph Hospital  | 5         | 5         |
| Lexmark International  | 6         | 2         |
| Defense Finance & Acctg System (formerly Dept of Veterans Affairs) | 7         | 7         |
| Amazon.com   | 8         |           |
| Valvoline International, Inc.                                      | 9         | 10        |
| Lockheed Martin  | 10        |           |
| Lexington Clinic   |           | 8         |
| ACS Commercial Solutions   |           | 9         |

---

Source: Department of Finance, Lexington-Fayette Urban County Government

---

TABLE 13

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities  |              |                             |                         | Business-type Activities |                        |               |               | Total Primary Government | % of Personal Income | Primary Government Debt Per Capita |
|-------------|--------------------------|--------------|-----------------------------|-------------------------|--------------------------|------------------------|---------------|---------------|--------------------------|----------------------|------------------------------------|
|             | General Obligation Bonds | QECB Bond    | Lease Revenue Notes Payable | Bond Anticipation Notes | Revenue Bonds            | Mortgage Revenue Bonds | Notes Payable |               |                          |                      |                                    |
| 2011        | \$303,865,000            |              |                             |                         | \$60,055,000             | \$61,990,000           | \$15,105,027  | \$441,015,027 | 3.6%                     | \$1,464              |                                    |
| 2012        | 315,714,650              |              |                             |                         | 48,121,327               | 56,708,664             | 14,766,530    | 435,311,171   | 3.4%                     | 1,425                |                                    |
| 2013        | 314,541,343              |              |                             |                         | 45,400,398               | 54,830,752             | 14,403,727    | 429,176,220   | 3.3%                     | 1,390                |                                    |
| 2014        | 310,040,731              |              |                             |                         | 42,590,809               | 52,872,841             | 27,785,157    | 433,289,538   | 3.2% *                   | 1,391                |                                    |
| 2015        | 319,736,652              | 2,900,000 ** |                             |                         | 38,561,469               | 53,625,000             | 36,968,889    | 451,792,010   | 3.2% *                   | 1,435                |                                    |
| 2016        | 356,149,549              | 2,900,000 ** |                             |                         | 35,850,000               | 51,315,000             | 64,267,000    | 510,481,549   | 3.6%                     | 1,603                |                                    |
| 2017        | 375,507,126              | 2,900,000 ** |                             |                         | 33,017,706               | 49,080,404             | 86,872,538    | 547,377,774   | 3.5%                     | 1,699                |                                    |
| 2018        | 386,251,016              | 2,795,000 ** |                             |                         | 30,129,000               | 46,578,000             | 120,023,000   | 585,776,016   | 3.6%                     | 1,809                |                                    |
| 2019        | 399,625,856              | 2,795,000 ** |                             |                         | 30,129,000               | 43,965,000             | 522,444,000   | 998,958,856   | na                       | 3,091                |                                    |
| 2020        | 385,703,338              | 2,795,000    |                             |                         | 77,836,589               | 41,248,000             | 138,742,000   | 646,324,927   | na                       | 1,810                |                                    |

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.

See table 18 for population data.

Personal income data 2019 & 2020 not available at time of publication.

\* Updated in 2017

\*\* Moved the Qualified Energy Conservation Bond (QECB) from the General Obligation Bonds total.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 14

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

| Fiscal Year | General Obligation Bonds | % of Assessed Value of Property | Per Capita |
|-------------|--------------------------|---------------------------------|------------|
| 2011        | \$303,865,000            | 1.11%                           | \$1,009 *  |
| 2012        | 315,714,650              | 1.15%                           | 1,033 *    |
| 2013        | 314,541,343              | 1.12%                           | 1,018 *    |
| 2014        | 310,040,731              | 1.09%                           | 996 *      |
| 2015        | 322,636,652              | 1.09%                           | 1,025 *    |
| 2016        | 359,049,549              | 1.24%                           | 1,127      |
| 2017        | 378,407,126              | 1.24%                           | 1,174      |
| 2018        | 389,046,016              | 1.21%                           | 1,202      |
| 2019        | 402,420,856              | 1.21%                           | 1,245      |
| 2020        | 388,498,338              | 1.12%                           | 1,182      |

Notes: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.

See Table 7 for property value date and Table 18 for population data.

\* Updated in 2017

\*\*Updated formal to include QECB bond on Table 13

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 15

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF DIRECT AND OVERLAPPING INDEBTEDNESS  
AS OF JUNE 30, 2020

|   | Debt Outstanding<br>(1) | Estimated<br>Percentage<br>Applicable (2) | Estimated Share<br>of Overlapping<br>Debt |
|---|-------------------------|---|---|
| Lexington Center Corporation  |                         |   |   |
| Mortgage Revenue Bonds, Series 2018   | \$110,340,000           | 2.66%                                     | \$2,930,026                               |
| Mortgage Revenue Bonds, Series 2018A  | 82,375,000              | 2.66%                                     | 2,187,429                                 |
| Mortgage Revenue Bonds, Series 2018B  | 12,395,000              | 2.66%                                     | 329,143                                   |
| Lexington Public Library  |                         |   |   |
| Variable Rate, Revenue Bonds Series 2014A                                   | 624,583                 | 0.09%                                     | 592                                       |
| Lexington-Fayette Urban County Government Airport Corporation               |                         |   |   |
| Variable Rate General Airport, Revenue, and Refunding Bond 2009B (AMT)      | 5,400,000               | 4.09%                                     | 221,079                                   |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2016A (non-AMT)     | 350,000                 | 4.09%                                     | 14,329                                    |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2016B (AMT)         | 350,000                 | 4.09%                                     | 14,329                                    |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2016C (Fed Taxable) | 35,375,000              | 4.09%                                     | 1,448,273                                 |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2016D (non-AMT)     | 5,135,000               | 4.09%                                     | 210,230                                   |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2016E (AMT)         | 4,250,000               | 4.09%                                     | 173,998                                   |
| Fixed Rate General Airport, Revenue, and Refunding Bond 2019A (Fed Taxable) | 32,000,000              | 4.09%                                     | 1,310,099                                 |
| Fayette County School & Kentucky School Commission Bonds                    | 411,080,000             | 100.00%                                   | 411,080,000                               |
| Subtotal, Overlapping Debt  |                         |   | 419,919,527                               |
| LFUCG, Direct Debt  |                         |   | 402,420,856                               |
| Total Direct and Overlapping Indebtedness                                   |                         |   | <u>\$822,340,383</u>                      |

## Notes

(1) Industrial Revenue Bonds, Industrial Development Bonds, and Multi-Family and Single Family Housing Bonds are not included in this schedule of overlapping debt as they are not secured by the full faith and credit of Lexington-Fayette Urban County Government.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in LFUCG or by ratio of total revenue of overlapping unit to total revenue of LFUCG.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 16

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Thousands)

|  | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
| Assessed Value   | \$27,278,231 | \$27,501,680 | \$27,991,475 | \$28,353,568 | \$29,616,824 | \$28,873,199 | \$30,607,420 | \$32,177,070 | \$33,213,875 | \$34,634,858 |
| Debt limit (10% of Assessed Value)                                       | \$2,727,823  | \$2,750,168  | \$2,799,148  | \$2,835,357  | \$2,961,682  | \$2,887,320  | \$3,060,742  | \$3,217,707  | \$3,217,707  | \$3,463,486  |
| Total net debt applicable to limit                                       | 108,710      | 203,817      | 194,414      | 200,820      | 171,917      | 162,861      | 184,801      | 183,990      | 362,029      | 362,797      |
| Legal debt margin  | \$2,619,113  | \$2,546,351  | \$2,604,734  | \$2,634,537  | \$2,789,765  | \$2,724,459  | \$2,875,941  | \$3,033,717  | \$2,855,678  | \$3,100,689  |
| Total net debt applicable to the limit as a percentage of debt limit     | 3.99%        | 7.41%        | 6.95%        | 7.08%        | 5.80%        | 5.64%        | 6.04%        | 5.72%        | 11.25%       | 10.47%       |
| Source: Department of Finance, Lexington-Fayette Urban County Government |              |              |              |              |              |              |              |              |              |              |

TABLE 17

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS  
(In Thousands)

| Public Facilities Corporation |                       |                    |                   |           |                       |           |               |                    |                   |          |      |
|-------------------------------|-----------------------|--------------------|-------------------|-----------|-----------------------|-----------|---------------|--------------------|-------------------|----------|------|
| Fiscal Year                   | Sanitary Sewer System |                    |                   |           |                       | Less: Net |               |                    |                   |          |      |
|                               | Gross Revenue         | Operating Expenses | Available Revenue | Principal | Debt Service Interest | Coverage  | Gross Revenue | Operating Expenses | Available Revenue | Coverage |      |
| 2011                          | \$49,383              | \$32,198           | \$17,185          | \$4,510   | \$2,608               | 2.41      | \$7,159       | \$2,789            | \$4,370           | \$1,900  | 0.98 |
| 2012                          | 48,023                | 30,140             | 17,883            | 11,117    | 3,181                 | 1.25      | 7,157         | 2,697              | 4,460             | 1,970    | 1.00 |
| 2013                          | 52,769                | 28,839             | 23,930            | 3,413     | 2,400                 | 4.12      | 5,830         | 2,305              | 3,525             | 2,050    | 0.79 |
| 2014                          | 51,542                | 33,170             | 18,372            | 3,505     | 2,348                 | 3.14      | 6,376         | 2,111              | 4,265             | 2,130    | 0.96 |
| 2015                          | 51,440                | 31,626             | 19,814            | 2,067     | 1,917                 | 4.97      | 6,406         | 2,436              | 3,970             | 2,215    | 0.89 |
| 2016                          | 58,234                | 32,694             | 25,540            | 3,094     | 2,536                 | 4.54      | 6,988         | 2,708              | 4,280             | 2,310    | 0.86 |
| 2017                          | 63,289                | 35,664             | 27,625            | 3,688     | 2,644                 | 4.36      | 7,305         | 2,625              | 4,680             | 2,405    | 1.00 |
| 2018                          | 64,355                | 38,253             | 26,102            | 5,220     | 3,039                 | 3.16      | 6,149         | 2,960              | 3,189             | 2,055    | 0.81 |
| 2019                          | 77,698                | 47,961             | 29,737            | 7,922     | 2,673                 | 2.81      | 5,956         | 2,158              | 3,798             | 2,165    | 0.99 |
| 2020                          | 78,210                | 47,389             | 30,821            | 10,483    | 4,127                 | 2.11      | 5,988         | 2,285              | 3,703             | 2,270    | 0.97 |

| Public Parking Corporation |               |                    |                   |           |                       |                          |                                |           |                       |          |
|----------------------------|---------------|--------------------|-------------------|-----------|-----------------------|--------------------------|--------------------------------|-----------|-----------------------|----------|
| Fiscal Year                | Less: Net     |                    |                   |           |                       | Special Assessment Bonds |                                |           |                       |          |
|                            | Gross Revenue | Operating Expenses | Available Revenue | Principal | Debt Service Interest | Coverage                 | Special Assessment Collections | Principal | Debt Service Interest | Coverage |
| 2011                       | \$861         | \$600              | \$261             | \$0       | \$0                   | 0.00                     | \$0                            | \$0       | \$0                   | 0.00     |
| 2012                       | 978           | 540                | 438               |           |                       |                          |                                |           |                       |          |
| 2013                       | 5             | 4                  | 1                 |           |                       |                          |                                |           |                       |          |
| 2014                       |               |                    |                   |           |                       |                          |                                |           |                       |          |
| 2015                       |               |                    |                   |           |                       |                          |                                |           |                       |          |
| 2016                       | 1             |                    | 1                 |           |                       |                          |                                |           |                       |          |
| 2017                       |               |                    |                   |           |                       |                          |                                |           |                       |          |
| 2018                       |               |                    |                   |           |                       |                          |                                |           |                       |          |
| 2019                       |               |                    |                   |           |                       |                          |                                |           |                       |          |
| 2020                       |               |                    |                   |           |                       |                          |                                |           |                       |          |

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 18

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

| Fiscal Year | Population | Personal Income<br>(Thousands) | Per Capita Personal<br>Income | Civilian Labor Force |            |                      |
|-------------|------------|--------------------------------|-------------------------------|----------------------|------------|----------------------|
|             |            |                                |                               | Employed             | Unemployed | Unemployment<br>Rate |
| 2011        | 301,272    | * \$12,147,960                 | \$40,322                      | 153,602              | 11,324     | 6.9%                 |
| 2012        | 305,201    | * 12,701,835                   | 41,618                        | 156,579              | 9,688      | 5.8%                 |
| 2013        | 308,501    | * 12,826,933                   | 41,578                        | 158,648              | 9,769      | 5.8%                 |
| 2014        | 310,725    | * 13,472,243                   | * 43,357                      | 158,848              | 7,983      | 4.8%                 |
| 2015        | 314,767    | * 14,224,629                   | * 45,191                      | 160,099              | 6,423      | 3.9%                 |
| 2016        | 318,449    | * 14,338,062                   | * 45,025                      | 163,637              | 6,153      | 3.6%                 |
| 2017        | 322,193    | ** 15,602,893                  | ** 48,427                     | 167,944              | 6,360      | 3.6%                 |
| 2018        | 323,780    | ** 16,247,217                  | ** 50,180                     | 169,048              | 5,801      | 3.3%                 |
| 2019        | 323,152    | na                             | na                            | 170,028              | 5,836      | 3.3%                 |
| 2020        | 328,690    | na                             | na                            | na                   | na         | na                   |

\* Updated in 2018

\*\* Updated in 2019

Note:

Personal Income and Per Capita Personal Income data for 2019 &amp; 2020 not available at time of publication.

Employed, Unemployed and Unemployment Rate data for 2020 not available at time of publication.

Source: The Bureau of Economic Analysis

Source: U.S. Census Bureau

Source: The Bureau of Labor Statistics



TABLE 19

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PRINCIPAL EMPLOYERS, FAYETTE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

| Name   | 2020          |      |   | 2012          |      |   |
|--|---------------|------|---|---------------|------|---|
|  | Employees     | Rank | Percentage of<br>Total City<br>Employment | Employees     | Rank | Percentage of<br>Total City<br>Employment |
| University of Kentucky                                   | 16,743        | 1    | 9.85%                                     | 12,278        | 1    | 7.84%                                     |
| Fayette County Public Schools                            | 6,327         | 2    | 3.72%                                     | 3,558         | 3    | 2.27%                                     |
| Lexington-Fayette Urban County Government                | 2,938         | 3    | 1.73%                                     | 4,057         | 2    | 2.59%                                     |
| Amazon.com   | 2,700         | 4    | 1.59%                                     |               |      |   |
| Conduent   | 2,500         | 5    | 1.47%                                     |               |      |   |
| Veterans Medical Center                                  | 2,000         | 6    | 1.18%                                     |               |      |   |
| Baptist Healthcare                                       | 2,100         | 7    | 1.24%                                     | 2,496         | 7    | 1.59%                                     |
| Catholic Health Initiatives formerly St. Joseph Hospital | 1,847         | 8    | 1.09%                                     | 2,500         | 6    | 1.60%                                     |
| Lemark International                                     | 1,500         | 9    | 0.88%                                     | 2,800         | 5    | 1.79%                                     |
| Lockheed Martin  | 1,200         | 10   | 0.71%                                     | 1,750         | 9    | 1.12%                                     |
| ACS a Zerox Company                                      |               |      |   | 3,000         | 4    | 1.92%                                     |
| Wal-Mart   |               |      |   | 2,027         | 8    | 1.29%                                     |
| Kroger   |               |      |   | 1,665         | 10   | 1.06%                                     |
|  | <u>39,855</u> |      | <u>23.46%</u>                             | <u>36,131</u> |      | <u>23.07%</u>                             |

Source: Lexington Chamber of Commerce

TABLE 20

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
EMPLOYMENT BY INDUSTRY, FAYETTE COUNTY  
Reflects Current Industry Standards

| Year   | Construction | Education and Health Services | Financial Activities | Information | Leisure and Hospitality | Manufacturing | Natural Resources and Mining | Other Services | Professional and Business Services | Trade, Transportation, and Utilities | Others | Total Employment by Place of Work |
|--------|--------------|-------------------------------|----------------------|-------------|-------------------------|---------------|------------------------------|----------------|------------------------------------|--------------------------------------|--------|-----------------------------------|
| 2001 * | 9,331        | 20,008                        | 8,367                | 4,593       | 18,194                  | 15,185        | 2,028                        | 4,819          | 19,241                             | 33,600                               | 77     | 135,443                           |
| 2002 * | 8,249        | 20,919                        | 8,330                | 4,670       | 17,756                  | 14,703        | 1,959                        | 4,786          | 20,866                             | 33,424                               | 71     | 135,733                           |
| 2003 * | 8,727        | 21,100                        | 8,359                | 4,365       | 18,199                  | 13,874        | 1,890                        | 4,746          | 21,765                             | 34,276                               | 135    | 137,436                           |
| 2004 * | 8,451        | 21,377                        | 8,822                | 3,833       | 18,109                  | 14,133        | 1,959                        | 4,848          | 22,944                             | 34,208                               | 200    | 138,884                           |
| 2005 * | 8,568        | 21,728                        | 8,901                | 3,803       | 18,360                  | 14,703        | 2,056                        | 4,727          | 23,644                             | 34,567                               | 274    | 141,331                           |
| 2006 * | 8,291        | 21,980                        | 9,222                | 3,743       | 19,572                  | 14,878        | 2,552                        | 4,718          | 25,608                             | 34,416                               | 228    | 145,208                           |
| 2007 * | 8,628        | 20,919                        | 8,811                | 3,600       | 19,626                  | 15,299        | 2,473                        | 4,696          | 25,352                             | 34,347                               | 304    | 144,055                           |
| 2008 * | 7,723        | 21,035                        | 8,583                | 5,086       | 19,427                  | 14,929        | 2,260                        | 4,941          | 23,700                             | 34,320                               | 229    | 142,233                           |
| 2009 * | 7,109        | 21,603                        | 7,921                | 4,403       | 19,455                  | 13,194        | 2,043                        | 5,138          | 23,745                             | 32,697                               | 24     | 137,332                           |
| 2010 * | 6,491        | 21,983                        | 8,226                | 5,711       | 19,930                  | 12,632        | 1,881                        | 5,444          | 25,106                             | 33,256                               | 54     | 140,714                           |
| 2011 * | 6,790        | 23,640                        | 8,266                | 5,680       | 19,495                  | 11,962        | 2,088                        | 5,383          | 25,988                             | 33,620                               | 40     | 142,952                           |
| 2012 * | 6,733        | 24,230                        | 8,000                | 5,396       | 20,318                  | 12,226        | 2,010                        | 5,347          | 27,515                             | 34,619                               | 61     | 146,455                           |
| 2013 * | 7,144        | 23,727                        | 7,875                | 5,030       | 21,186                  | 12,214        | 1,906                        | 5,303          | 32,376                             | 35,860                               | 101    | 152,722                           |
| 2014 * | 7,545        | 23,527                        | 7,638                | 5,218       | 22,346                  | 12,229        | 2,000                        | 4,926          | 30,600                             | 37,218                               | 43     | 153,290                           |
| 2015 * | 8,742        | 24,995                        | 7,734                | 4,891       | 23,556                  | 12,244        | 1,957                        | 5,024          | 32,858                             | 37,885                               | 53     | 159,939                           |
| 2016 * | 9,591        | 25,165                        | 7,859                | 2,335       | 23,579                  | 11,911        | 1,775                        | 5,328          | 30,942                             | 39,458                               | 47     | 157,990                           |
| 2017 * | 9,633        | 25,918                        | 7,858                | 2,173       | 23,971                  | 11,445        | 2,001                        | 5,319          | 30,750                             | 40,767                               | 46     | 159,881                           |
| 2018   | 9,497        | 26,777                        | 7,987                | 2,216       | 24,056                  | 11,506        | 1,948                        | 5,421          | 27,592                             | 38,887                               | 49     | 155,936                           |
| 2019   | 10,055       | 26,987                        | 8,469                | 2,234       | 24,561                  | 11,245        | 2,020                        | 5,438          | 28,997                             | 38,902                               | 36     | 158,944                           |

\*The Government has corrected years 2001-2017 to reflect the correct employment numbers per category. In addition, fiscal years 2001-2006 have been updated to reflect categories using current industry standards.

Source: Bureau of Labor Statistics

TABLE 21

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
U.S. CENSUS BUREAU STATISTICS

|  | 1990 Census    |        | 2000 Census    |        | 2010 Census    |        |
|--|----------------|--------|----------------|--------|----------------|--------|
|  | Value          | %      | Value          | %      | Value          | %      |
| Population and Number of Households        |                |        |                |        |                |        |
| Population                                 |                |        |                |        |                |        |
| Under 18 years                             | 50,416         | 22.4%  | 55,533         | 21.3%  | 62,633         | 21.2%  |
| 18 - 64 years                              | 152,638        | 67.7%  | 178,805        | 68.7%  | 202,032        | 68.3%  |
| 65 years and over                          | 22,312         | 9.9%   | 26,174         | 10.0%  | 31,138         | 10.5%  |
| Total                                      | <u>225,366</u> | 100.0% | <u>260,512</u> | 100.0% | <u>295,803</u> | 100.0% |
| Number of Households                       | 89,529         |        | 108,288        |        | 123,043        |        |
| Economic and Education                     |                |        |                |        |                |        |
| Family Income                              |                |        |                |        |                |        |
| Less than \$10,000                         | 5,979          | 10.5%  | 3,587          | 5.6%   | 4,407          | 6.3%   |
| \$10,000 - \$24,999                        | 12,365         | 21.7%  | 8,947          | 14.1%  | 8,791          | 12.7%  |
| \$25,000 - \$49,999                        | 20,889         | 36.8%  | 17,124         | 26.9%  | 15,164         | 21.9%  |
| \$50,000 - \$74,999                        | 10,790         | 19.0%  | 14,759         | 23.2%  | 12,913         | 18.6%  |
| \$75,000 or more                           | 6,850          | 12.0%  | 19,231         | 30.2%  | 28,149         | 40.5%  |
| Total Families                             | <u>56,873</u>  | 100.0% | <u>63,648</u>  | 100.0% | <u>69,424</u>  | 100.0% |
| Median Family Income                       | \$35,936       |        | \$53,264       |        | \$63,086       |        |
| Mean Family Income                         | \$44,467       |        | \$52,261       |        | \$76,373       |        |
| Per Capita Income                          | \$20,355       |        | \$23,109       |        | \$25,561       |        |
| School Enrollment                          |                |        |                |        |                |        |
| Elementary/Secondary                       | 32,858         |        | 36,938         |        | 43,918         |        |
| College                                    | 28,339         |        | 31,508         |        | 41,238         |        |
| Education for Individuals 25+ years of age |                |        |                |        |                |        |
| Less than 9th grade                        | 11,760         | 8.3%   | 8,539          | 5.1%   | 8,813          | 4.6%   |
| High School, No Diploma                    | 16,365         | 11.5%  | 15,213         | 9.1%   | 13,986         | 7.3%   |
| High School Graduate                       | 33,238         | 23.4%  | 37,448         | 22.4%  | 43,875         | 22.9%  |
| College 1 - 3 years                        | 37,299         | 26.2%  | 46,420         | 27.8%  | 54,796         | 28.6%  |
| College 4 or more years                    | 43,454         | 30.6%  | 59,615         | 35.6%  | 70,123         | 36.6%  |
| Total                                      | <u>142,116</u> | 100.0% | <u>167,235</u> | 100.0% | <u>191,593</u> | 100.0% |
| Unemployment Rate                          | 3.7%           |        | 1.8%           |        | 7.0%           |        |

Source: U.S. Census Bureau

TABLE 22

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
LFUCG EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Excluding Temporary, Seasonal, and Part-Time Employees)

| Function/Program                      | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Administrative Services               | 86    | 129   | 94    | 47    | 49    | 76    | 78    | 79    | 74    | 77    |
| General Government                    | 70    | 66    | 66    | 67    | 69    | 65    | 67    | 67    | 71    | 72    |
| Finance & Administration              | 94    | 68    | 65    | 69    | 70    | 73    | 74    | 73    | 71    | 74    |
| Information Technology                |       |       |       | 44    | 52    | 52    | 51    | 49    | 54    | 52    |
| General Services                      |       |       |       |       |       |       |       |       |       |       |
| Parks & Recreation                    | 132   | 140   | 139   | 138   | 144   | 146   | 144   | 139   | 139   | 136   |
| Other                                 | 130   | 97    | 93    | 98    | 102   | 102   | 97    | 92    | 93    | 95    |
| Law                                   | 26    | 37    | 40    | 39    | 42    | 23    | 23    | 23    | 21    | 20    |
| Planning, Preservation, & Development |       |       |       |       |       |       |       |       |       |       |
| Public Safety                         |       |       | 39    | 128   | 137   | 143   | 146   | 147   | 133   | 132   |
| Fire & Emergency Services             |       |       |       |       |       |       |       |       |       |       |
| Firefighters & Officers               | 520   | 500   | 520   | 566   | 560   | 565   | 558   | 568   | 623   | 625   |
| Civilians                             | 18    | 17    | 16    | 16    | 18    | 18    | 26    | 25    | 16    | 14    |
| Police                                |       |       |       |       |       |       |       |       |       |       |
| Officers                              | 511   | 504   | 524   | 542   | 518   | 554   | 572   | 604   | 597   | 585   |
| Civilians                             | 93    | 127   | 126   | 122   | 112   | 87    | 104   | 112   | 105   | 109   |
| Community Corrections                 | 284   | 321   | 312   | 330   | 298   | 293   | 340   | 320   | 313   | 304   |
| Other                                 | 79    | 81    | 80    | 68    | 74    | 73    | 92    | 91    | 74    | 76    |
| Public Works & Development            |       |       |       |       |       |       |       |       |       |       |
| Other                                 | 240   |       |       |       |       |       |       |       |       |       |
| Environmental Quality & Public Works  |       | 508   | 484   | 451   | 453   | 468   | 475   | 488   | 504   | 493   |
| Waste Management                      | 196   |       |       |       |       |       |       |       |       |       |
| Water & Air Quality                   | 151   |       |       |       |       |       |       |       |       |       |
| Other                                 | 16    |       |       |       |       |       |       |       |       |       |
| Social Services                       | 99    | 94    | 96    | 96    | 98    | 108   | 109   | 114   | 111   | 108   |
|                                       | 2,745 | 2,689 | 2,694 | 2,821 | 2,796 | 2,846 | 2,956 | 2,991 | 2,999 | 2,972 |

The following Departmental reorganization took place in FY2012:

Communications, Enterprise Solutions, Information Technology and PeopleSoft moved from Chief Information Officer to Administrative Services; Historic Preservation, Planning and Purchase of Development Rights moved from Public Works to Administrative Services; Risk Management moved from Law to Administrative Services; Budgeting moved from Administrative Services to Finance; Chief Development Administration was created under Chief Development Officer; Office of Economic Development moved from General Government to Chief Development Officer; Community Development changed to Grants and Special Projects and moved from Finance to Administrative Services; Human Resources moved from Finance to Law; Environmental Quality and Public Works were merged to form Environmental Quality & Public Works; Police and Fire Pension moved from Public Safety to Finance; Building Inspection moved from Public Works to Public Safety; Community Corrections, Police and Fire and Emergency Services moved to Public Safety.

Planning, Preservation, & Development was added in FY2013 and was previously included with Administrative Services.

The following Departmental reorganization took place in FY2014:

Division of Engineering moved from Environmental Quality & Public Works to Planning, Preservation & Development; Division of Code Enforcement and Division of Building Inspection moved from Public Safety to Planning, Preservation & Development; Computer Services & Division of Enterprise Solutions moved from Administrative Services to Chief Information Officer.

The following Departmental reorganization took place in FY2015:

The Division of Human Resources moved from Law and Risk Management to Administrative Services

In FY2016 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition, the Division of Lxcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 23

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

| Function/Program                     | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fire and Emergency Services          |         |         |         |         |         |         |         |         |         |         |
| Emergency Medical Calls              | 34,197  | 37,000  | 36,619  | 37,971  | 42,151  | 43,076  | 46,476  | 47,930  | 51,245  | 46,544  |
| False Calls                          | 2,870   | 2,673   | 2,585   | 2,983   | 3,077   | 2,898   | 2,915   | 3,108   | 3,154   | 3,074   |
| Fire Incidents                       | 1,337   | 1,564   | 1,293   | 1,226   | 1,249   | 1,248   | 1,364   | 1,125   | 1,028   | 1,154   |
| Good Intent Calls                    | 1,271   | 1,153   | 1,107   | 1,108   | 1,180   | 1,108   | 1,128   | 169     | 1,252   | 1,289   |
| Hazardous Materials Calls            | 1,118   | 1,248   | 1,451   | 1,686   | 1,766   | 2,021   | 1,976   | 1,827   | 1,900   | 1,776   |
| Other                                | 79      | 60      | 44      | 54      | 40      | 34      | 46      | 32      | 25      | 36      |
| Rescues                              | 460     | 421     | 449     | 443     | 462     | 501     | 545     | 570     | 740     | 784     |
| Rupture - Gas, Water, etc.           | 47      | 36      | 34      | 31      | 35      | 41      | 44      | 45      | 40      | 78      |
| Service Calls                        | 1,529   | 1,707   | 1,598   | 2,209   | 1,968   | 2,099   | 2,336   | 2,838   | 3,061   | 3,376   |
| Police                               |         |         |         |         |         |         |         |         |         |         |
| Physical Arrests                     | 15,248  | 20,214  | 14,592  | 13,773  | 17,442  | 16,356  | 10,990  | **      | **      | **      |
| Parking Violations                   | 42,675  | 41,849  | 47,201  | 46,709  | 43,055  | 45,360  | 48,776  | 43,305  | 44,488  | 40,141  |
| Traffic Violations                   | 63,546  | 52,086  | 40,478  | 48,193  | 44,795  | 36,561  | 37,635  | 37,173  | 47,019  | 33,150  |
| Parks and Recreation                 |         |         |         |         |         |         |         |         |         |         |
| Rounds of Golf                       | 89,291  | 95,382  | 96,607  | 90,410  | 91,407  | 101,535 | 102,082 | 90,915  | 85,906  | 88,458  |
| Pool Visits                          | 185,421 | 205,353 | 169,820 | 142,062 | 145,911 | 167,351 | 152,466 | 137,855 | 141,382 | 0       |
| Building Inspection                  |         |         |         |         |         |         |         |         |         |         |
| Permits Issued                       | 13,090  | 13,623  | 13,860  | 16,141  | 15,363  | 16,653  | ***     | ***     | ***     | ***     |
| Inspections                          | 24,563  | 23,957  | 24,518  | 23,262  | 21,909  | 27,406  | ***     | ***     | ***     | ***     |
| Sanitary Sewers                      |         |         |         |         |         |         |         |         |         |         |
| Tap-on Inspections                   | 625     | 644     | 861     | 897     | 930     | 786     | 811     | 573     | 584     | 872     |
| Average daily sewage treatment (mgd) | 41      | 39      | 39      | 42      | 41      | 41      | 33      | 35      | 47      | 43      |
| Solid Waste                          |         |         |         |         |         |         |         |         |         |         |
| Annual Tons of Refuse Collected      | 138,331 | 134,788 | 135,595 | 137,728 | 138,714 | 149,226 | 155,493 | 159,320 | 175,537 | 179,204 |
| Annual Tons of Recyclables Collected | 20,402  | 21,834  | 22,446  | 22,583  | 22,509  | 21,436  | 21,041  | 19,502  | 15,052  | 12,947  |
| Annual Tons of Yard Waste Collected  | 18,049  | 21,801  | 20,492  | 19,984  | 21,609  | 21,933  | 24,053  | 21,425  | 29,181  | 16,789  |
| Other Public Works                   |         |         |         |         |         |         |         |         |         |         |
| Street Resurfacing (miles)           | 15      | 28      | 22      | 27      | 27      | 51      | 61      | 41      | 106     | 75      |

\* The physical arrest data was based on the jail import data.

\*\* The physical arrest data is based on ticket data.

\*\*\* In the prior fiscal years permits were counted as issued, in the new system permits are counted by address. In prior fiscal years inspections were counted, including drive-by inspections. The current system limits the number of inspections per day, eliminating drive-by inspections.

\*\*\*\* Due to COVID19 Public Pools did not open

Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 24

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

| Function/Program               | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fire and Emergency Services    |         |         |         |         |         |         |         |         |         |         |
| Number of Fire Stations        | 23      | 23      | 23      | 23      | 23      | 23      | 23      | 23      | 23      | 24      |
| Number of Engines              | 23      | 22      | 22      | 22      | 22      | 22      | 22      | 22      | 22      | 25      |
| Number of Aerials              | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       |
| Number of EC Units             | 10      | 10      | 10      | 10      | 11      | 11      | 11      | 12      | 12      | 12      |
| Number of Haz-Mat Units        | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 1       |
| Number of Special Operations * |         |         |         |         |         |         |         |         |         |         |
| Police                         |         |         |         |         |         |         |         |         |         |         |
| Canine Facility                | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 1       |
| Stations                       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 4       |
| Patrol Units                   | 440     | 429     | 424     | 424     | 430     | 457     | 480     | 517     | 550     | 522     |
| Parks and Recreation           |         |         |         |         |         |         |         |         |         |         |
| Acres of Parks                 | 4,917   | 4,282   | 4,282   | 4,282   | 4,282   | 4,282   | 4,282   | 4,273   | 4,273   | 4,276   |
| Number of Golf Courses         | 6       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Number of Swimming Pools       | 9       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 6       | 6       |
| Sanitary Sewers                |         |         |         |         |         |         |         |         |         |         |
| Treatment Capacity (mgd)       | 64      | 64      | 64      | 64      | 64      | 64      | 64      | 64      | 64      | 64      |
| Solid Waste                    |         |         |         |         |         |         |         |         |         |         |
| Collection Trucks              | 113     | 119     | 119     | 116     | 118     | 123     | 135     | 127     | 128     | 132     |
| Other Public Works             |         |         |         |         |         |         |         |         |         |         |
| Streets (miles)                | 1,634   | 1,636   | 1,638   | 1,641   | 1,652   | 1,663   | 1,667   | 1,673   | 1,669   | 1,675   |
| Acres in County                | 182,762 | 182,762 | 182,762 | 182,762 | 182,762 | 182,762 | 182,762 | 182,762 | 182,761 | 182,761 |
| Acres in Urban Services Area   | 54,618  | 54,618  | 54,618  | 54,618  | 54,618  | 54,618  | 54,618  | 54,618  | 54,662  | 54,662  |
| Traffic Signals                | 380     | 382     | 376     | 378     | 365     | 374     | 377     | 379     | 384     | 388     |

\* Updated the number of Police Stations FY2017-2019

Source: Department of Finance, Lexington-Fayette Urban County Government