



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
LEXINGTON, KENTUCKY



PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

Paid for with Lexington-Fayette Urban County Government Funds

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INTRODUCTORY SECTION



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Linda Gorton
Mayor

November 19, 2021

Dear Community Members,

The annual report for the fiscal year ending June 30, 2021, reflects fiscal discipline in the face of a pandemic that slowed economic activity throughout our city, and pushed unemployment to unprecedented levels.

It also reflects an economy that began shaking off the effects of COVID-19 by the end of the fiscal year. I predicted that Lexington's economy and the government would adjust to this uncertainty coming from the pandemic, and so we did. In late FY21, our employment levels were approaching pre-pandemic levels, and we saw considerable job growth through significant new private sector investments.

Through belt-tightening, our FY21 budget balanced in the face of the pandemic downturn. We made \$12.6 million in reductions throughout government. We took a strategic approach to these cutbacks, choosing thoughtfully and carefully to maintain the excellent basic services our citizens rely upon.

At the same time, this budget prepared our community to emerge from the pandemic stronger than ever through investments that enabled Lexington to continue to move forward and make progress.

Sincerely,

Linda Gorton
Mayor

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www.facebook.com/MayorGorton www.twitter.com/MayorGorton

ELECTED OFFICIALS

MAYOR
Linda Gorton

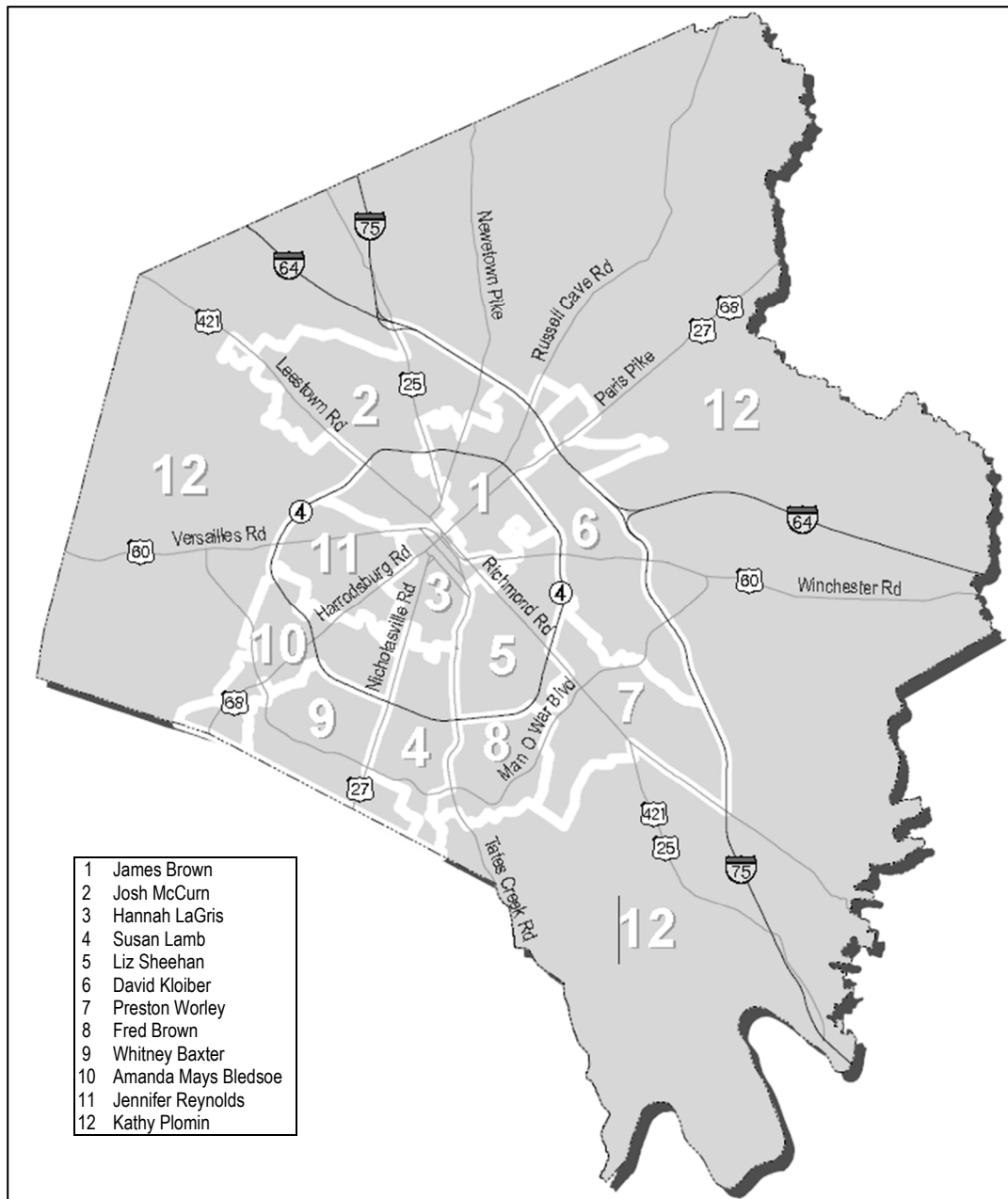
COUNCILMEMBERS-AT-LARGE

Steve Kay – Vice Mayor

Richard Moloney

Chuck Ellinger

DISTRICT COUNCILMEMBERS





November 19, 2021

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, also called the Financial Report, of the Lexington-Fayette Urban County Government (the Government) (LFUCG) for the fiscal year ended June 30, 2021. The Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The Financial Report 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 auditor's 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 Financial Report 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, PLLC performed the audit for the fiscal year ended June 30, 2021. 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, 2021 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, 2021, are fairly presented in conformity with GAAP. The independent auditors' 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 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 in Accordance with Uniform Guidance.

Profile of the Government (As of June 30, 2021)

Demographic Profile

The City of Lexington, with a population of 322,570, 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 31,110 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 19, 2021)

Federal Response to COVID-19

The American Rescue Plan Act of 2021 was signed into law on March 11, 2021 in an effort to deliver immediate relief for communities struggling in the wake of COVID-19. This bill authorized funding directly impacting LFUCG, including \$121 million in aid through the State and Local Fiscal Recovery Fund and \$7.6 million in eviction prevention assistance through the Emergency Rental Assistance Program. These funds were partially received and expensed in FY2021, and will continue to impact LFUCG's finances through FY2027. These programs will provide increased funding to support populations disproportionately impacted by COVID-19 and to our local government to ensure the continuity of essential government services.

Local Response to COVID-19

Lexington-Fayette County began to see the impacts of the COVID-19 global pandemic in March 2020. To assist local businesses and residents whose services and income were affected by COVID-19, Lexington-Fayette County continued grant programs for small businesses, emergency financial assistance programs for residents facing evictions or utility shutoffs, and implemented administration of the federal Emergency Rental Assistance Program. 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 FY2022.

Lexington Convention Center

In July 2018, the Lexington Convention Center broke ground on a more than \$275 million renovation and expansion, which is the single largest capital project in Lexington's history. The new Convention Center exhibition space will be increased by over 50% and ballroom space by over 40%. The project is currently over 90% complete, with full completion anticipated in spring 2022. The facility will have over 200,000 square feet of flexible meeting and event space, and will be managed by Oak View Group Facilities as of October 1, 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 by December 31, 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 115 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.

As of September 2021, a total of 61 RMP projects have been completed and another 23 are in the design/construction phase, totaling approximately \$311 million in capital expenditures. Generally projections show total RMP capital project expenses trending 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—schedules of which are being adversely impacted by serious pipe supply shortages and price increases.

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 for both sewer line and pump station operation. Since entering into 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. Key CMOM operational documents (Sewer Overflow Response Plan, Gravity Line Preventative Maintenance Plan and Pump Station Operations Plan for Power Outages) have all been updated in the past 18 months.

LFUCG is in full compliance with its state-issued KPDES permit. The permit expired on May 31, 2020, and LFUCG is waiting for Kentucky to act on the submitted renewal application. As of January 2021, Lexington's Municipal Separate Storm Sewer System (MS4) provisions of the Consent Decree have been terminated, and Lexington's MS4 program is no longer operating under court ordered sanctions.

Finally, as with many other municipal utilities, the COVID-19 pandemic has negatively impacted some project delivery schedules due to staffing and significant supply chain disruptions. Lexington has requested and received regulatory relief for several near-term project schedule milestones. Lexington continues to work closely with US EPA and the Commonwealth of Kentucky to ensure compliance with the term and conditions in these unprecedented times.

Fiscal Outlook

Local Economy

The unemployment rate in Fayette County was 4.6% in June 2021, as compared to 5.3% in June 2020. This decrease shows the beginnings of recovery from the economic pressures created by COVID-19, which continue to be felt in Fayette County. During April 2020 at the onset of the pandemic, unemployment rates reached 14.8%. We expect to see employment numbers continue to rise throughout FY2022.

While employment rates continue to improve, Fayette County has also seen an increase in average weekly wages. Fayette County held an average weekly wage of \$1,017 in first quarter 2021, representing a 3% gain from first quarter 2020. Factored with the



falling unemployment rate, the increase in average weekly wage is projected to result in moderate increases to the Government's major revenue category, Licenses and Permits, during FY2022.

Economic Development Incentives

Lexington Fayette Urban County Government participates in two tax abatement programs in conjunction with the Commonwealth of Kentucky. Each of these programs provides short-term tax incentives to encourage development and job creation, and each project is projected to create long-term financial benefits to the tax base of LFUCG.

Tax Increment Financing (TIF) is an economic development tool used to finance needed infrastructure improvements for a project by earmarking future tax gains resulting from the development of the improvements. This public investment will increase the value of the property as well as in the surrounding area, and may spur further development. The Urban County Council has approved local participation in nine TIF projects, which can include the refund of local property tax, payroll tax, and/or net profit tax generated by a development project. These projects are expected to bring a total investment of \$1.96 billion to Fayette County.

LFUCG also participates in the Commonwealth of Kentucky's Kentucky Business Investment Program. The program is a state administered incentive program, providing partial state and local payroll tax refunds for a period of ten years to certain companies creating at least ten new full-time jobs with average hourly wages of at least one hundred fifty percent of the federal minimum wage. This program is expected to produce total additional payroll of over \$100 million annually to Fayette County. The KBI program has brought new companies into Lexington-Fayette County that provide a current and continuing tax benefit to the government and new job opportunities for our residents.

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 refinanced existing debt to benefit from the low interest rate environment and decrease its overall debt service burden. This refinancing is anticipated to create a savings of over \$4.4 million during the 15-year issue period, with \$1 million in savings realized during FY2021. 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.

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 2021 Lexington-Fayette encumbered unused budgetary funds to help manage expenses. This practice allowed for operating savings to be realized, and contributed to the overall positive financial position for LFUCG.

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 2021 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.

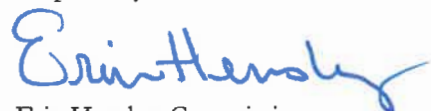
Awards and Acknowledgements

For the 29th 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, 2020. 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, 2020

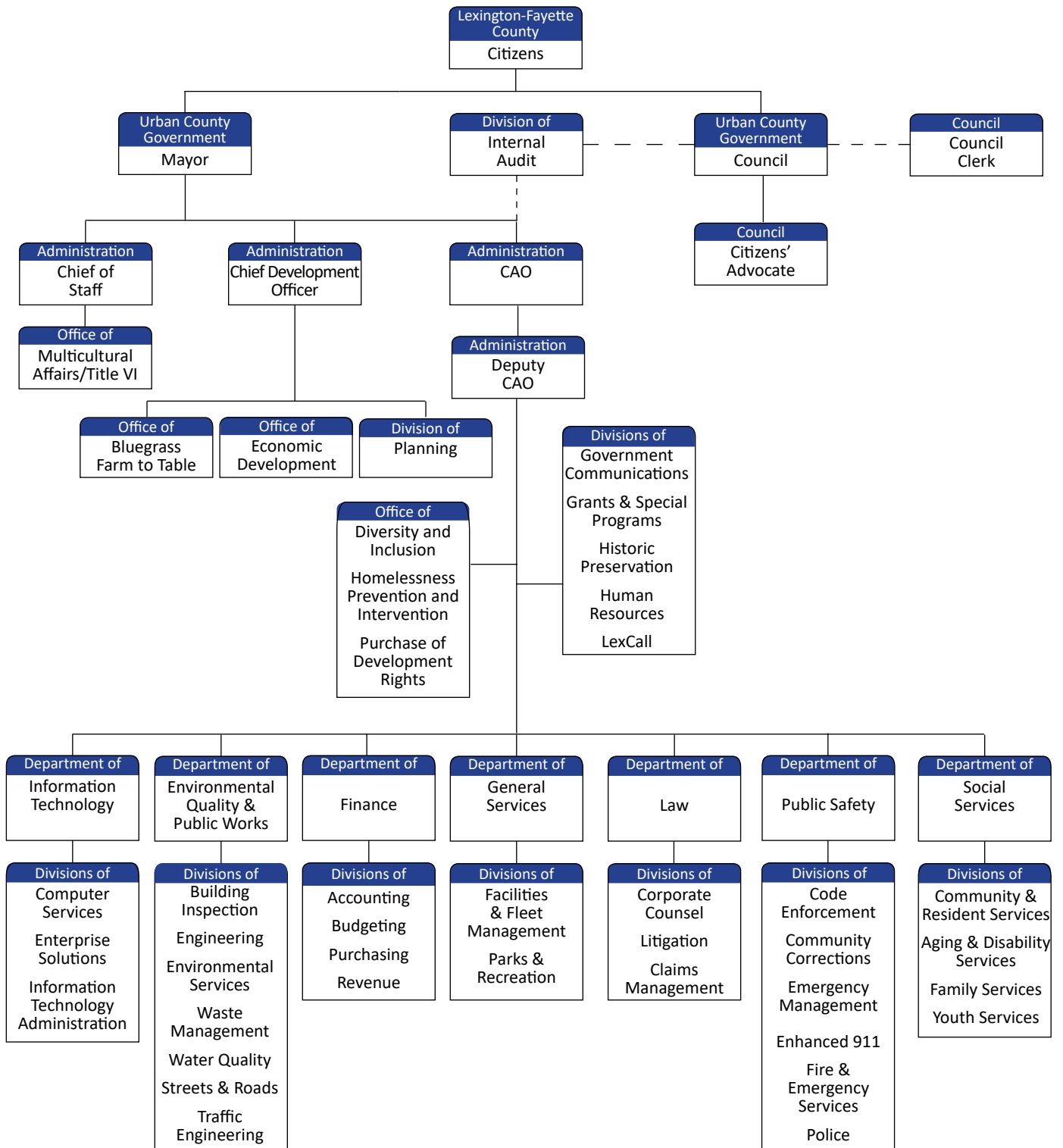
Christopher P. Morill

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
Government Communications
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

Community & Resident Services
Aging & Disability 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
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

Erin Hensley, Commissioner

Phyllis Cooper, Director
Todd Slatin, Director
Wes Holbrook, Director
Melissa Lueker, Director

Nancy Albright, Commissioner

Jennifer Carey, 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

Lisa Farmer, Director
Patricia Dugger, Director
Jonelle Patton, Director
Jason Wells, Chief
Lawrence Weathers, Chief
Alex Olszowy, Director

Kacy Allen-Bryant, Commissioner

Danielle Sanders, Director
Kristina Stambaugh, Director
Joanna Rhodes, Director
Stephanie Hong, Director

Chris Ford, Commissioner

Jamshid Baradaran, Director
Monica Conrad, Director



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FINANCIAL SECTION



Independent Auditors' Report

The Honorable Mayor Gorton, 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, 2021, 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, 2021, 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 112 to 132 and pension and OPEB information on pages 133 to 140 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 22, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Strothman and Company

Louisville, Kentucky
November 22, 2021

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, 2021. 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. The pandemic has spanned over one year in length. The currently known impacts are:
 - Revenues for license fees and permits are recovering, up \$38.47 million from the final budgeted amount.
 - The Government has been awarded various grant funds from the U.S. Treasury related to the Coronavirus totaling \$100.35 million dollars. Several assistance programs are underway and several more projects are under review by the Government.
- Total assets plus deferred outflows of resources of the Primary Government exceeded total liabilities and deferred inflows of resources by approximately \$244.57 million at the close of fiscal year 2020. This amount includes a deficit of approximately (\$774.71) million in unrestricted net position.
- Governmental Activities' net position was (\$128.34) million at the end of fiscal year 2020. Of this amount, \$631.90 million was the net investment in capital assets. The net investment in capital assets comprises 492.37% of total net position.
- Business-Type Activities held a balance of \$372.91 million in net position. The unrestricted fund balance at June 30, 2021 is \$38.53 million, or 36.92% of Business-Type Activity expenses.

Fund Highlights

- As of June 30, 2021, the Government's governmental funds reported combined ending fund balances of \$171.17 million, an increase of \$13.12 million compared to the previous fiscal year. Of this total amount, \$66.86 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 \$12.35 million or 9.83% 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 \$44.42 million. The committed fund balance designation for economic stabilization held a balance of \$37.96 million, available for spending in the event of an economic downturn or unforeseen event. There are two categories of assigned fund balance; general government and capital projects. Assignments for general government represent planning for various projects combined with management's intent to complete these projects. Assignments for capital projects represent management's intent to complete various capital improvements. These assignments total \$44.89 million for fiscal year 2021.

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, 2021. 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 \$244.57 million as of June 30, 2021, a decrease of \$31.50 million from the previous year. Total depreciation expense government wide was \$78.49 million.

The largest proportion of the Government's net position, \$939.84 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)

	Total Net Position		
	FY 2021	Restated FY 2020	Change
ASSETS			
Current and other assets	\$486,890	\$413,599	\$73,291
Capital assets	1,419,963	1,430,751	(10,788)
Total assets	<u>1,906,853</u>	<u>1,844,350</u>	<u>62,503</u>
DEFERRED OUTFLOWS OF RESOURCES	310,142	236,187	73,955
LIABILITIES			
Current and other liabilities	149,291	81,754	67,537
Long-term liabilities	1,666,140	1,575,906	90,234
Total liabilities	<u>1,815,431</u>	<u>1,657,660</u>	<u>157,771</u>
DEFERRED INFLOWS OF RESOURCES	156,990	146,805	10,185
NET POSITION			
Net Investment in Capital Assets	939,841	994,842	(55,001)
Restricted for:			
Capital Projects	42,964	43,530	(566)
Energy Improvement Projects	589	1,115	(526)
Debt Service	1,419	3,958	(2,539)
Capital Replacement	2,778	2,286	492
Pension	23,459	21,930	1,529
Water Quality Incentive Program	6,833	5,794	1,039
Grants	269	266	3
Maintenance and Operations	1,131	1,215	(84)
Unrestricted	<u>(774,709)</u>	<u>(798,864)</u>	<u>24,155</u>
Total net position	<u>\$244,574</u>	<u>\$276,072</u>	<u>(\$31,498)</u>

Approximately \$79.44 million, or 32.48% 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 (\$128.34) million, or 10.49% of total assets, an increase of \$28.88 million from the previous year. Of this total, \$631.90 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)

	Governmental Activities		
	FY 2021	Restated FY 2020	Change
ASSETS			
Current and other assets	\$334,554	\$246,586	\$87,968
Capital assets	888,308	911,308	(23,000)
Total assets	<u>1,222,862</u>	<u>1,157,894</u>	<u>64,968</u>
DEFERRED OUTFLOWS OF RESOURCES	293,465	219,997	73,468
LIABILITIES			
Current and other liabilities	131,135	58,529	72,606
Long-term liabilities	<u>1,360,513</u>	<u>1,263,611</u>	<u>96,902</u>
Total liabilities	<u>1,491,648</u>	<u>1,322,140</u>	<u>169,508</u>
DEFERRED INFLOWS OF RESOURCES	153,018	141,285	11,733
NET POSITION			
Net Investment in Capital Assets	631,904	693,353	(61,449)
Restricted for:			
Capital Projects	27,584	39,554	(11,970)
Energy Improvement Projects	272	265	7
Debt Service	1,419	1,223	196
Pension	23,459	21,930	1,529
Grants	269	266	3
Maintenance and Operations			
Unrestricted	<u>(813,246)</u>	<u>(842,125)</u>	<u>28,879</u>
Total net position	<u>(\$128,339)</u>	<u>(\$85,534)</u>	<u>(\$42,805)</u>

Table 3 shows the net position of Business-Type Activities totaled \$372.91 million at the end of fiscal year 2021, an increase of \$11.56 million from the previous fiscal year. Of total net position, \$307.94 million, or 82.58%, 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.

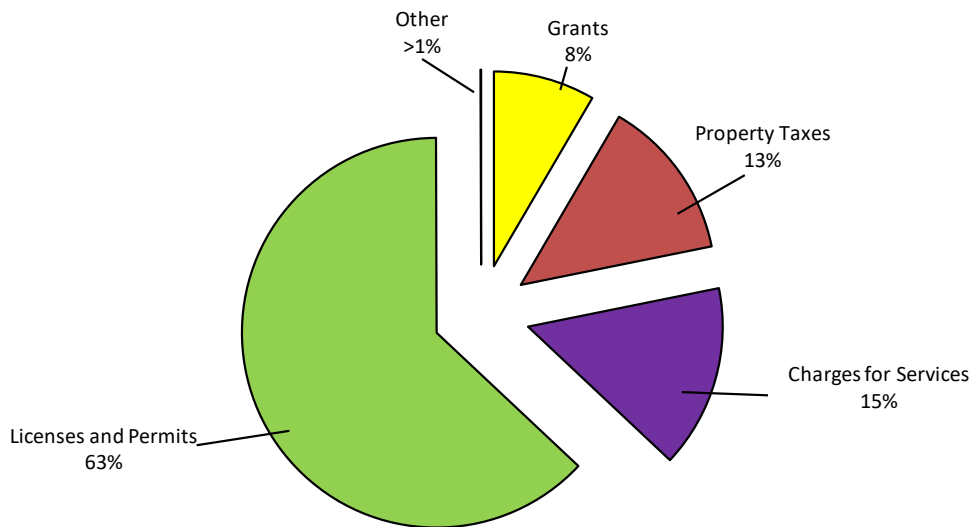
Table 3
Lexington-Fayette Urban County Government
Summary of Net Position
For Years as Stated
(in thousands)

	Business-Type Activities		
	FY 2021	Restated FY 2020	Change
ASSETS			
Current and other assets	\$152,336	\$166,756	(\$14,420)
Capital assets	531,655	519,443	12,212
Total assets	<u>683,991</u>	<u>686,199</u>	<u>(2,208)</u>
 DEFERRED OUTFLOWS OF RESOURCES	 16,677	 16,190	 487
 LIABILITIES			
Current and other liabilities	18,157	23,224	(5,067)
Long-term liabilities	305,627	312,295	(6,668)
Total liabilities	<u>323,784</u>	<u>335,519</u>	<u>(11,735)</u>
 DEFERRED INFLOWS OF RESOURCES	 3,971	 5,520	 (1,549)
 NET POSITION			
Net Investment in Capital Assets	307,936	301,489	6,447
Restricted for:			
Capital Projects	15,380	3,976	11,404
Energy Improvement Projects	317	850	(533)
Debt Service	0	2,736	(2,736)
Capital Replacement	2,778	2,286	492
Water Quality Incentive Program	6,833	5,794	1,039
Maintenance and Operations	1,131	1,215	(84)
Unrestricted	38,538	43,004	(4,466)
Total net position	<u>\$372,913</u>	<u>\$361,350</u>	<u>\$11,563</u>

Governmental Activities

As indicated in Chart 1, the Government funds its Governmental Activities from revenue received from four significant categories. A clear majority, 63%, 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 15%, 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 8% 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 \$509.39 million, which was an increase of \$12.08 million, or 2.43%, from the previous fiscal year. Licenses and permits totaled \$320.97 million, representing 63.01% 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 \$16.47 million, or 5.41% from the previous fiscal year. This is primarily due to an increase in payroll withholdings collected during the fiscal year. Property taxes increased by \$1.75 million, due to an increase in realty taxes collected. Charges for services decreased by \$0.52 million from the previous fiscal year, or 0.67%. Operating and Capital grants decreased by \$9.71 million from the previous fiscal year, or 4.80%. Both of these changes year over year are due to the impact of COVID-19. The negative Other General Revenues of (\$0.28) million was caused by investment losses during the fiscal year.

As noted on Table 4, total expenses of Governmental Activities were \$552.11 million; an increase of \$3.32 million from the previous fiscal year. This is primarily due to the Government's commitment to control budgets during the pandemic. Chief Development Officer departmental expenditures increased when compared to the prior fiscal year by \$4.87 million dollars primarily due to increased funding for the Government's jobs fund grant program of \$5.74 million. Administrative Services expenditures increased \$2.66 million primarily due to increased funding of \$2.35 million to support affordable housing projects. Fire and Emergency Services expenditures increased \$7.72 million compared to the prior fiscal year primarily due to salaries and wages increases of \$6.71 million and operating expenditures of \$1.01 million.

Business-Type Activities

Also indicated on Table 4, revenues from Business-Type Activities decreased by \$3.03 million from the previous fiscal year. Revenues collected for services provided by the Government decreased \$2.15 million and other general revenues decreased \$0.88 million. Total expenses of Business-Type Activities increased when compared to fiscal year 2019, by \$4.47 million. Primarily Sanitary Sewer and Landfill increased \$5.38 million and \$1.42 million, respectively. Water Quality, Public Facilities, and Other Business-Type Activities expenses decreased \$1.81 million, \$0.38 million, and \$0.13 million, respectively. The largest program among these activities is the Sanitary Sewer system, with expenses of \$71.05 million during the fiscal year, representing 68.06% of all Business-Type Activities expenses.

Table 4
Lexington-Fayette Urban County Government
Summary of Statement of Activities
For Years as Stated
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
		Restated		Restated		Restated
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$77,382	\$77,903	\$111,049	\$113,200	\$188,431	\$191,103
Operating Grants & Contributions	24,470	34,184			24,470	34,184
Capital Grants & Contributions	16,406	9,710			16,406	9,710
General Revenues:						
Property Taxes	68,366	66,620			68,366	66,620
Licenses & Permits	320,966	304,493			320,966	304,493
Grants & Unrestricted Contributions	2,080	2,433			2,080	2,433
Other General Revenues	(277)	1,974	775	1,652	498	3,626
Total Revenues	509,393	497,317	111,824	114,852	621,217	612,169
Program Expenses						
General Government	35,042	32,299			35,042	32,299
Administrative Services	14,350	11,694			14,350	11,694
Health, Dental, Vision, Workers Comp, General Insurance	27,703	28,528			27,703	28,528
Chief Development Officer	9,347	4,475			9,347	4,475
Information Technology	11,755	11,933			11,755	11,933
Finance	33,443	38,587			33,443	38,587
Environmental Quality & Public Works	96,885	99,635			96,885	99,635
Planning, Preservation, & Development	643	659			643	659
Public Safety	15,536	16,138			15,536	16,138
Police	97,958	98,571			97,958	98,571
Fire & Emergency Services	105,139	97,422			105,139	97,422
Community Corrections	39,572	40,830			39,572	40,830
Social Services	14,282	14,413			14,282	14,413
General Services	14,409	13,772			14,409	13,772
Parks & Recreation	20,252	21,974			20,252	21,974
Law	2,311	2,277			2,311	2,277
Interest on Long-Term Debt	13,486	15,587			13,486	15,587
Sanitary Sewer System			71,045	65,670	71,045	65,670
Public Facilities			6,519	6,899	6,519	6,899
Landfill			6,096	4,678	6,096	4,678
Right of Way			552	627	552	627
Extended School Program			960	1,803	960	1,803
Enhanced 911			5,985	5,074	5,985	5,074
CKY Network			299	417	299	417
Water Quality			12,931	14,745	12,931	14,745
Total Expenses	552,113	548,794	104,387	99,913	656,500	648,707
Increase (Decrease) in Net Position before Transfers	(42,720)	(51,477)	7,437	14,939	(35,283)	(36,538)
Transfers	(160)	(350)	160	350	0	0
Increase (Decrease) in Net Position	(42,880)	(51,827)	7,597	15,289	(35,283)	(36,538)
Net Position, July 1	(85,534)	(33,707)	361,350	346,061	275,816	312,354
Adjustment to Opening Net Position (Note 2.D)	75		3,966		4,041	
Net Position, June 30	(\$128,339)	(\$85,534)	\$372,913	\$361,350	\$244,574	\$275,816

PERSONNEL COSTS

During the year, personnel related expenses for salaries and wages covered by collective bargaining agreements increased approximately \$2.43 million. Police and Community Corrections decreased by \$0.22 million and \$0.83 million, respectively. Fire & Emergency Services increased by \$3.48 million. The decreases in Police and Community Corrections were primarily due to retirements and resignations. The increase in Fire & Emergency Services is primarily due to salary increases. Salary and wage costs, including benefits, for non-collective bargaining employees decreased \$2.09 million or 2.4%. See Chart 2 for more information on personnel costs for Governmental Activities during fiscal year 2021.

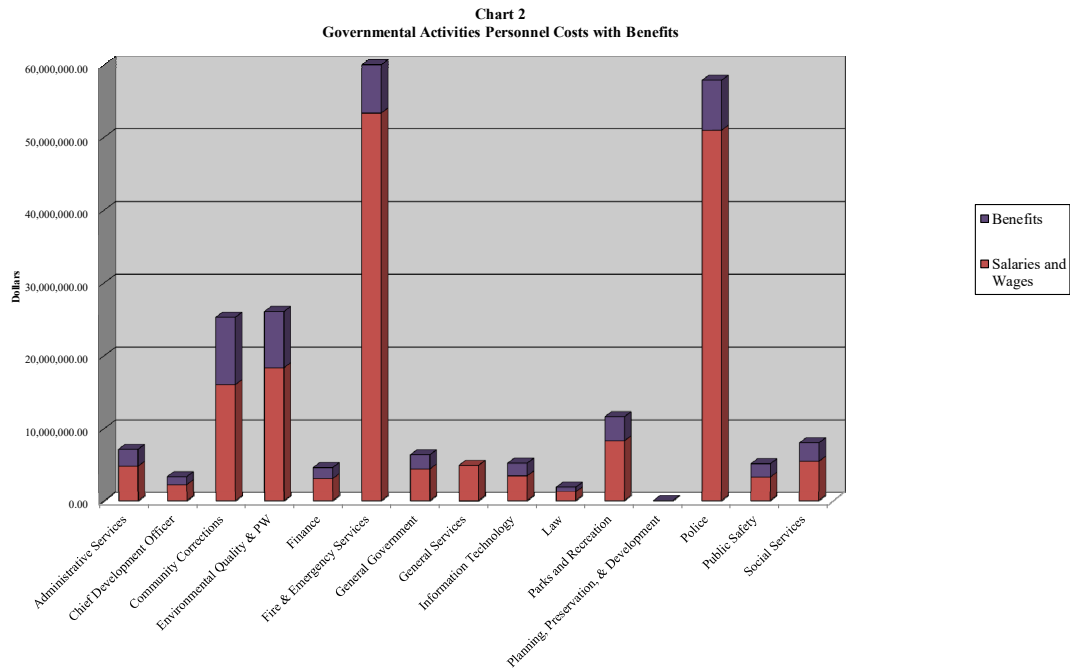
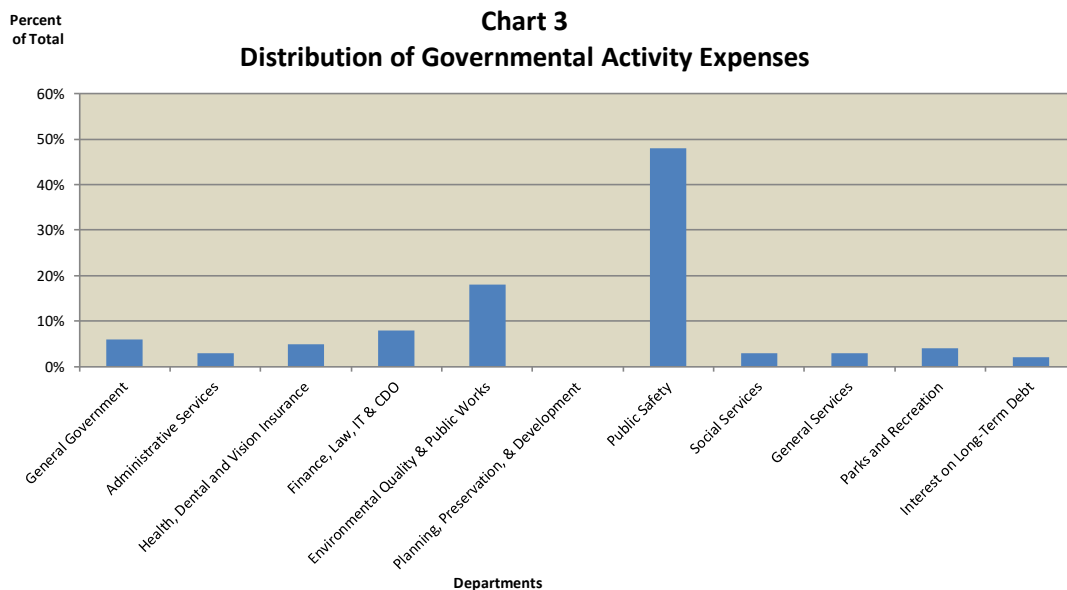


Chart 3 displays the distribution of total costs by governmental activity.



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, 2021 reflect a combined ending fund balance of \$171.17 million, an increase of \$13.12 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 revenues in excess of expenditures of \$5.58 million, offset by net transfers out and proceeds from the issuance of bonds of \$7.72 million. Revenues increased \$14.46 million from the previous fiscal year primarily due to licenses and employee and business returns increases of \$16.86 million. Expenditures increased \$2.69 million over the prior fiscal year. Primarily, grant funded expenditures increased for outside agencies approximately \$5.05 million, offset by Community Corrections expenditures decreasing \$2.36 million. In addition other financing sources and uses decreased \$12.31 million compared to the prior fiscal year primarily due to a reduction in the issuance of debt of \$12.41 million offset by a slight decrease in transfers of \$0.10 million.

The Government had \$12.35 million of unassigned fund balance available in the General Fund at June 30, 2021. Unassigned fund balance of the General Fund (the Government's main operating fund) represents approximately 9.83% of total general fund expenditures for fiscal year 2021. At the end of fiscal year 2021, the fund balance held by the General Fund totaled \$105.49 million, an increase of \$21.57 million, or 25.71%, from the previous fiscal year. This was primarily due to revenues in excess of expenditures of \$23.24 million, offset by other financing uses of \$1.49 million. In addition, there is a decrease from a prior period adjustment of \$0.18 million (see footnote 2.D. for additional details). As mentioned above, revenues for licenses and permits increased \$17.50 million from General Funds compared to the prior fiscal year.

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 \$26.78 million, an increase of \$2.91 million over the prior fiscal year. This increase is primarily due to transfers in of \$3.98 million, offset by expenditures in excess of revenues of \$1.07 million. Revenues increased overall by \$0.76 million compared to the prior fiscal year. Operating expenditures decreased \$1.70 million over the prior fiscal year. Total expenditures were budgeted at \$52.13 million for the fiscal year and actual expenditures totaled \$46.10 million, \$6.03 million under the final budgeted amount.

The Federal and State Grants Fund held a balance of \$0.27 million for fiscal year ended June 30, 2021, steady when compared to 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 Government was awarded \$100.35 million in funding for COVID relief projects. So far the Government has disbursed \$5.1 million in rental assistance. The Government's Urban County Council has created committees to review public feedback to develop additional projects to offset negative impacts on the local economy due to the pandemic.

The Other Governmental Funds primarily relate to costs associated with various capital bond projects. During fiscal year 2021, \$20.70 million was expended on these projects. Bonds in the amount of \$7.52 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 \$372.91 million as of June 30, 2021, an increase of \$11.56 million from the prior fiscal year. Revenues from charges for services decreased \$2.15 million and total expenses increased \$4.47 million when compared to the prior fiscal year.

The Sanitary Sewer System Fund held a total net position of \$277.69 million, an increase of \$6.34 million over the prior year. Of the total net position held by the Sanitary Sewer System Fund, \$13.90 million is restricted by bond covenants for capital replacement, projects, and debt service. In addition, \$0.32 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 \$22.98 million, an increase of \$3.96 million from the prior fiscal year. Operating income during fiscal year 2021 was \$5.72 million. The increase in net position is primarily due to operating revenues of \$0.48 million, non-operating expenses of \$1.27 million and transfers in of \$0.28 million. In addition, a prior period adjustment increase of \$4.48 million (see footnote 2.D. for additional details).

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 \$24.09 million, an increase of \$2.49 million from the prior fiscal year. Revenues in excess of expenses primarily contributed to this increase.

As of June 30, 2021, 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, 2021 the other enterprise funds held total net position of \$1.30 million, a decrease of \$2.37 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 2021, General Fund revenues totaled \$386.03 million, an increase of 5.01% from the previous fiscal year. Total revenues were \$38.8 million above the final budgeted amount. This increase in actual revenue is the result of increases in employee withholdings and business returns of \$37.39 million and insurance premiums collected of \$.88 million above the budgeted amount. Total ad valorem taxes and charges for services were \$0.40 million above the final budgeted amount. Fines and forfeitures, intergovernmental, property sales, and investment returns were \$1.20 million below the final budgeted amount. Other income was \$1.19 million above the final budgeted amount. Total licenses and permits were \$38.47 above the final budgeted amount.

General Fund expenditures of the Government totaled \$362.78 million, an increase of \$14.56 million, or 4.18% over the previous fiscal year. Total budgeted expenditures equaled \$369.35 million. Expenditures were \$6.57 million below the final budgeted amount. Operating expenditures were \$5.49 million below the final budgeted amount. Personnel expenditures, accounting for 61.65% of General Fund expenditures, were \$1.50 million below the final budgeted amount. Divisions with collective bargaining agreements had expenditures \$0.56 million below the final budgeted amount. Personnel expenditures from these divisions account for 52.36% 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.

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

Departments	2021	2020	Change	% Change	% General Fund Expenditures
Non-Collective Bargaining Divisions					
Administrative Services	\$6,248	\$6,005	\$243	4.0%	1.7%
Chief Development Officer	2,552	2,861	(309)	(10.8%)	0.7%
Information Technology	4,977	4,984	(7)	(0.1%)	1.4%
Department of Finance	4,493	4,524	(31)	(0.7%)	1.2%
Department of General Services	4,184	4,355	(171)	(3.9%)	1.2%
Department of Law	1,908	1,913	(5)	(0.3%)	0.5%
Department of Public Safety	4,580	6,445	(1,865)	(28.9%)	1.3%
Department of Social Services	6,860	6,816	44	0.6%	1.9%
Department of Environmental Quality & PW	25,356	10,035	15,321	152.7%	7.0%
General Government	6,040	6,406	(366)	(5.7%)	1.7%
Parks and Recreation	11,243	12,631	(1,388)	(11.0%)	3.1%
Total Non-Collective Bargaining Divisions	78,441	66,975	11,466	17.1%	21.7%
Divisions with Collective Bargaining					
Police	65,717	59,908	5,809	9.7%	18.1%
Community Corrections	25,264	26,495	(1,231)	(4.6%)	7.0%
Fire & Emergency Services	71,034	64,321	6,713	10.4%	19.6%
Total Collective Bargaining Divisions	162,015	150,724	11,291	7.5%	44.7%
Total Personnel Costs with Benefits	\$240,456	\$217,699	\$22,757	10.5%	66.4%

CAPITAL ASSETS

The Government's capital assets totaled \$1.42 billion as of June 30, 2021, 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 \$631.90 million. Governmental Activities net investment in capital assets decreased by \$61.45 million from the prior fiscal year. The net investment in capital assets of Business-Type Activities totaled \$307.94 million, an increase of \$6.45 million over the previous fiscal year.

This year's major changes in capital assets included:

- Governmental Activities total capital assets decreased by \$23.00 million compared to the previous fiscal year. The decrease was primarily due to depreciation of \$57.53 million and asset retirements of \$0.85 million, offset capital additions of \$35.38 million. Intangibles, buildings, and infrastructure decreased \$1.23 million, \$2.26 million, and \$30.47 million respectively. Purchase of development rights, land and leasehold improvements, and construction in progress increased \$0.64 million, \$4.20 million, and \$6.98 million respectively.
- Capital assets for Business-Type Activities increased by \$12.21 million. The overall increase was primarily due to additions of \$31.25 million and a prior period adjustment of \$4.12 million, offset by depreciation of \$20.95 million and retirements of \$2.20 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 \$26.92 million in the Governmental Activities and \$31.23 million in Business-Type Activities. The overall decrease from the previous year in construction in progress assets totaled \$30.95 million. The decrease was primarily due to additions of \$49.72 million offset by net asset retirements of \$2.83 million, and assets placed in service of \$77.83 million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land*	\$62,895	\$62,895	\$50,823	\$46,422	\$113,718	\$109,317
Purchase of Development Rights	82,560	81,923			82,560	81,923
Intangibles	12,765	13,990	1,905	2,951	14,670	16,941
Buildings	109,619	111,878	21,354	24,757	130,973	136,635
Vehicles, Equipment, & Furniture	46,023	46,887	18,273	17,589	64,296	64,476
Land and Leasehold Improvements	22,735	18,531	5,874	5,988	28,609	24,519
Infrastructure & Sewer Lines/Plants	524,632	555,105	399,898	350,282	924,530	905,387
Construction in Progress	26,922	19,942	33,528	71,455	60,450	91,397
Developments in Progress	157	157	0	0	157	157
Total	<u>\$888,308</u>	<u>\$911,308</u>	<u>\$531,655</u>	<u>\$519,444</u>	<u>\$1,419,963</u>	<u>\$1,430,752</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 2021, the Government had \$607.30 million in bonds and notes outstanding; Governmental Activities' debt decreased by \$24.65 million and total debt decreased by \$39.03 million. The decrease in debt for Governmental Activities resulted primarily from the issuance of GO bonds totaling \$7.52 million and refunding debt issuance and payment of \$4.12 million, offset by principal payments and amortized bond costs in the current fiscal year on outstanding debt of \$36.29 million. The Business-Type Activities debt decreased \$14.38 million primarily from bond and note payable proceeds of \$0.39 million, offset by principal payments and amortized bond costs of \$14.77 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 \$3.52 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 \$324.13 million.

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

	Governmental		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds, Notes, Leases	\$363,851	\$388,498	\$132,237	\$138,742	\$496,088	\$527,240
Mortgage Revenue Bonds			38,410	41,248	38,410	41,248
Revenue Bonds			72,802	77,837	72,802	77,837
Total	<u>\$363,851</u>	<u>\$388,498</u>	<u>\$243,449</u>	<u>\$257,827</u>	<u>\$607,300</u>	<u>\$646,325</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 2022 Budget, for all funds combined, net of interfund transfers, is \$666,848 million. Significant initiatives in the budget include:

- A commitment of \$88.26 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 2022 budget for \$30 million. The bonds will fund projects for Public Safety, building and infrastructure improvements, paving and street maintenance, 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, 2021

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash	\$172,774,345	\$59,145,543	\$231,919,888	\$74,308,645
Investments	55,401,329	63,815,774	119,217,103	24,269,582
Receivables (Net)	37,393,781	8,397,725	45,791,506	3,091,010
Due from Other Governments	10,261,186		10,261,186	6,201,726
Due from Primary Government				1,866,118
Other Current Assets				651,399
Inventories and Prepaid Expenses	2,656,409	335,131	2,991,540	1,021,526
Net Pension Asset	23,459,159		23,459,159	2,118,567
Restricted Assets:				
Cash				10,340,534
Receivables (Net)	4,483,721		4,483,721	1,623,138
Grants Receivable	1,000,000		1,000,000	5,175,214
Investments	25,809,397	20,642,467	46,451,864	109,759,944
Other				44,938
Capital Assets:				
Non-depreciable	183,139,258	85,166,702	268,305,960	125,587,431
Depreciable (Net)	705,168,465	446,488,608	1,151,657,073	411,044,544
Other Assets	1,314,032		1,314,032	2,135,568
Total Assets	\$1,222,861,082	\$683,991,950	\$1,906,853,032	\$779,239,884
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Bond Refunding	\$6,580,572	\$2,449,971	\$9,030,543	\$1,014,151
Deferred Pension Amounts	191,705,884	8,047,184	199,753,068	9,641,748
Deferred Other Post Employment Benefit Amounts	95,178,511	6,179,614	101,358,125	6,016,020
Deferred Amount on Note Payable				2,527,500
Total Deferred Outflows of Resources	\$293,464,967	\$16,676,769	\$310,141,736	\$19,199,419
LIABILITIES				
Accounts, Contracts Payable and				
Accrued Liabilities	\$18,483,784	\$5,996,241	\$24,480,025	\$14,932,464
Interest Payable	4,387,633	381,098	4,768,731	138
Internal Balances	1,864,160	(1,864,160)		
Due to Other Governments	11,367		11,367	
Due to Component Units	1,866,118		1,866,118	2,527,500
Unearned Revenue and Other	74,493,174	220,403	74,713,577	209,335
Claims Liabilities	30,027,749		30,027,749	
Liabilities Payable from				
Restricted Assets:				
Accounts, Contracts and Retainage				
Payable		981,265	981,265	3,394,295
Bonds and Notes Payable		11,564,005	11,564,005	
Interest Payable		878,153	878,153	1,115,330
Noncurrent Liabilities:				
Due Within One Year:				
Bonds and Notes Payable	34,510,000	2,777,134	37,287,134	13,007,892
Compensated Absences	4,238,481	1,025,341	5,263,822	604,840
Landfill Closure and				
Postclosure Care Costs		443,321	443,321	
Due in More Than One Year:				
Unearned Revenue and Other	39,489		39,489	339,377
Bonds and Notes Payable	329,340,861	229,108,310	558,449,171	333,536,704
Compensated Absences	26,036,382	1,751,385	27,787,767	903,285
Landfill Closure and				
Postclosure Care Costs		12,278,844	12,278,844	
Net Other Post Retirement				
Benefit Liability	355,298,815	13,878,432	369,177,247	17,861,321
Net Pension Liability	611,048,921	44,364,256	655,413,177	84,156,956
Total Liabilities	\$1,491,646,934	\$323,784,028	\$1,815,430,962	\$472,589,437
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Amounts	\$7,236,987	\$1,178,656	\$8,415,643	\$4,979,052
Deferred Other Post Employment Benefit Amounts	145,781,423	2,792,597	148,574,020	2,790,274
Deferred Amount on Bond Refunding				168,990
Total Deferred Inflows of Resources	\$153,018,410	\$3,971,253	\$156,989,663	\$7,938,316

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
NET POSITION				
Net Investment in Capital Assets	\$631,903,811	\$307,936,575	\$939,840,386	\$277,970,299
Restricted for:				
Governmental and Program Funds				570,062
Fees				854,851
Capital Projects	27,584,087	15,379,698	42,963,785	4,159,712
Energy Improvement Projects	272,322	316,686	589,008	
Debt Service	1,419,095		1,419,095	60,710,948
Capital Replacement		2,777,850	2,777,850	
Pension	23,459,159		23,459,159	
Water Quality Incentive Program		6,833,487	6,833,487	
Grants	269,294		269,294	
Maintenance and Operations		1,131,267	1,131,267	
Unrestricted (Deficit)	(813,247,063)	38,537,875	(774,709,188)	(26,354,323)
Total Net Position	(\$128,339,295)	\$372,913,438	\$244,574,143	\$317,911,549

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, 2021

Function/Program Activities	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Administrative Services	\$14,349,559	\$567,300	\$14,246,359	\$393,675	\$857,775	\$0	\$857,775
Chief Development Officer	9,346,711	134,655		1,100,677	(8,111,379)		(8,111,379)
Community Corrections	39,571,500	7,770,541	16,819		(31,784,140)		(31,784,140)
Environmental Quality & Public Works	96,885,122	5,170,881	282,157	14,685,264	(76,746,820)		(76,746,820)
Finance	33,442,989	181,688			(33,261,301)		(33,261,301)
Fire & Emergency Services	105,140,016	10,212,082	3,395,494		(91,532,440)		(91,532,440)
General Government	35,042,036	17,505,729	179,472		(17,356,835)		(17,356,835)
General Services	14,409,495	96,112			(14,313,383)		(14,313,383)
Health, Dental, and Vision	27,703,355	27,703,355			(11,754,926)		(11,754,926)
Information Technology	11,754,934	8			(2,310,217)		(2,310,217)
Law	2,310,561	344			(16,249,344)		(16,249,344)
Parks & Recreation	20,251,657	3,980,164	22,149		(643,085)		(643,085)
Planning, Preservation, & Development	643,085				(92,205,841)		(92,205,841)
Police	97,958,013	1,613,296	3,912,139	226,737	(13,721,802)		(13,721,802)
Public Safety	15,536,244	570,258	1,244,184		(11,235,418)		(11,235,418)
Social Services	14,282,123	1,875,735	1,170,970		(13,486,302)		(13,486,302)
Interest on Long-Term Debt	13,486,302				(433,855,458)	0	(433,855,458)
Total Governmental Activities	552,113,702	77,382,148	24,469,743	16,406,353			
Business-Type Activities:							
Sanitary Sewer System	71,045,009	77,390,312			6,345,303		6,345,303
Public Facilities	6,519,030	5,717,363			(801,667)		(801,667)
Landfill	6,096,303	7,062,426			966,123		966,123
Right of Way	552,084	759,809			207,725		207,725
Extended School Program	960,424	183,657			(776,767)		(776,767)
Enhanced 911	5,985,370	4,116,670			(1,868,700)		(1,868,700)
CKY Network	299,418	374,504			75,086		75,086
Water Quality	12,930,972	15,444,468			2,513,496		2,513,496
Total Business-Type Activities	104,388,610	111,049,209	0	0	6,660,599		6,660,599
Total Primary Government	\$656,502,312	\$188,431,357	\$24,469,743	\$16,406,353	\$433,855,458	\$6,660,599	(\$427,194,859)

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Function/Program Activities Component Units:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Lexington Center Corporation	\$20,352,742	\$10,816,368	\$97,500	\$381,000		
Lexington Airport Board	26,341,426	14,539,170	9,995,526	11,497,728		
Fayette County Department of Health	23,081,588	4,240,237	11,514,939			
Nonmajor Component Units	48,577,316	3,296,304	11,980,293	976,289		
Total Component Units	\$118,553,072	\$32,892,079	\$33,588,258	\$12,855,017	\$0	\$0
General Revenues:						
Property Taxes				\$68,365,906	\$0	\$68,365,906
Licenses Fees - Wages and Net Profits Taxes				320,966,286		320,966,286
Grants and Contributions Not Restricted to Specific Programs:						
Community Development Block Grant				2,079,748	775,068	2,079,748
Income on Investments				(276,837)		498,231
Net Change in Fair Value of Investments						1,197,779
Gain on Sale of Capital Assets						(213,245)
Miscellaneous						4,587
Transfers				(160,156)	160,156	(353,381)
Total General Revenues and Transfers				390,974,947	935,224	391,910,171
Change in Net Position				(42,880,511)	7,595,823	(35,284,688)
Net Position, Beginning				(85,277,652)	361,349,336	276,071,684
Adjustment to Opening Net Position (Note 2.D.)				(181,132)	3,968,279	3,787,147
Net Position, Beginning - Restated				(85,458,784)	365,317,615	279,858,831
Net Position, Ending				(\$128,339,295)	\$372,913,438	\$244,574,143

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Urban Services	Federal and State Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$46,506,247	\$8,919,852	\$61,483,238	\$16,877,788	\$133,787,125
Investments	34,583,269	19,860,483		957,577	55,401,329
Receivables:					
Loans			1,786,298		1,786,298
License Fees	29,561,664				29,561,664
Other	13,082,663	(445,219)		595,879	13,233,323
Less Allowance for Uncollectible Amounts	(5,437,139)		(1,786,298)		(7,223,437)
Due from Other Governments			10,261,186		10,261,186
Due from Other Funds	190,362		1,167,863		1,358,225
Inventories and Prepaid Items	2,182,047	32,783		13,028	2,227,858
Restricted Investments	1,547,064		29,299	24,233,034	25,809,397
Total Assets	\$122,216,177	\$28,367,899	\$72,941,586	\$42,677,306	\$266,202,968
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	\$6,941,442	\$1,070,176	\$1,558,269	\$1,344,099	\$10,913,986
Accrued Payroll & Related Liabilities	5,803,852	519,812	62,328		6,385,992
Due to Other Funds				1,358,225	1,358,225
Due to Other Governments	11,367				11,367
Due to Component Units	1,866,118				1,866,118
Unearned Revenue and Other	2,106,466		71,051,695	1,335,013	74,493,174
Total Liabilities	16,729,245	1,589,988	72,672,292	4,037,337	95,028,862
Fund Balances:					
Nonspendable	2,182,047	32,783		13,028	2,227,858
Restricted for:					
Public Works				9,722,290	9,722,290
Public Safety	1,419,095			898,709	2,317,804
Capital Projects				27,584,087	27,584,087
Grants Projects			269,294		269,294
Urban Services		26,694,268			26,694,268
Energy Improvement Projects	221,462	50,860			272,322
Committed for:					
General Government	6,455,660				6,455,660
Economic Stabilization	37,964,969				37,964,969
Assigned to:					
General Government	43,894,927			421,855	44,316,782
Capital Projects	999,854				999,854
Unassigned	12,348,918				12,348,918
Total Fund Balances	105,486,932	26,777,911	269,294	38,639,969	171,174,106
Total Liabilities and Fund Balances	\$122,216,177	\$28,367,899	\$72,941,586	\$42,677,306	\$266,202,968

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, 2021

Total Fund balances - Governmental Funds		\$171,174,106
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	1,705,783,696	
Less accumulated depreciation	<u>(817,475,973)</u>	888,307,723
The net pension asset is not an available resource and, therefore, is not reported in the funds.		23,459,159
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)		5,483,721
Other assets		1,314,032
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	(363,850,861)	
Unearned revenue and other	(39,489)	
Interest payable	(4,387,633)	
Compensated absences	(30,274,863)	
Net pension liability and other post retirement benefits	<u>(966,347,736)</u>	(1,364,900,582)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note 1.G.)		6,580,572
Outflows and inflows related to pension have been deferred in the Statement of Net Position		184,468,897
Outflows and inflows related to other post employment benefit amounts have been deferred in the Statement of Net Position		(50,602,912)
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.		8,240,149
Internal balances due to non-governmental activities related to items listed above		<u>(1,864,160)</u>
Net Position of Governmental Activities		<u><u>(\$128,339,295)</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, 2021

	General	Urban Services	Federal and State Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
License Fees and Permits	\$326,612,154	\$2,176,752	\$0	\$0	\$328,788,906
Taxes	26,768,336	41,597,570			68,365,906
Charges for Services	27,072,970	1,094,547			28,167,517
Fines and Forfeitures	182,915	24			182,939
Intergovernmental	800,011		42,955,845	7,137,758	50,893,614
Exactions				347,624	347,624
Property Sales	217,207	546,056			763,263
Income on Investments	165,279	(471,318)	14,052	15,150	(276,837)
Other	4,208,261	90,939	735,225	30,691	5,065,116
Total Revenues	386,027,133	45,034,570	43,705,122	7,531,223	482,298,048
EXPENDITURES					
Current:					
Administrative Services	12,750,700	515,569	1,260,003		14,526,272
Chief Development Officer	8,001,842		1,272,019		9,273,861
Community Corrections	36,715,303		214,527	323,098	37,252,928
Environmental Quality & Public Works	14,390,426	34,481,417	905,228	181,223	49,958,294
Finance	5,432,311	46,651	5,609	379	5,484,950
Fire and Emergency Services	80,327,101		5,566,688		85,893,789
General Government	2,793,205	2,870,283	333,735	20,983	6,018,206
General Services	7,331,240	413,005	13,318		7,757,563
Information Technology	9,587,385	937,351	73,088		10,597,824
Law	2,205,664	16,011	5,690	10,000	2,237,365
Outside Agencies	21,492,687		8,980,950		30,473,637
Parks and Recreation	17,697,044		64,411	119,620	17,881,075
Planning, Preservation, & Development				29,594	29,594
Police	72,139,684		7,682,275	336,595	80,158,554
Public Safety	13,462,051		712,001		14,174,052
Social Services	9,423,574		1,782,758		11,206,332
Debt Service:					
Principal	33,720,000				33,720,000
Interest	13,783,238				13,783,238
Other Debt Service	74,713			167,388	242,101
Capital:					
Equipment	852,624	6,354,757	509,409	4,214,382	11,931,172
Acquisitions and Construction	603,752	466,092	17,748,269	15,297,585	34,115,698
Total Expenditures	362,784,544	46,101,136	47,129,978	20,700,847	476,716,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,242,589	(1,066,566)	(3,424,856)	(13,169,624)	5,581,543
OTHER FINANCING SOURCES (USES)					
Issuance of Debt				6,800,000	6,800,000
Premium on Bonds				903,352	903,352
Discount on Bonds				(182,745)	(182,745)
Issuance of Refunding Debt, par	19,645,000			29,685,000	49,330,000
Issuance of Refunding Debt, discount	(104,233)				(104,233)
Payment to Refunded Debt Escrow Agent	(19,461,738)			(29,405,525)	(48,867,263)
Transfers In	12,131,161	4,000,000	3,903,800		20,034,961
Transfers Out	(13,698,804)	(25,000)	(475,663)	(5,995,650)	(20,195,117)
Total Other Financing Sources (Uses)	(1,488,614)	3,975,000	3,428,137	1,804,432	7,718,955
Net Change in Fund Balances	21,753,975	2,908,434	3,281	(11,365,192)	13,300,498
Fund Balances, Beginning	83,914,089	23,869,477	266,013	50,005,161	158,054,740
Adjustment to Opening Fund Balance (Note 2.D.)	(181,132)				(181,132)
Fund Balances, Beginning - Restated	83,732,957	23,869,477	266,013	50,005,161	157,873,608
Fund Balances, Ending	\$105,486,932	\$26,777,911	\$269,294	\$38,639,969	\$171,174,106

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, 2021

Net change in fund balances - Governmental Funds \$13,300,498

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	35,306,324	
Less current year depreciation	<u>(57,531,902)</u>	(22,225,578)

The net effect of various miscellaneous transactions involving capital assets
(i.e. sales, trade-ins, and donations) is to decrease net position. (774,571)

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		(55,069)
--------------	--	----------

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	(6,800,000)	
Issuance of refunding debt	(49,330,000)	
Premium on bonds	(903,352)	
Discount on refunding bonds	104,233	
Discount on bonds	182,745	
Loss on refunding	5,872,263	
Principal payment to refunded bond escrow agent	42,995,000	
Principal payments	<u>33,720,000</u>	25,840,889

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	1,529,474	
Amortization of current year bond (discounts) premiums	2,569,052	
Amortization of current year bond refunding losses	(543,689)	
Change in net pension liability	(101,681,912)	
Change in net other post retirement benefit liability	(18,258,689)	
Change in deferred outflows from pension plans	18,373,999	
Change in deferred outflows from other post retirement benefits	51,875,324	
Change in deferred inflows from pension plans	16,508,622	
Change in deferred inflows from other post retirement benefits	(28,242,101)	
Unearned revenue and other	(33,739)	
Change in accrued interest payable	296,936	
Change in restricted receivables (net)	(296,893)	
Change in compensated absences	<u>(1,575,023)</u>	<u>(59,478,639)</u>

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.

511,959

Change in net position of Governmental Activities (\$42,880,511)

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities					Governmental Activities Internal Service Funds
	Enterprise Funds				Total	
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	
	\$11,719,695	\$3,241,673	\$18,243,506	\$18,051,057	\$7,889,612	\$38,987,220
Cash	26,638,811	311,485	30,279,703	5,091,907	1,493,868	63,815,774
Investments						
Receivables:						
User Fees Receivable	14,145,254		2,163,867	2,645,973		18,955,094
Other Receivables	461,565	81,078	30,045	3,491	406,032	982,211
Less Allowance for Uncollectible Accounts	(8,558,221)		(1,504,560)	(1,440,932)	(35,867)	(11,539,580)
Inventories and Prepaid Expenses	183,430		32,099	52,776	66,826	335,131
Total Current Assets	44,590,534	3,634,236	49,244,660	24,404,272	9,820,471	131,694,173
Noncurrent Assets:						39,451,704
Restricted Investments:						
Reserved for Construction & Capital Acquisitions	17,864,617					17,864,617
Reserved for Capital Replacement	2,681,850			96,000		2,777,850
Capital Assets:						
Land	6,040,804	36,699,993	5,194,637	2,887,441		50,822,875
Land Improvements	354,183	23,498,213	17,199,342	169,259	10,000	41,230,997
Buildings	5,202,774	114,754,327	800,936	179,393	7,514	120,944,944
Sewer Plants	304,250,711		88,764			304,339,475
Sewer Lines	296,634,289		410,356	15,078,206		312,122,851
Leasehold Improvements		2,087,090				2,087,090
Vehicles, Equipment, and Furniture	37,270,512	2,769,922	242,814	392,266	2,983,435	43,658,949
Intangibles	6,620,642	262,270	597,535	1,220,656	1,532,086	10,233,189
Less Accumulated Depreciation	(242,868,931)	(123,796,736)	(13,699,654)	(2,730,096)	(4,217,796)	(387,313,213)
Construction in Progress	33,033,572			494,581		33,528,153
Total Noncurrent Assets	467,085,023	56,275,079	10,834,730	17,787,706	315,239	552,297,777
Total Assets	511,675,557	59,909,315	60,079,390	42,191,978	10,135,710	683,991,950
Deferred outflows of resources:						
Deferred Amount on Bond Refunding	\$492,003	\$1,957,968	\$0	\$0	\$0	\$2,449,971
Deferred Other Post Employment Benefit Amounts	3,240,236		289,282	1,573,893	1,076,203	6,179,614
Deferred Pension Amounts	4,162,274		396,719	1,995,788	1,492,403	8,047,184
Total Deferred Outflows of Resources	7,894,513	1,957,968	686,001	3,569,681	2,568,606	16,676,769
Total Assets & Deferred Outflows of Resources	\$519,570,070	\$61,867,283	\$60,765,391	\$45,761,659	\$12,704,316	\$700,668,719
						<u>0</u>
						<u>39,451,704</u>

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

Current Assets:	
Cash	
Investments	
Receivables:	
User Fees Receivable	
Other Receivables	
Less Allowance for Uncollectible Accounts	
Inventories and Prepaid Expenses	
Total Current Assets	
Noncurrent Assets:	
Restricted Investments:	
Reserved for Construction & Capital Acquisitions	
Reserved for Capital Replacement	
Capital Assets:	
Land	
Land Improvements	
Buildings	
Sewer Plants	
Sewer Lines	
Leasehold Improvements	
Vehicles, Equipment, and Furniture	
Intangibles	
Less Accumulated Depreciation	
Construction in Progress	
Total Noncurrent Assets	
Total Assets	

Deferred outflows of resources:	
Deferred Amount on Bond Refunding	
Deferred Other Post Employment Benefit Amounts	
Deferred Pension Amounts	
Total Deferred Outflows of Resources	
Total Assets & Deferred Outflows of Resources	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Total
LIABILITIES						
Current Liabilities:						
Accounts, Contracts and Retainage Payable	\$4,412,539	\$103,377	\$98,687	\$619,305	\$40,170	\$5,274,078
Accrued Payroll	359,253		36,666	173,724	152,520	722,163
Claims Payable		2,510,000		267,134		2,777,134
Bonds Payable		374,922		6,176		381,098
Interest Payable				217,710		220,403
Unearned Revenue and Other			2,693	203,493	338,468	1,025,341
Compensated Absences	475,296		8,084			443,321
Landfill Closure and Postclosure Care Costs Payable from Restricted Investments:						
Accounts, Contracts and Retainage Payable	981,265					981,265
Bonds and Notes Payable	11,564,005					11,564,005
Interest Payable	878,153					878,153
Total Current Liabilities	18,670,511	2,988,299	589,451	1,487,542	531,158	24,266,961
Noncurrent Liabilities:						
Bonds and Notes Payable	189,272,513	35,899,948		3,935,849		229,108,310
Compensated Absences	1,109,023		72,758	203,493	366,111	1,751,385
Landfill Closure and Postclosure Care Costs	7,323,735		12,278,844	3,578,579	2,342,766	12,278,844
Net Other Post Employment Benefit Liability	23,411,294		633,352	11,439,405	7,488,964	13,878,432
Net Pension Liability	221,116,565	35,899,948	2,024,593	19,157,326	10,197,841	44,364,256
Total Noncurrent Liabilities	\$239,787,076	\$38,888,247	\$15,009,547	\$20,644,868	\$10,728,999	\$301,381,227
Total Liabilities						\$325,648,188
Deferred Inflows of Resources						
Deferred Other Post Employment Benefit Amounts	\$1,473,671	\$0	\$127,442	\$720,076	\$471,408	\$2,792,597
Deferred Pension Amounts	621,984		53,789	303,918	198,965	1,178,656
Total Deferred Inflows of Resources	2,095,655	0	181,231	1,023,994	670,373	3,971,253
Total Liabilities & Deferred Inflows of Resources	\$241,882,731	\$38,888,247	\$15,780,229	\$21,668,862	\$11,399,372	\$329,619,441
NET POSITION						
Net Investment in Capital Assets	\$263,469,420	\$19,828,465	\$10,834,730	\$13,488,721	\$315,239	\$307,936,575
Restricted for:						
Capital Projects	11,219,383					11,219,383
Capital Projects - Park Acquisition		4,160,315				4,160,315
Capital Replacement	2,681,850			96,000		2,777,850
Energy Improvement Projects	316,686					316,686
Water Quality Incentive Program				6,833,487		6,833,487
Maintenance and Operations		1,131,267				1,131,267
Unrestricted		(2,141,011)	34,150,432	3,674,589	989,705	36,673,715
Total Net Position	\$277,687,339	\$22,979,036	\$44,985,162	\$24,092,797	\$1,304,944	\$371,049,278
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						1,864,160
Net Position of Business-Type Activities						\$372,913,438

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, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	
OPERATING REVENUES						
User Charges	\$67,943,984	\$0	\$6,817,528	\$15,433,537	\$0	\$90,195,049
Fees	1,892,298	298,207	245,965		4,665,819	7,102,289
Exactions	58,727					58,727
License Fees and Permits						
Rental Income		5,035,363			759,809	759,809
Theater Revenues		77,324				77,324
Other	7,351,626	306,469	(1,067)	10,209	9,012	7,676,249
Total Operating Revenues	77,246,635	5,717,363	7,062,426	15,443,746	5,434,640	110,904,810
						45,433,160
OPERATING EXPENSES						
Treatment Plant	8,146,604					8,146,604
Collection System	2,684,663					2,684,663
Property Management		1,874,471				1,874,471
Theater Management		69,642				69,642
Landfill			3,354,014			3,354,014
Right of Way					545,760	545,760
Extended School Program					860,305	860,305
Enhanced 911					5,852,181	5,852,181
CKY Network					299,418	299,418
Administration	38,528,583		2,117,153	12,291,173	97,008	53,033,917
Depreciation	16,327,030	3,298,088	625,136	561,272	142,624	20,954,150
Claims and Benefit Payments						
Total Operating Expenses	65,686,880	5,242,201	6,096,303	12,852,445	7,797,296	97,675,125
						41,041,799
Operating Income (Loss)	11,559,755	475,162	966,123	2,591,301	(2,362,656)	13,229,685
						656,358

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds	
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality		Other Enterprise Funds
NONOPERATING REVENUES (EXPENSES)						
Income on Investments	700,993	94	53,770	19,260	951	775,068
Interest Expense and Fiscal Agent Fees	(4,963,374)	(1,537,970)		(78,527)		(6,579,871)
Amortization of Bond Costs	390,817	261,141				651,958
Gain (Loss) on Sale of Capital Assets	(785,572)					(785,572)
Total Nonoperating Revenues (Expenses)	(4,657,136)	(1,276,735)	53,770	(59,267)	951	(5,938,417)
						0
Income (Expenses) Before Transfers	6,902,619	(801,573)	1,019,893	2,532,034	(2,361,705)	7,291,268
Transfers In		284,280			200,000	484,280
Transfers Out	(120,000)				(204,124)	(324,124)
Change in Net Position	6,782,619	(517,293)	1,019,893	2,532,034	(2,365,829)	7,451,424
						656,358
Net Position, Beginning	271,344,149	19,016,679	43,995,883	21,602,091	3,670,773	7,583,791
Adjustment to Opening Net Position (Note 2.D.)	(439,429)	4,479,650	(30,614)	(41,328)		
Net Position, Beginning - Restated	270,904,720	23,496,329	43,965,269	21,560,763	3,670,773	7,583,791
Net Position, Ending	\$277,687,339	\$22,979,036	\$44,985,162	\$24,092,797	\$1,304,944	\$8,240,149
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
Change in net position of Business-Type Activities						144,399
						\$7,595,823

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, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	
Cash Flows from Operating Activities:						
Receipts from Customers	\$74,235,874	\$2,146,818	\$6,804,326	\$15,361,836	\$5,378,728	\$103,927,582
Receipts from Employees and Other Sources						\$0
Receipts from Interfund Services Provided		3,524,779				3,524,779
Payments to Suppliers	(35,105,538)	(1,986,653)	(2,772,502)	(4,626,474)	(1,645,067)	(46,136,234)
Payments to Employees	(12,938,286)		(1,383,105)	(5,879,818)	(5,263,708)	(25,464,917)
Payments for Interfund Services Used	(2,653,378)		(225,301)	(945,287)	(110,682)	(3,934,648)
Payments for Claims						(40,376,222)
Net Cash Provided by (Used in) Operating Activities	23,538,672	3,684,944	2,423,418	3,910,257	(1,640,729)	1,747,047
Cash Flows from Noncapital Financing Activities:						
Transfers In		284,280			200,000	484,280
Transfers Out	(120,000)				(204,124)	(324,124)
Net Cash Provided by (Used in) Noncapital Financing Activities	(120,000)	284,280	0	0	(4,124)	160,156
						0
Cash Flows from Capital and Related Financing Activities:						
Purchase of Capital Assets	(30,217,323)			(909,351)	(113,670)	(31,240,344)
Proceeds from Note Payable	387,655					387,655
Principal Paid on Bonds	(11,212,512)	(2,390,000)		(262,351)		(13,864,863)
Interest and Fiscal Agent Fees Paid on Bonds	(5,041,621)	(1,537,970)		(78,527)		(6,658,118)
Proceeds on Sale of Capital Assets	1,409,495					1,409,495
Net Cash Used in Capital and Related Financing Activities	(44,674,306)	(3,927,970)	0	(1,250,229)	(113,670)	(49,966,175)
						0
Cash Flows from Investing Activities:						
Purchase of Investments	25,322,416	(94)	(52,871)	(4,846)	(951)	25,263,654
Income on Investments	140,115	94	53,770	31,815	951	226,745
Net Cash Flows Provided by Investing Activities	25,462,531	0	899	26,969	0	25,490,399
						0
Net Increase (Decrease)	4,206,897	41,254	2,424,317	2,686,997	(1,758,523)	7,600,942
						1,747,047
Cash at Beginning of Year	7,512,798	3,200,419	15,819,189	15,364,060	9,648,135	51,544,601
						37,240,173
Cash at End of Year	\$11,719,695	\$3,241,673	\$18,243,506	\$18,051,057	\$7,889,612	\$59,145,543
						\$38,987,220

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	\$11,559,755	\$475,162	\$966,123	\$2,591,301	(\$2,362,656)	\$13,229,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	16,327,030	3,298,088	625,136	561,272	142,624	20,954,150
Allowance for Bad Debts	912,720		183,782	(73,900)		1,022,602
(Increase) Decrease in Assets:						
Accounts Receivable	(3,051,439)		(284,542)	(277,268)		(3,613,249)
Other Receivables	39,688	(45,766)	24,189	(49,963)	(55,912)	(37,801)
Inventories and Prepaid Expenses	(121,797)		(32,099)	(49,963)	(15,440)	(219,299)
Due from Other Funds	990		792		5,309	7,091
(Increase) Decrease in Deferred Outflows:						
Deferred Other Post Employment Benefit Amounts	(1,122,330)		(99,556)	(545,164)	(393,480)	(2,160,530)
Deferred Pension Amounts	824,394		61,166	415,948	123,983	1,425,491
Increase (Decrease) in Liabilities:						
Accounts Payable	(5,075,782)	(12,828)	(49,152)	(370,080)	(1,478)	(5,509,320)
Accrued Payroll	57,827		9,091	38,023	16,011	120,952
Claims Payable						
Unearned Revenue			2,253	195,358		197,611
Other Liabilities		(29,712)	757,795	(391)		727,692
Compensated Absences	344,109		12,536	35,706	(9,292)	383,059
Net Other Post Employment Benefit Liability	1,981,005		171,316	967,973	633,697	3,753,991
Net Pension Liability	1,679,956		145,281	820,873	537,396	3,183,506
Increase (Decrease) in Deferred Inflows:						
Deferred Other Post Employment Benefit Amounts	(432,931)		(37,440)	(211,542)	(138,488)	(820,401)
Deferred Pension Amounts	(384,523)		(33,253)	(187,889)	(123,003)	(728,668)
Total Adjustments	11,978,917	3,209,782	1,457,295	1,318,956	721,927	18,686,877
Net Cash Provided by (Used in) Operating Activities	\$23,538,672	\$3,684,944	\$2,423,418	\$3,910,257	(\$1,640,729)	\$31,916,562
						\$1,747,047

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Custodial Funds</u>
ASSETS			
Cash and Cash Equivalents	\$1,550,703	\$27,165,360	\$3,856,141
Receivables:			
Interest Receivable	3,667,196		50
Investments, at Fair Value:			
Debt Securities:			
Bank Loans	1,908,044		
Corporate Debt	118,091,042		
Municipal Obligations	5,050,371		
US Agencies	1,310,956		
US Government Obligations	64,715,182		
Repurchase Agreements	39,967,643		
Other Investments:			
Equity Mutual Funds	514,022,186		
Equity Real Estate	76,527,440		
Equity Securities - Domestic	1,443,832		
Equity Securities - International	243,262,670		
Total Investments	<u>1,066,299,366</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$1,071,517,265</u>	<u>\$27,165,360</u>	<u>\$3,856,191</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$17,944	\$0	\$251,373
Securities Lending Transactions	39,967,643		
Total Liabilities	<u>\$39,985,587</u>	<u>\$0</u>	<u>\$251,373</u>
NET POSITION			
Net position restricted for pensions	<u>\$1,031,531,678</u>		
Pool Participants		<u>\$27,165,360</u>	
Individuals, organizations, and Other Governments			<u>\$3,604,818</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, 2021

	Pension Trust Funds	Investment Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$31,406,687	\$8,907,124	\$0
Employer - Administration	5,684,418		
Plan Members	10,985,494		3,050,936
Other	69,240		492,264
Total Contributions	<u>48,145,839</u>	<u>8,907,124</u>	<u>3,543,200</u>
Investment Income:			
Net Change in Fair Value of Investments	222,755,992		
Interest	12,433,075	7,743	
Dividends	2,875,438		
Total Investment Income	<u>238,064,505</u>	<u>7,743</u>	<u>0</u>
Less Investment Expense	2,186,016	2,200	
Net Investment Income	<u>235,878,489</u>	<u>5,543</u>	<u>0</u>
Income from Securities Lending Activities:			
Securities Lending Income	86,783		
Securities Lending Expenses:			
Borrower Rebates	(11,711)		
Management Fees	34,661		
Total Securities Lending Expenses	<u>22,950</u>	<u>0</u>	<u>0</u>
Net Income from Securities Lending Activities	<u>63,833</u>	<u>0</u>	<u>0</u>
Total Additions	<u>284,088,161</u>	<u>8,912,667</u>	<u>3,543,200</u>
DEDUCTIONS			
Benefit Payments	74,432,046	7,212,825	464,914
Administrative Expense	484,698		2,407,330
Total Deductions	<u>74,916,744</u>	<u>7,212,825</u>	<u>2,872,244</u>
Net Increase	209,171,417	1,699,842	670,956
Net Position, Beginning	<u>822,360,261</u>	<u>25,465,518</u>	<u>2,933,862</u>
Net Position, Ending	<u><u>\$1,031,531,678</u></u>	<u><u>\$27,165,360</u></u>	<u><u>\$3,604,818</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, 2021

	Lexington Center Corporation	Lexington Airport Board	Fayette County Department of Health	Nonmajor Component Units	Total
ASSETS					
Cash	\$5,827,003	\$11,265,970	\$27,717,498	\$29,498,174	\$74,308,645
Investments		10,507,126		13,762,456	24,269,582
Receivables:					
Accounts Receivable	596,663	1,918,384	81,082	178,448	2,774,577
Other		66,599		249,834	316,433
Due from Primary Government	581,606			1,284,512	1,866,118
Due from Other Governments				6,201,726	6,201,726
Other Current Assets		651,399			651,399
Inventories and Prepaid Expenses			29,575	991,951	1,021,526
Net Pension Asset				2,118,567	2,118,567
Restricted Current Assets:					
Cash		9,436,027		904,507	10,340,534
Accounts Receivable	1,100,440	522,698			1,623,138
Investments	93,197,511	13,729,556		2,832,877	109,759,944
Grants Receivable	1,015,502	4,159,712			5,175,214
Other		44,938			44,938
Capital Assets:					
Non-depreciable	83,868,255	28,365,217	456,800	12,897,159	125,587,431
Depreciable (Net)	192,088,721	162,196,672	1,630,559	55,128,592	411,044,544
Other Assets	163,627		1,971,941		2,135,568
Total Assets	378,439,328	242,864,298	31,887,455	126,048,803	779,239,884
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Bond Refunding	\$0	\$1,014,151	\$0	\$0	\$1,014,151
Deferred Amount on Note Payable				2,527,500	2,527,500
Deferred Pension Amounts			4,257,650	5,384,098	9,641,748
Deferred Other Post Employment Benefit Amounts			2,879,187	3,136,833	6,016,020
Total Deferred Outflows of Resources	0	1,014,151	7,136,837	11,048,431	19,199,419
Total Assets and Deferred Outflows of Resources	\$378,439,328	\$243,878,449	\$39,024,292	\$137,097,234	\$798,439,303
LIABILITIES					
Accounts, Contracts Payable and					
Accrued Liabilities	\$10,461,174	\$1,328,484	\$1,616,536	\$1,526,270	\$14,932,464
Interest Payable				138	138
Due to Component Units				2,527,500	2,527,500
Unearned Revenue and Other		166,276	39,966	3,093	209,335
Liabilities Payable from Restricted Assets:					
Accounts Payable		3,394,295			3,394,295
Interest Payable		1,115,330			1,115,330
Noncurrent Liabilities:					
Due Within One Year					
Compensated Absences				604,840	604,840
Bonds and Notes Payable	3,835,000	7,615,000		1,557,892	13,007,892
Due in More Than One Year					
Compensated Absences			578,877	324,408	903,285
Bonds and Notes Payable	240,178,588	74,788,846		18,569,270	333,536,704
Other		339,377			339,377
Net Other Post Retirement					
Benefit Liability			11,423,258	6,438,063	17,861,321
Net Pension Liability			63,730,740	20,426,216	84,156,956
Total Liabilities	\$254,474,762	\$88,747,608	\$77,389,377	\$51,977,690	\$472,589,437
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Amounts	\$0	\$0	\$540,168	\$4,438,884	\$4,979,052
Deferred Other Post Employment Benefit Amounts			1,272,574	1,517,700	2,790,274
Deferred Amount on Bond Refunding		\$168,990			168,990
Total Deferred Inflows of Resources	0	168,990	1,812,742	5,956,584	7,938,316
Total Liabilities and Deferred Inflows of Resources	\$254,474,762	\$88,916,598	\$79,202,119	\$57,934,274	\$480,527,753
NET POSITION					
Net Investment in Capital Assets	\$116,837,120	\$109,552,102	\$2,087,359	\$49,493,718	\$277,970,299
Restricted for:					
Governmental and Program Funds			182,275	387,787	570,062
Fees	854,851				854,851
Capital Projects		4,159,712			4,159,712
Debt Service	38,899,465	21,674,696	136,787		60,710,948
Unrestricted	(32,626,870)	19,575,340	(42,584,248)	29,281,455	(26,354,323)
Total Net Position	\$123,964,566	\$154,961,850	(\$40,177,827)	\$79,162,960	\$317,911,549

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, 2021

	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
Lexington Center Corporation								
Lexington Center Operations	\$7,080,469	\$10,816,368	\$97,500	\$381,000	\$4,214,399			\$4,214,399
Depreciation	4,097,289				(4,097,289)			(4,097,289)
Interest on Long-Term Debt	9,174,984				(9,174,984)			(9,174,984)
Total Lexington Center Corporation	20,352,742	10,816,368	97,500	381,000				(9,057,874)
Lexington Airport Board								
Airport Operations	13,276,324	14,539,170	9,995,526	11,497,728		\$22,756,100		22,756,100
Depreciation	10,739,739					(10,739,739)		(10,739,739)
Interest on Long-Term Debt	2,325,363					(2,325,363)		(2,325,363)
Total Lexington Airport Board	26,341,426	14,539,170	9,995,526	11,497,728				9,690,998
Fayette County Department of Health								
Department of Health Operations	22,686,875	4,240,237	11,514,939				(\$6,931,699)	(6,931,699)
Depreciation	394,713						(394,713)	(394,713)
Total Fayette County Department of Health	23,081,588	4,240,237	11,514,939					(7,326,412)
Nonmajor Component Units								
Total Component Units	48,577,316	3,296,304	11,980,293	976,289				(32,324,430)
	\$118,353,072	\$32,892,079	\$33,588,258	\$12,855,017	(\$9,057,874)	\$9,690,998	(\$7,326,412)	(\$32,324,430)
General Revenues:								
Taxes					\$4,478,857		\$9,347,605	\$42,423,401
Income on Investments					283,085		52,413	213,489
Net Change in Fair Value of Investments						\$648,792		213,489
Gain on Sale of Capital Assets						(213,245)		(213,245)
Miscellaneous					(574,326)	258,220		4,587,000
Total General Revenues					4,187,616	693,767	9,400,018	42,604,202
Change in Net Position					(4,870,258)	10,384,765	2,073,606	10,279,772
Net Position, Beginning					128,834,824	144,577,085	(42,115,765)	68,883,188
Adjustment to Opening Net Position (Note 2.D.)							(135,668)	(135,668)
Net Position, Beginning-Restated					128,834,824	144,577,085	(42,251,433)	68,883,188
Net Position, Ending					\$123,964,566	\$154,961,850	(\$40,177,827)	\$79,162,960

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
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LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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, 2021

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 2021.

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, 2021

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.

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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)
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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, whereby the bondholders are beneficiaries. 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. The account must provide coverage of 120% of the maximum annual debt service.

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 custodial funds. Federal and State Grant funds and capital projects funds adopt project-length budgets. Additional special revenue funds which are budgeted include the Industrial Revenue Bond Fund, Police Confiscated Funds, the Public Safety Fund, County Aid Fund, Municipal Aid Fund, and Mineral Severance 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

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NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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-appropriated at the beginning of each fiscal year. The Council made several supplemental budgetary appropriations throughout fiscal year 2021. The net effect of these supplemental appropriations was a decrease of \$10,627,933 in the General Fund and a decrease of \$1,467,669 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 2022, 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 2021 were levied on September 15, 2021, 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, 2021, balances of interfund amounts receivable or payable

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NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

have been recorded as “due to/from other funds”. These accounts are eliminated on the Government-Wide Statement 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, 2021 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	\$24,312,689
Federal Grants and Contracts	29,299
Debt Service on QECB Bond	1,467,409
Total restricted assets	<u>\$25,809,397</u>

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

Sanitary sewer reserve for construction and capital acquisition	\$17,864,617
Sanitary sewer and stormwater capital replacement account	2,777,850
Total restricted assets	<u>\$20,642,467</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, 2021

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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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.
- Net 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 net 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.
- Net 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 net postemployment benefits liability in the CERS multi-employer defined benefit pension plan.
- Net 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 net 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, 2020.

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, 2021

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, 2021.

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, 2021.

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	\$2,986,870
Economic Stabilization	37,964,969
Chief Development Officer	2,134,456
Social Services	954,500
Special Programs	379,834
Committed Fund Balance	<u>\$44,420,629</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 2021.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

- 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, 2021 for approval through ordinance.

Assigned for:	General Fund	Non Major Funds
Administrative Services	\$125,000	\$0
Information Technology	150,000	
General Government	44,176,281	421,855
General Services	403,500	
Social Services	40,000	
Assigned Fund Balance	<u>\$44,894,781</u>	<u>\$421,855</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.

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

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

The Government recognized aggregate Pension Expense of \$95,648,618 for all pension plans of the primary government.

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, 2020.

The Government recognized aggregate OPEB Expense of \$(5,322,048) for all OPEB plans of the primary government.

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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
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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, 2021:

	<u>Excess Expenditures</u>
General Fund:	
Building Inspection	\$91,240
Coroner	9,903
DEEM/Enhanced 911	104,130
Emergency Management	229,810
Enterprise Solutions	34,560
Internal Audit Office	11,102
Lex Call	15,072
Police	116,558
Public Safety Administration	85,385
Revenue	21,551
Youth Services	250,006
Urban Services Fund:	
Central Purchasing	\$1,507
Enterprise Solutions	388
Fleet & Facilities Management	24,439
Indirect Cost Allocation	400,148

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

C. Fund Deficits

Proprietary funds – the Extended School Program had a fund deficit of (\$1,716,601) as a result of the net pension liability.

D. Prior Period Adjustments

Primary Government

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

General Funds: Recognize unreimbursable expenditures from the prior fiscal year in the amount of \$255,746. Recognize revenue from 2017 in the amount of \$74,614.

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

Sanitary Sewer Funds: Unrecognize revenues from the prior fiscal year in the amount of \$358,303. Unrecognize revenues from fiscal year 2019 and 2018 in the amount of \$32,955 and \$48,171, respectively.

Public Facilities Corporation Funds: Recognize revenues from the prior fiscal year in the amount of \$358,303. Capitalize land acquired in fiscal years 2000 and 1998 of \$630,000 and \$3,491,347, respectively.

Landfill Fund: Unrecognize revenues from fiscal year 2019 and 2018 in the amount of \$12,436 and \$18,178, respectively.

Water Quality Funds: Unrecognize revenues from fiscal year 2019 and 2018 in the amount of \$16,788 and \$24,540, respectively.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
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Component Units

The Fayette County Department of Health reduced net position by \$135,668 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, 2021 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:

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 Depositary Receipts (ADR). Investments of the Government as of June 30, 2021 are summarized and categorized in the following table:

<u>Investment Type</u>	<u>Fair Value</u>	Quoted Prices in	Significant Other	Significant
		Active Markets for	Observable	Unobservable
		Identical Assets	Inputs	Inputs
		Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$44,972,699	\$44,972,699		
Money Market Mutual Funds	49,542,213		\$49,542,213	
Certificates of Deposit	1,697,628		1,697,628	
Commercial Paper	12,992,280	12,992,280		
U.S. Government Agency Obligations	56,464,147		56,464,147	
Total Investments	<u>\$165,668,967</u>	<u>\$57,964,979</u>	<u>\$107,703,988</u>	<u>\$0</u>

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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.

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 Maturities (in years)					
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value
Cash and Cash Equivalents	\$44,972,699	\$44,972,699				AA	\$56,464,147
Money Market Mutual Funds	49,542,213	49,542,213				NA	109,204,820
Certificates of Deposit	1,697,628	1,041,792		\$450,356	\$205,479		
Commercial Paper	12,992,280	12,992,280					
U.S. Government Agency Obligations	56,464,147	8,270,058	\$48,194,090				
Total Investments	<u>\$165,668,967</u>	<u>\$116,819,042</u>	<u>\$48,194,090</u>	<u>\$450,356</u>	<u>\$205,479</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				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment Type	Fair Value	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$27,165,360		\$27,165,360	

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,

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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.

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	\$27,165,360	\$27,165,360	\$0	\$0	\$0	NA	\$27,165,360

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, 2021 are summarized and categorized in the following table:

Policemen's and Firefighters' Retirement Fund				
<u>Investment Type</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
Bank Loans	\$1,908,044		\$1,908,044	
Corporate Debt	112,612,009	2,074	112,541,607	\$68,328
Municipal Obligations	5,050,371		5,050,371	
SL Comingle Fund	39,967,643		39,967,643	
US Agencies	1,310,956		1,310,956	
US Government Obligations	61,352,927		61,352,927	
	<u>\$222,201,950</u>	<u>\$2,074</u>	<u>\$222,131,548</u>	<u>\$68,328</u>
Other Investments				
Equity Mutual Funds	\$487,234,954		\$487,234,954	
Equity Real Estate	76,527,440		76,527,440	
Equity Securities - Domestic	1,443,832	707,080	191,082	545,670
Equity Securities - International	243,262,670		243,262,670	
	<u>\$1,030,670,846</u>	<u>\$709,154</u>	<u>\$1,029,347,694</u>	<u>\$613,998</u>

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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 underwent bankruptcy reorganization in October, 2020. The private common stock was newly created by Energy Technologies Holdings as part of the bankruptcy reorganization of Exide Technologies in October 2020. Level 3 inputs from domestic Equity Securities are fair valued by broker quotes daily.

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	<u>Target Allocation</u>
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%
Total Equities	63.00%
 US Core Fixed Income	 15.50%
US High Yield Fixed Income	7.50%
Total Fixed Income	23.00%
 Real Estate	 9.00%
Real Return	5.00%
Total Plan	100.00%

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.

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June 30, 2021

		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 Rating	Fair Value
Debt Securities						A	\$45,063,448
Bank Loans	1,908,044		\$659,802	\$1,248,242		AA	78,191,850
Corporate Debt	112,612,009	\$2,698,692	54,425,494	42,730,380	\$12,757,443	AAA	6,333,632
International Bonds						B	18,294,387
Municipal Obligations	5,050,371		1,685,219	2,323,460	1,041,692	BB	28,279,902
SL Comingle Fund	39,967,643	25,480,889		13,199,445	1,287,309	BBB	22,607,304
US Agencies	1,310,956		349,895	831,754	129,307	CCC	2,601,871
US Government Obligations	61,352,927	4,645,065	19,315,901	4,724,336	32,667,625	D	114,075
	<u>\$222,201,950</u>	<u>\$32,824,647</u>	<u>\$76,436,311</u>	<u>\$65,057,617</u>	<u>\$47,883,375</u>	NR	829,184,378
Other Investments							
Equity Mutual Funds	\$487,234,954	\$487,234,954					
Equity Real Estate	76,527,440	76,527,440					
Equity Securities - Domestic	1,443,832	1,272,982			170,850		
Equity Securities - International	243,262,670	243,262,670					
	<u>\$1,030,670,846</u>	<u>\$841,122,693</u>	<u>\$76,436,311</u>	<u>\$65,057,617</u>	<u>\$48,054,225</u>		

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.

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As of June 30, 2021, the securities loaned in the portfolio did not have credit risk, and the fair value of securities on loan is \$39,967,643. Investments of the CEPF as of June 30, 2021 are summarized and categorized in the following table:

City Employees Pension Fund

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities:				
Corporate Debt	\$5,479,033		\$5,479,033	
US Agencies				
US Government Obligations	3,362,255	\$3,362,255		
	8,841,288	3,362,255	5,479,033	-
Other Investments:				
Equity Mutual Funds	26,787,232		26,787,232	
	\$35,628,520	\$3,362,255	\$32,266,265	\$0

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%
	100.00%

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.

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City Employees Pension Fund							
Investment Type	Fair Value	Investment Maturities (in years)				S&P Rating	Fair Value
		Less Than 1	1 to 5	6 to 10	More than 10		
Debt Securities:						AAA	\$492,873
Corporate Debt	\$5,479,033	\$1,205,555	\$3,978,570	\$294,908		AA	3,845,973
US Agencies						A	3,224,500
US Government Obligations	3,362,255			1,438,447	\$1,923,808	BBB	1,277,942
	8,841,288	1,205,555	3,978,570	1,733,355	1,923,808	NR	26,787,232
Other Investments:							
Equity Mutual Funds	26,787,232	26,787,232					
	<u>\$35,628,520</u>	<u>\$27,992,787</u>	<u>\$3,978,570</u>	<u>\$1,733,354</u>	<u>\$1,923,808</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:

	Reported Amount/ Fair Value
U.S. Government and Government Agency Obligations	\$56,394,964
Investments not subject to categorization:	
Certificates of Deposit	27,085,159
Money Market Funds	50,549,403
Total Investments	<u>\$134,029,526</u>

As of June 30, 2021, LCC had \$5,827,003 and \$1,100,400 in deposits and investments, respectively, which were uninsured and uncollateralized.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$62,895,468	\$0	\$0	\$62,895,468
Purchase of Development Rights	81,923,017	637,246		82,560,263
Intangibles	10,111,385	493,197		10,604,582
Construction in Progress	19,941,980	23,697,230	(16,717,256)	26,921,954
Developments in Progress	156,990			156,990
Depreciable Assets:				
Buildings	197,342,547	4,000,426		201,342,973
Intangibles	21,162,145	102,068		21,264,213
Vehicles, Equipment, & Furniture	157,060,176	10,331,496	(8,673,695)	158,717,977
Land & Leasehold Improvements	53,180,734	7,772,909	(33,380)	60,920,263
Infrastructure *	1,064,013,865	4,418,884		1,068,432,749
Sewer Lines	11,749,467			11,749,467
Sewer Plants	216,797			216,797
Totals at Historical Cost	1,679,754,571	51,453,456	(25,424,331)	1,705,783,696
Less Accumulated Depreciation For:				
Buildings	(85,464,956)	(6,259,005)		(91,723,961)
Intangibles	(17,283,673)	(1,820,041)		(19,103,714)
Vehicles, Equipment, & Furniture	(110,173,379)	(11,000,988)	8,478,983	(112,695,384)
Land & Leasehold Improvements	(34,649,719)	(3,559,347)	23,644	(38,185,422)
Infrastructure	(518,885,883)	(34,654,045)		(553,539,928)
Sewer Lines	(1,964,918)	(234,140)		(2,199,058)
Sewer Plants	(24,170)	(4,336)		(28,506)
Total Accumulated Depreciation	(768,446,698)	(57,531,902)	8,502,627	(817,475,973)
Governmental Activities Capital Assets, Net	\$911,307,873	(\$6,078,446)	(\$16,921,704)	\$888,307,723
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Nondepreciable Assets:				
Land *	\$50,543,044	\$279,831	\$0	\$50,822,875
Construction in Progress	71,454,475	26,021,605	(63,947,927)	33,528,153
Intangibles	908,663	100,000		1,008,663
Depreciable Assets:				
Buildings	120,817,519	127,425		120,944,944
Intangibles	9,183,013	41,513		9,224,526
Vehicles, Equipment & Furniture	41,224,597	3,664,641	(1,230,289)	43,658,949
Land & Leasehold Improvements	42,950,767	367,320		43,318,087
Infrastructure	22,430,210	954,019	(391,998)	22,992,231
Sewer Lines	239,951,436	49,179,184		289,130,620
Sewer Plants	291,670,500	12,668,975		304,339,475
Totals at Historical Cost	891,134,224	93,404,513	(65,570,214)	918,968,523
Less Accumulated Depreciation For:				
Buildings	(96,060,529)	(3,530,187)		(99,590,716)
Intangibles	(7,140,383)	(1,188,001)		(8,328,384)
Vehicles, Equipment & Furniture	(23,635,168)	(2,961,766)	1,210,977	(25,385,957)
Land & Leasehold Improvements	(36,962,650)	(481,092)		(37,443,742)
Infrastructure	(2,548,373)	(472,680)		(3,021,053)
Sewer Lines	(87,098,248)	(5,439,450)		(92,537,698)
Sewer Plants	(114,124,691)	(6,880,973)		(121,005,664)
Total Accumulated Depreciation	(367,570,042)	(20,954,147)	1,210,977	(387,313,213)
Business-Type Activities Capital Assets, Net	\$523,564,182	\$72,450,366	(\$64,359,237)	\$531,655,310

* Restated beginning balance due to prior period adjustment

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

Governmental Activities:

General Government	\$1,349,693
Computer Information Technology	879,160
Chief Development Officer	1,926
Administrative Services	560,428
Finance	573,829
Public Safety	824,679
Environmental Quality & Public Works	37,413,536
Police	2,291,488
Fire and Emergency Services	2,261,217
Law	11,123
Community Corrections	2,594,563
Social Services	623,135
General Services	5,973,730
Parks and Recreation	1,849,604
Planning, Preservation, & Development	323,791
Total depreciation expense - Governmental Activities	<u>\$57,531,902</u>

Business-Type Activities:

Sanitary Sewer System	\$16,327,030
Public Facilities Corporation	3,298,088
Landfill	625,136
Right of Way	6,324
Extended School Program	3,111
Enhanced 911	133,189
Water Quality	561,272
Total depreciation expense - Business-Type Activities	<u>\$20,954,150</u>

	Discretely Presented Component Units			
	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Assets:				
Land	\$40,660,245			\$40,660,245
Construction in Progress *	32,810,788	\$15,817,289	(\$36,145,065)	12,483,012
Other	158,877,389	92,763,171	(179,196,385)	72,444,175
Depreciable Assets:				
Buildings & Improvements	303,518,278	193,739,109	(3,757,632)	493,499,755
Vehicles, Equipment, & Furniture *	94,450,049	11,124,344	(2,239,816)	103,334,577
Land & Leasehold Improvements	82,816,512	15,771,028	(298,674)	98,288,866
Intangibles	240,467	43,150		283,617
Totals at Historical Cost	713,373,728	329,258,091	(221,637,572)	820,994,247
Less Accumulated Depreciation	(269,875,285)	(20,404,165)	5,917,179	(284,362,271)
Component Unit Activities				
Capital Assets, Net	<u>\$443,498,443</u>	<u>\$308,853,926</u>	<u>(\$215,720,393)</u>	<u>\$536,631,976</u>

* Restated beginning balance due to prior period adjustment

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Construction Commitments

The Government has active construction projects as of June 30, 2021. The projects include building improvements, capital repairs and maintenance, land improvements, sanitary sewer storm collection systems, storm drainage and major roadways. At June 30, 2021, the Government had the following commitments on construction contracts:

Project	Commitment
Buildings	\$96,722
Capital Repairs & Maintenance	1,654,963
Land Improvements	10,220,457
Sanitary Sewer Collection System	87,559,917
Sanitary Sewer Treatment System	3,484,170
Storm Drainage	6,660,668
Street Resurfacing Maintenance	5,824,070
Streets & Roadways	16,488,910
Street Lighting	148,071
Traffic Control & Markings	407,623
	<u>\$132,545,571</u>

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 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, 2021. In addition, Federal and State Grants revenues are based on reimbursable expenditures. The composition of interfund balances as of June 30, 2021, is as follows:

Fund Description	Due from (to) General Fund
Federal & State Grants	\$1,167,863
Other Governmental Funds	<u>(1,358,225)</u>
Total due from General Fund	<u>(\$190,362)</u>

Receivable Entity	Payable Entity	Amount
Component unit - Lexington Convention and Visitor's Bureau	Primary government - General fund	\$1,284,512
Component unit - Lexington Center Corporation	Primary government - General fund	581,606
Total		<u>\$1,866,118</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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	\$4,000,000	\$737,473	(\$3,454,110)	\$1,283,363	\$0	\$284,280	\$0	\$0	\$0	\$284,280
Urban Services	(4,000,000)		25,000		(3,975,000)						
Fed & State Grants	(737,473)	(25,000)		(2,541,540)	(3,304,013)	(120,000)				(4,124)	(124,124)
Nonmajor Governmental	3,454,110		2,541,540		5,995,650						
Sanitary Sewer	120,000				120,000						
Public Facilities Corp	(284,280)				(284,280)						
Nonmajor Proprietary			4,124		4,124						
Grand Total	(\$1,447,643)	\$3,975,000	\$3,308,137	(\$5,995,650)	(\$160,156)	(\$120,000)	\$284,280	\$0	\$0	(\$4,124)	\$160,156

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, 2021

Primary Government

Bonds payable, notes payable, compensated absences, landfill closure and postclosure care costs, and net pension liabilities at June 30, 2021 are as follows:

	Purpose of Issue	Original Issue	Interest Rates	Final Maturity	Amount Outstanding	Due Within One Year
Governmental Activities						
Bonds, Notes, Loans, and Leases:						
Pension Obligation, Series 2009B	Police/Fire Pension Fund	\$70,610,000	3.50% - 6.00%	1-Apr-2029	\$36,435,000	\$3,720,000
General Obligation, Series 2010H	Refunding of 2001B	\$4,465,000	1.00%-3.80%	1-Dec-2021	540,000	540,000
Pension Obligation, Series 2012A	Police/Fire Pension Fund	\$31,000,000	2.50% - 4.00%	1-Oct-2032	2,910,000	1,435,000
General Obligation, Series 2012B	Refunding of 2002C and 2004C	\$6,275,000	2.00% - 4.00%	1-Jul-2024	3,080,000	780,000
General Obligation, Series 2013A	Road Resurfacing	\$11,275,000	2.00% - 5.00%	1-Oct-2023	3,610,000	1,145,000
General Obligation, Series 2013B	Refunding of 2004, 2005C, 2006B	\$6,005,000	2.00% - 4.00%	1-Jul-2025	2,460,000	500,000
General Obligation, Series 2013C	CIP projects	\$17,035,000	3.00% - 4.00%	1-Oct-2037	2,360,000	755,000
General Obligation, Series 2014A	Refunding of 2010A	\$55,925,000	3.00% - 5.00%	1-Sep-2030	36,015,000	2,960,000
General Obligation, Series 2014B	CIP projects	\$24,245,000	3.25%-5.00%	1-Jan-2035	4,245,000	985,000
General Obligation, Series 2014C	QECB Detention Center	\$2,900,000	3.25%	1-Jun-2027	2,795,000	0
General Obligation, Series 2015A	Refunding of 2006C, 2009A, 2010G	\$19,845,000	3.00% - 5.00%	1-Oct-2028	11,355,000	1,415,000
General Obligation, Series 2015B	CIP projects	\$24,860,000	2.00% - 5.00%	1-Oct-2035	15,715,000	1,460,000
General Obligation, Series 2016A	Historic Courthouse Renovation	\$22,450,000	.80%-3.00%	1-Aug-2036	18,740,000	970,000
General Obligation, Series 2016B	CIP projects	\$8,870,000	2.00% - 5.00%	1-Aug-2036	6,535,000	645,000
General Obligation, Series 2016C	CIP projects	\$37,555,000	2.00% - 5.00%	1-Oct-2036	26,605,000	3,100,000
General Obligation, Series 2016D	Refunding of 2006D Detention Center	\$28,495,000	4.00% - 5.00%	1-Nov-2024	12,020,000	3,820,000
General Obligation, Series 2017A	CIP projects	\$32,435,000	3.00% - 5.00%	1-Sep-2037	24,880,000	2,780,000
General Obligation, Series 2017B	Refunding of 2010D Police/Fire Pension	\$22,445,000	2.00% - 2.85%	1-Jun-2030	21,075,000	2,125,000
General Obligation, Series 2018A	CIP projects	\$42,055,000	3.00% - 5.00%	1-Oct-2038	37,180,000	2,625,000
General Obligation, Series 2019A	CIP projects	\$18,110,000	3.00% - 5.00%	1-Nov-2039	16,860,000	1,315,000
General Obligation, Series 2020A	CIP projects	\$6,800,000	2.00% - 5.00%	1-Nov-2030	6,800,000	545,000
General Obligation, Series 2020B	Refunding of 2012A Police/Fire Pension	\$19,645,000	.20%-1.58%	1-Oct-2032	19,645,000	325,000
General Obligation, Series 2020C	Refunding of 2013C	\$11,485,000	1.00%-1.25%	1-Nov-2033	11,485,000	195,000
General Obligation, Series 2020D	Refunding of 2014B	\$18,200,000	.28%-1.68%	1-Nov-2034	18,200,000	370,000
Premiums and Discounts					22,305,860	
Total Bonds, Notes, and Loans Payable					363,850,860	34,510,000
Other Liabilities:						
Compensated Absences					30,274,863	4,238,481
Net Other Post Employment Benefit Liability					355,298,815	
Net Pension Liability					611,048,921	
Total Other Liabilities					996,622,599	4,238,481
Total Governmental Activities					\$1,360,473,459	\$38,748,481
Business-Type Activities						
Bonds, Notes and Loans:						
Sanitary Sewer, Series 2014A Refunding	Refunding	\$24,190,000	3.00% - 5.00%	1-Sep-2030	\$18,945,000	\$3,095,000
Sanitary Sewer, Series 2019A	SWR CIP Projects	\$50,730,000	2.125% - 5.00%	1-Apr-2040	47,860,000	1,675,000
Public Facilities, Series 2016D Refunding	Refunding	\$42,590,000	2.65% - 5.00%	1-Oct-2031	33,710,000	2,510,000
Radcliffe road A209-09	SRF Loan	\$113,523	2.00%	1-Jun-2030	56,943	5,835
KIA Streetscape A209-8	SRF Loan	\$1,254,980	2.00%	1-Dec-2030	658,398	63,591
So. Elkhorn A09-01	SRF Loan	\$14,045,119	2.00%	1-Dec-2031	8,069,464	697,943
Wolf Run A10-08	SRF Loan	\$8,373,431	2.00%	1-Dec-2035	6,894,194	414,265
A13-002 Bob-O-Link	SRF Loan	\$2,711,427	1.75%	1-Dec-2038	2,303,246	121,541
A13-003 East Lake	SRF Loan	\$743,414	1.75%	1-Dec-2037	598,254	33,914
A13-003 Century Hills	SRF Loan	\$1,327,844	1.75%	1-Dec-2037	1,068,567	60,575
A13-003 West Hickman Trk A	SRF Loan	\$4,338,726	1.75%	1-Dec-2037	3,491,541	197,929
A13-003 Woodhill Trk	SRF Loan	\$3,588,635	1.75%	1-Dec-2037	2,887,913	163,711
A13-018 E2A	SRF Loan	\$5,264,306	1.75%	1-Dec-2037	4,352,868	237,959
A13-007 AW PH3	SRF Loan	\$1,154,472	1.75%	1-Dec-2037	795,771	45,117
A13-007 IDLHR N	SRF Loan	\$620,324	1.75%	1-Dec-2037	499,021	28,272
A13-002 Wolf Run Trk	SRF Loan	\$452,195	1.75%	1-Dec-2038	384,121	20,270
A13-002 Wolf Run WWS	SRF Loan	\$5,725,025	1.75%	1-Dec-2038	4,863,175	256,627
A12-016 Blue Sky	SRF Loan	\$1,594,026	2.00%	1-Dec-2036	1,252,887	72,396
A13-007 Walhampton Rogers	SRF Loan	\$719,816	1.75%	1-Dec-2037	579,003	32,820
A13-007 Cardinal-Laramie PH1-3	SRF Loan	\$226,247	1.75%	1-Dec-2037	181,968	10,320
A13-015 Town Branch	SRF Loan	\$20,309,618	1.75%	1-Dec-2038	17,246,532	910,088
A14-001 Lower Cane Run WWS	SRF Loan	\$12,168,449	1.75%	1-Dec-2038	10,330,006	545,108
A13-015 Marquis Ave	SRF Loan	\$583,329	1.75%	1-Dec-2038	495,352	26,139
A13-015 UK Trunk	SRF Loan	\$3,009,695	1.75%	1-Dec-2038	2,555,774	134,867
A15-026 West Hickman WWS*	SRF Loan	\$62,289,235	1.75%	1-Dec-2038	55,772,823	2,843,518
A13-007 Rodgers Rd	SRF Loan	\$1,780,179	1.75%	1-Dec-2037	1,431,880	81,179
A17-003 Lower Griffin Gate Trunk	SRF Loan	\$1,286,628	1.75%	1-Dec-2037	1,121,021	57,154
A17-005 Town Branch PH 1*	SRF Loan	\$9,969,585	1.75%	1-Dec-2040	4,367,248	
Premiums and Discounts					10,676,479	
Total Bonds, Notes, and Loans Payable					243,449,449	14,341,139
Other Liabilities:						
Compensated Absences					2,776,726	1,025,341
Landfill Closure & Postclosure Care Costs					12,722,165	443,321
Net Other Post Employment Benefit Liability					13,878,432	
Net Pension Liability					44,364,256	
Total Other Liabilities					73,741,579	1,468,662
Total Business-Type Activities					\$317,191,028	\$15,809,801

*Amounts represents draws as of 6/30/2021

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds, Notes, Loans, and Leases:					
General and Pension Obligation Bonds	\$362,130,000	\$56,130,000	(\$76,715,000)	\$341,545,000	\$34,510,000
Net of Bond Premiums and Discounts	26,368,338	(1,493,425)	(2,569,052)	22,305,860	
Total Bonds, Notes, and Loans Payable	388,498,338	54,636,575	(79,284,052)	363,850,860	34,510,000
Other Liabilities:					
Compensated Absences	28,699,840	3,014,747	(1,439,724)	30,274,863	4,238,481
Net Other Post Employment Benefit Liability	337,040,126	101,139,967	(82,881,278)	355,298,815	
Net Pension Liability	509,367,009	201,664,786	(99,982,874)	611,048,921	
Total Governmental Activities Long-Term Liabilities	\$1,263,605,313	\$360,456,074	(\$263,587,928)	\$1,360,473,459	\$38,748,481
Business-Type Activities					
Bonds, Notes, and Loans:					
Revenue Bonds	\$71,345,000	\$0	(\$4,540,000)	\$66,805,000	\$4,770,000
Mortgage Revenue Bonds	36,100,000		(2,390,000)	33,710,000	2,510,000
Notes and Loans	138,805,178	387,655	(6,934,863)	132,257,970	7,061,139
Bonds, Notes, and Loans Payable	246,250,178	387,655	(13,864,863)	232,772,970	14,341,139
Net of Bond Premiums and Discounts	11,576,410	0	(899,931)	10,676,479	
Total Bonds, Notes, and Loans Payable	257,826,588	387,655	(14,764,794)	243,449,449	14,341,139
Other Liabilities:					
Compensated Absences	2,393,667	514,419	(131,359)	2,776,727	1,025,341
Landfill Closure and Postclosure Care Costs	11,964,370		757,795	12,722,165	443,321
Net Other Post Employment Benefit Liability	10,124,441	4,526,574	(772,582)	13,878,432	
Net Pension Liability	41,180,750	5,250,811	(2,067,305)	44,364,256	
Total Business-Type Activities Long-Term Liabilities	\$323,489,816	\$10,679,458	(\$16,978,246)	\$317,191,029	\$15,809,801

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
2022	\$12,245,115	\$34,510,000	\$4,764,160	\$11,831,139	\$1,445,181	\$2,510,000	\$18,454,456	\$48,851,139
2023	10,733,075	34,660,000	4,435,806	10,630,859	1,316,431	2,640,000	16,485,312	47,930,859
2024	9,225,291	35,455,000	4,146,115	10,918,716	1,181,057	2,775,000	14,552,463	49,148,716
2025	7,680,642	30,770,000	3,846,600	11,218,972	1,038,806	2,915,000	12,566,048	44,903,972
2026	6,384,229	31,085,000	3,544,896	11,521,672	889,306	3,065,000	10,818,431	45,671,672
2027-2031	15,561,927	124,160,000	12,969,430	62,312,313	2,139,056	16,480,000	30,670,413	202,952,313
2032-2036	4,093,305	41,240,000	6,063,990	54,317,872	43,641	3,325,000	10,200,936	98,882,872
2037-2042	377,406	9,665,000	1,177,180	26,311,427			1,554,586	35,976,427
Total	\$66,300,990	341,545,000	\$40,948,177	199,062,970	\$8,053,478	33,710,000	\$115,302,645	574,317,970
Less principal payable								
within one year		34,510,000		11,831,139		2,510,000		48,851,139
Long term principal								
due after one year		\$307,035,000		\$187,231,831		\$31,200,000		\$525,466,831

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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:

Fiscal Year	Principal			
	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2022	\$3,835,000	\$7,615,000	\$1,557,892	\$13,007,892
2023	4,085,000	4,690,000	723,363	9,498,363
2024	4,350,000	4,740,000	782,957	9,872,957
2025	4,620,000	4,880,000	1,764,674	11,264,674
2026	4,910,000	5,105,000	613,213	10,628,213
2027-2035	47,920,000	49,490,000	1,457,858	98,867,858
2036-2040	36,150,000	5,240,000	553,805	41,943,805
2041-2045	47,575,000			47,575,000
2046-2050	54,095,000		12,673,400	66,768,400
2051-2054	25,810,000			25,810,000
Total	233,350,000	81,760,000	20,127,162	335,237,162
Less payable within one year	(3,835,000)	(7,615,000)	(1,557,892)	(13,007,892)
Refinancing loss/premium-discount	10,663,588	643,846		11,307,434
Long term principal due after one year	\$240,178,588	\$74,788,846	\$18,569,270	\$333,536,704

Fiscal Year	Interest			
	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2022	\$10,081,083	\$2,121,991	\$0	\$12,203,074
2023	9,883,082	2,007,019	414,212	12,304,313
2024	9,672,208	1,885,947	389,288	11,947,443
2025	9,447,957	1,757,843	363,530	11,569,330
2026	9,209,708	1,615,820	321,487	11,147,015
2027-2035	71,515,180	8,184,082	282,426	79,981,688
2036-2040	29,625,663	163,427	1,153,602	30,942,692
2041-2045	20,081,537		960,397	21,041,934
2046-2050	8,329,239		925,629	9,254,868
2051-2054	1,350,917		740,503	2,091,420
Total	\$179,196,574	\$17,736,129	\$5,551,074	\$202,483,777

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:

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June 30, 2021

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 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. \$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.

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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.
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.

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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, 2021 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, 2021 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. \$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.
3. \$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.
4. \$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.

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5. \$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. Of the outstanding balance \$19,645,000 was refunded through the issuance of Series 2020B, leaving a remaining balance of \$4,300,000.
6. \$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.
7. \$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.
8. \$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.
9. \$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. Of the outstanding balance \$11,485,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of \$3,085,000.
10. \$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.
11. \$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 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. Of the outstanding balance \$18,200,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of \$5,185,000.

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12. \$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.
 13. \$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.
 14. \$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.
 15. \$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.
 16. \$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.
 17. \$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

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- 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.
18. \$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.
 19. \$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.
 20. \$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.
 21. \$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.
 22. \$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.
 23. 6,800,000 Series 2020A Various Purpose General Obligation Bonds financing, new police cars, road resurfacing, traffic signal upgrades, 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 \$545,000 to \$785,000 plus interest over 10 years.
 24. \$22,445,000 Series 2020B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2012A Lexington-Fayette Urban County Government Taxable General Obligation

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Pension Funding Bonds. Issued at Par and payable in annual principal payments ranging from \$325,000 to \$2,005,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$ 1,998,958 over the life of the bonds resulting in net present value savings of \$1,993,274 or 11.15% of the refunded principal.

25. \$11,485,000 Series 2020C, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2013C Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from \$195,000 to \$1,150,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$1,070,316 over the life of the bonds resulting in net present value savings of \$1,075,104 or 10.67% of the refunded principal.
26. \$18,200,000 Series 2020D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2014B Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from \$370,000 to \$1,785,000 plus interest over 14 years. The refunding provided for a cumulative savings of \$1,353,965 over the life of the bonds resulting in net present value savings of \$1,358,474 or 9.03% of the refunded principal.

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, 2021 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, 2019	\$0
Claims and changes in estimates	36,111,252
Claims paid	(36,111,252)
Surplus at June 30, 2020	0
Claims and changes in estimates	35,517,122
Claims paid	(35,517,122)
Surplus at June 30, 2021	<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.

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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, 2021 the undiscounted estimated liability was \$32,750,742. The discounted estimated liability as of June 30, 2021 was \$28,946,969. Changes in the balances of claims liabilities during the past two years are as follows:

	Auto Liability and Physical Damage	General Liability	Property	Workmens' Compensation	Total
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
Claims and changes in estimates FY21	(1,474,941)	(868,651)	423,677	(5,389,121)	(7,309,037)
Claims Incurred FY 2021	1,464,707	1,399,466	(458,761)	6,393,980	8,799,393
Liability at June 30, 2021	<u>\$1,403,678</u>	<u>\$4,291,137</u>	<u>\$146,667</u>	<u>\$23,105,487</u>	<u>\$28,946,969</u>

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.

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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	
	Occurrence	Excess Reinsurance Annual Limit
Property	\$250,000	\$500,000,000 Per Occurrence
Flood Loss	250,000	\$50,000,000 per Occurrence
Flood-Specified 8 Locations	500,000	\$5,000,000 Annual Aggregate for 8 Specified Locations
Earthquake Loss	250,000	\$100,000,000 Per Occurrence
Electronic Data Processing	250,000	Included in Property Limits
Traffic Control Equipment	250,000	Included in Property Limits
Cyber Coverage – First Party	100,000	\$2,000,000 Aggregate
Boiler and Machinery	100,000	\$100,000,000 Per Occurrence
Electronic Data Processing	100,000	\$10,000,000 Per Occurrence
Auto Physical Damage	250,000	Included in Property Limits
Auto Liability	1,500,000	\$2,000,000 Combined Single Limit Per Occurrence/included in \$8,000,000 Commercial Excess Liability Umbrella
General Liability	1,500,000	\$2,000,000 Per Occurrence with varying sublimits/\$4,000,000 per aggregate included in \$8,000,000 Commercial Excess Liability Umbrella
Public Officials Liability	1,500,000	\$2,000,000 Per Occurrence & Aggregate included in \$8,000,000 Commercial Excess Liability Umbrella
Law Enforcement Liability	1,500,000	\$5,000,000 Per Occurrence & Aggregate
Excess Law Enforcement Liability		\$3,000,000 Per Occurrence & Aggregate
Workers' Compensation	1,000,000	Statutory Per Occurrence
Employers' Liability	1000000	\$2,000,000 Per Occurrence & Aggregate
Cyber Liability	75000	\$2,000,000 Aggregate w/ \$1.9M sublimit for Ransomware subject to 5% co-insurance
Pollution Liability	75000	\$1,000,000 Aggregate
Aviation Liability	N/A	\$20,000,000 Per Occ.

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, 2021 the Government has accrued approximately \$11,900,000 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 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

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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.

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.

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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 COVID-19 pandemic has adversely impacted the Airport's operations for FY 2021 and FY 2020. The estimated loss of revenue for the Airport is approximately \$13,000,000 from March 2020 through June 2021. The Airport has received \$3,461,000 and \$9,996,000 in COVID FAA relief grants from the Federal Aviation Administration (FAA) for FY 2020 and FY 2021, respectively. The Airport has also been awarded an additional COVID FAA relief grant in the amount of \$7,100,000 that it expects to receive in FY 2022. These grants are to assist with approved expenditures and debt payments.

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 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 Library made capital investment during the fiscal year for equipment and building improvements and construction. The most significant investment was the purchase of the Village Branch property. The Library will be replacing the branch with a new approximately 30,000 square foot free standing building with construction planned

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NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

to start late fiscal year 2022. The Library also continued the improvement project on the Central parking garage and invested in computer and technology improvements.

In September 2008, the Library closed on financing for the Northside branch with Kentucky League of Cities. The total balance of both loans was \$2,216,611 at June 30, 2021.

On March 29, 2012, the Library closed on financing for the Energy Project with the Kentucky League of Cities. Financing the program with revenue bonds 2014 Series A. The outstanding bond payable about was \$537,500 at June 30, 2021.

On December 30, 2014, the Library closed on financing for the relocation project related to the Eagle Creek Branch with Kentucky Bank. The construction lease has a fixed rate of 2.78% and the principal balance is \$1,736,877 as of June 30, 2021.

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 \$2,527,500 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 approximately \$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.

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, 2021, there were 13 series of Industrial Revenue Bonds outstanding with an aggregate amount payable of approximately \$48,083,697.

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. On June 2, 2021, the Commonwealth of Kentucky

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entered into a Forward Delivery Agreement with PNC Bank to fully refund the outstanding balance of \$98,995,000 2011A Eastern State Hospital Project.

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, 2021 were as follows:

General Fund	\$10,702,720
Urban Service Fund	9,524,397
Nonmajor Governmental Funds	11,456,840

Encumbrances are not recorded in the financial statements for proprietary fund types and Pension Trust Funds. However, the purchase orders outstanding at June 30, 2021 for these funds are as follows:

Sanitary Sewer System	\$95,035,728
Public Facilities Corporation	162,343
Water Quality	14,115,479
Landfill	91,402
Nonmajor Enterprise Funds	601,015

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.

As of June 30, 2021, 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 \$443,485 for tax credits related to fiscal year 2020 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, 2021, three state abatement agreements have been entered into with local businesses.

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- *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 \$55,500 for tax credits related to fiscal year 2020 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, 2021, 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 \$178,264 for tax credits related to fiscal year 2020 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, 2021, 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, 2021, twenty one (21) companies participated in that program at the local level. Payroll withholdings are reduced by an estimated amount of \$1,047,524.

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 thereafter, for total funding as of June 30, 2021 of \$15,000,000. As of June 30, 2021, there are \$4,454,249 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, forgivable loans, or other agreements. The program is focused on attracting innovative businesses and promoting expansion of existing businesses, with a priority focus on 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

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approval for all agreements 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, 2021 of \$4,020,000. As of June 30, 2021, there are \$1,314,032 in outstanding loans for this program.

In March 2020, the Mayor issued an executive order that granted a 90-day deferral to all jobs fund loan recipients. The mayor amended her executive order to provide an additional 90-day deferral for loan recipients, for a total deferral of 180-days. Additionally, the Economic Development Investment Board considered individual requests from program recipients for payment deferrals and restructuring due to impacts from COVID-19. Regular compliance and payments are scheduled to begin to resume in fiscal year 2022.

In addition, one loan recipient has defaulted and the Government is in active negotiation for settlement. The amount of settlement is not estimable at this time. The outstanding loan amount as of June 30, 2021 is \$240,860.

Small Business Economic Recovery Program – During Fiscal Year 2021, the Urban Council appropriated \$5,000,000 to small business recovery programs. The Small Business Economic Recovery Grant Program was created to award \$2,500,000 to support the recovery of small businesses in Lexington. Eligible businesses were invited to apply for up to \$25,000 in grant assistance, and were required to establish goals to sustain or increase employment and/or payroll. Businesses that do not meet their benchmarks will be required to pay back the grant based on a sliding scale of the proportion of the benchmarks achieved.

N. Business Disruption – In March 2020, the World Health Organization declared the spread of the Coronavirus Disease (“COVID-19”) as a global pandemic and recommended worldwide mitigation measures. The COVID-19 pandemic had significant effects on global markets, supply chains, businesses, and communities. Specific to the Government, the pandemic impacted various parts of its operations and financial results due to mandated closure of businesses which resulted in the reduction of jobs which negatively impacted Occupational License Tax and Net Profits Tax revenues. In response to the COVID-19 pandemic, the Government created grant programs for small businesses and emergency financial assistance programs for residents facing evictions or utility shutoffs.

Management believes the Government has taken appropriate actions to mitigate the negative impact. However, if the pandemic continues to evolve, the subsequent needs of the community will continue to have an impact on future operations. The extent to which the full impact of COVID-19 and its aftereffects are still unknown and cannot be reasonably estimated.

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

It is the Government’s intent to issue bonds in January 2022 in the amount of \$30 million. The bonds will fund various projects including infrastructure improvements, fleet replacement, public safety projects, and information technology improvements.

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Component Unit

On August 31, 2021, the LCC Board of Directors approved a management agreement with Oak View Group LLC (OVG) to manage the day-to-day operations of all LCC facilities on behalf of LCC. OVG will be responsible for the marketing, sales, box office, finance, operations, and generate new business opportunities and attract a variety of events that will bring visitors and drive economic impact for Lexington and the region. OVG's management of all facilities is scheduled to begin October 1, 2021 and continue through June 30, 2026.

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, 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.

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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, 2020:

	PFRF Number	CEPF Number
Inactive Plan Participants:		
Retirees and beneficiaries currently receiving benefits	1,261	56
Active Plan Participants:		
Active members	1,193	
Total	2,454	56

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 2021, the Government contributed 38.63% to the PFRF. Administrative costs were financed by a combination of additional contributions as well as investment income. The required contribution rate is shown in the following table:

	PFRF
Required Contribution Rates:	
Government	38.63%
Plan Member	12.00%

D. Net Pension Liability

The Government's net pension liability/(asset) was measured as of June 30, 2020, 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 Fund	City Employees' Pension Fund
Valuation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry Age Normal Funding	Entry Age Normal Funding
Amortization method	Level Dollar - Closed	Level Dollar - Open
Remaining amortization period	24 years closed	15 years open
Asset valuation method	5 year smoothed market	Market
Actuarial assumptions:		
Investment rate of return	6.74%	4.77%
Projected salary increases	9.50% to 4.00%	N/A
Cost-of-living adjustments	See Note 8.A. on page 93	3.00%
Inflation	2.75%	N/A

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
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	PFRF			CEPF		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a)-(b)	(a)	(b)	(a)-(b)
Balances at 6/30/2019	\$1,033,492,266	\$766,780,680	\$266,711,586	\$9,054,261	\$30,983,947	(\$21,929,686)
Changes for the year:						
Service Cost	21,523,014		21,523,014			
Interest	72,718,815		72,718,815	442,128		442,128
Differences between expected and actual experience	12,804,385		12,804,385	(348,011)		(348,011)
Changes of assumptions	63,209,919		63,209,919	486,789		486,789
Contributions-employer		32,549,517	(32,549,517)			
Contributions-employee		10,875,896	(10,875,896)			
Net investment income		40,611,737	(40,611,737)		2,111,700	(2,111,700)
Benefit payments, including refunds of employee contributions	(63,711,393)	(63,711,393)		(1,136,223)	(1,136,223)	
Administrative expense		(468,526)	468,526		(1,320)	1,320
Other changes		106,394	(106,394)			
Net changes	106,544,740	19,963,625	86,581,115	(555,317)	974,157	(1,529,474)
Beginning of the Year Adj		3,657,852	(3,657,852)			
Balances at 6/30/2020	\$1,140,037,006	\$790,402,157	\$349,634,849	\$8,498,944	\$31,958,104	(\$23,459,160)

The following presents the net pension liability of the Government's CEPF pension plan, calculated using the discount rate of 4.77%, 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 (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
CEPF's net pension liability (asset)	(\$22,947,779)	(\$23,459,160)	(\$23,916,689)

The following presents the net pension liability of the Government's PFRF pension plan, calculated using the discount rate of 6.74%, 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 (6.74%) or 1-percentage-point higher (7.74%) than the current rate:

	1% Decrease (5.74%)	Current Discount Rate (6.74%)	1% Increase (7.74%)
PFRF's net pension liability	\$490,726,398	\$349,634,849	\$233,287,191

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

For the year ended June 30, 2020, the Government recognized PFRF pension expense of \$72,741,682 and CEPF pension expense of (\$781,463), respectively.

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At June 30, 2020, the CEPF and PFRF reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CEPF

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	\$0	\$291,824
Total	\$0	\$291,824

PFRF

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$38,784,918	\$0
Changes of assumptions	75,941,112	
Difference between projected and actual earnings on pension plan investments	1,421,506	
Employer contributions subsequent to the Measurement date	31,475,926	
Total	\$147,623,462	\$0

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:

2022	\$81,512
2023	(64,667)
2024	(203,256)
2025	(105,413)
2026	0
Thereafter	0

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:

2022	\$38,853,683
2023	31,624,489
2024	25,383,424
2025	18,359,651
2026	1,926,289
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. In addition, the health insurance is

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

administered as one plan and actuarial calculations cannot reasonably be separated into separate PFRF and CEPF plans.

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, 2020 the plan membership data is as follows:

	Number
Inactive Plan Participants:	
Retirees and beneficiaries currently receiving benefits	1,087
Active Plan Participants:	
Active members	1,162
Total	<u>2,249</u>

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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
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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

Total OPEB Liability (TOL) of the Government

Total OPEB Liability	\$273,520,879
Fiduciary Net Position	0
Net OPEB Liability	<u>\$273,520,879</u>
FNP % of the TOPEBL	<u>0%</u>

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using 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	3.50%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.75% by 2029
Post-Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.75% by 2023

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>
	<u>Total OPEB Liability (TOL)</u>
Balances at 6/30/2019	\$277,382,388
Changes for the year:	
Service Cost*	12,871,670
Interest on the TOL and Cash Flow	9,615,077
Differences between expected and actual experience**	(72,950,809)
Changes of assumptions***	51,980,631
Benefit payments	(5,378,078)
Net changes	<u>(3,861,509)</u>
Balances at 6/30/2020	<u>\$273,520,879</u>

* The service cost includes interest for the year.

** The majority of the decrease in the Total OPEB Liability due to experience was due to lower than anticipated Medicare premiums.

*** The majority of the increase in the Total OPEB Liability due to assumption changes was due to the change in the Discount Rate, which is based on the Municipal Bond Rate.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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 2.21%, 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% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Net OPEB Liability	\$324,760,336	\$273,520,879	\$233,428,075

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% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$234,457,122	\$273,520,879	\$325,014,745

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

For the year ended June 30, 2020, the Government recognized OPEB expense of \$(4,702,352). At June 30, 2020 the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$109,239,758
Changes of assumptions	53,613,067	20,086,427
Employer contributions subsequent to the Measurement date	5,684,418	
Total	<u>\$59,297,485</u>	<u>\$129,326,185</u>

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:

Year ended June 30:	
2022	\$(27,189,099)
2023	(27,189,099)
2024	(17,467,499)
2025	(2,206,798)
2026	(1,660,623)
Thereafter	0

Payable to the OPEB Plan

At June 30, 2020, the Government had no payables for outstanding contributions to the Plan required for the year ended June 30, 2020.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

F. Pension Plan Financial Statements

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
June 30, 2021**

	PFRF	CEPF	Total Pension Trust Funds
ASSETS			
Cash and Cash Equivalents	\$956,055	\$594,648	\$1,550,703
Interest Receivable	3,628,877	38,319	3,667,196
Investments, at Fair Value:			
Debt Securities:			
Bank Loans	1,908,044		1,908,044
Corporate Debt	112,612,009	5,479,033	118,091,042
Municipal Obligations	5,050,371		5,050,371
SL Comingled Funds	39,967,643		39,967,643
US Agencies	1,310,956		1,310,956
US Government Obligations	61,352,927	3,362,255	64,715,182
Other Investments:			
Equity Mutual Funds	487,234,954	26,787,232	514,022,186
Equity Real Estate	76,527,440		76,527,440
Equity Securities - Domestic	1,443,832		1,443,832
Equity Securities - International	243,262,670		243,262,670
Total Investments	<u>1,030,670,846</u>	<u>35,628,520</u>	<u>1,066,299,366</u>
Total Assets	<u>\$1,035,255,778</u>	<u>\$36,261,487</u>	<u>\$1,071,517,265</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$17,798	\$146	\$17,944
Securities Lending Transactions	39,967,643		39,967,643
Total Liabilities	<u>\$39,985,441</u>	<u>\$146</u>	<u>\$39,985,587</u>
NET POSITION			
Net position restricted for pensions	<u>\$995,270,337</u>	<u>\$36,261,341</u>	<u>\$1,031,531,678</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

STATEMENT OF CHANGES IN NET POSITION
June 30, 2021

	PFRF	CEPF	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$31,406,687	\$0	\$31,406,687
Employer - Administration	5,657,879	26,539	5,684,418
Plan Members	10,985,494		10,985,494
Other	69,240		69,240
Total Contributions	48,119,300	26,539	48,145,839
Investment Income:			
Net Change in Fair Value of Investments	219,555,592	3,200,400	222,755,992
Interest	10,306,722	2,126,353	12,433,075
Dividends	2,832,588	42,850	2,875,438
Total Investment Income	232,694,902	5,369,603	238,064,505
Less Investment Expense	2,099,169	86,847	2,186,016
Net Investment Income	230,595,733	5,282,756	235,878,489
Income from Securities Lending Activities:			
Securities Lending Income	86,783		86,783
Securities Lending Expenses:			
Borrower Rebates	(11,711)		(11,711)
Management Fees	34,661		34,661
Total Securities Lending Expenses	22,950	0	22,950
Net Income on Securities Lending Activities	63,833	0	63,833
Total Additions	278,778,866	5,309,295	284,088,161
DEDUCTIONS			
Benefit Payments	73,426,771	1,005,275	74,432,046
Administrative Expense	483,915	783	484,698
Total Deductions	73,910,686	1,006,058	74,916,744
Net Increase	204,868,180	4,303,237	209,171,417
Net Position, Beginning	790,402,157	31,958,104	822,360,261
Net Position, Ending	\$995,270,337	\$36,261,341	\$1,031,531,678

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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 \$19,311,623, \$20,050,133, and \$16,718,583 respectively, for the years ended June 30, 2021, 2020, and 2019. The contractually required contribution amounts to CERS were \$21,851,163, \$20,990,058, and \$21,120,711 respectively, for the years ended June 30, 2021, 2020, and 2019.

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, 2020, the Government reported a liability of \$305,778,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2021

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, 2020, the Government's portion of nonhazardous and hazardous was 3.06% and 2.34%, respectively.

At June 30, 2020, the Government reported pension expense of \$27,708,528. At June 30, 2020, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$8,053,991	
Difference between projected and actual earnings on pension plan investments	12,867,903	\$5,392,330
Change of assumptions	11,860,901	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	35,185	2,731,489
Government contributions subsequent to the measurement date	19,311,623	
Total	<u>\$52,129,603</u>	<u>\$8,123,819</u>

The \$19,311,623 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:

2021	\$10,946,759
2022	7,203,995
2023	3,537,977
2024	3,005,432
2025	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, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, 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, 2020 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, 2021

The total pension liability in the June 30, 2020 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, 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:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Nonhazardous	\$290,065,177	\$235,210,053	\$189,787,925
Hazardous	87,212,341	70,568,277	56,982,322
CERS's net pension liability	\$377,277,518	\$305,778,330	\$246,770,247

Payable to the Pension Plan

At June 30, 2021, the CERS reported payables of \$114,179 from the Government for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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 December 3, 2020, is comprised of David L. Harris, Chair, Governor Appointee; Keith Percy, Vice Chair, elected by SPRS; W. Joe Brothers, Governor Appointee; John E. Chilton, Governor Appointee; Kelly Downard, Governor Appointee; Joseph L. Grossman, Governor Appointee; C. Prewitt Lane, Governor Appointee; J.T. Fulkerson, Governor Appointee; Matthew Monteiro, Governor Appointee; Gerina Whethers, Personnel Secretary Ex-Officio; and one vacant Governor Appointee position; Raymond Campbell Connell, elected by KERS; Sherry Lynn Kremer, elected by KERS; Betty Pendergrass, elected by CERS; Jerry W. Powell, elected by CERS; and David Rich, elected by CERS.

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, 2021

Relationship to Combining Financial Statements

The Schedule was reconciled to the Plan's Combining Statement of Changes in Fiduciary Net Position – Insurance Fund in KRS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020, with the following difference. The 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount on the Pension Funds are considered as an OPEB asset. As a result, the reported plan fiduciary net position for the Insurance Fund as of June 30, 2020, includes the 401(h) asset balance.

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 Fiduciary Net Position and in accordance with requirements promulgated by Governmental Accounting Standards Board (GASB) Statements No. 74 and 75. The net OPEB liability at June 30, 2020, 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, CERS Hazardous, KERS Non-hazardous, KERS 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 the employees contributions are set by Kentucky Revised Statute 61.702(2)(b)(1). KRS recognized employer and employee contributions to the plans through June 30, 2020. OPEB expenses are recognized as the benefits come due for the CERS Non-hazardous, CERS Hazardous, KERS Non-hazardous, and KERS Hazardous Insurance Plans, 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, 2020. 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.

The Schedule of Employer Allocations reflects employer contributions received for the fiscal year ended June 30, 2020, 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 allocation.

The Employer Allocation Percentage has been rounded to six decimal places.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

The components of the net OPEB liability of CERS for the Government as of June 30, 2020, calculated in accordance with GASB Statement No. 74, are as follows (dollars in thousands):

	CERS Non-Hazardous	CERS Hazardous
Total OPEB Liability	\$153,181,747	\$52,538,644
Fiduciary Net Position	79,149,621	30,914,402
Net OPEB Liability	<u>\$74,032,126</u>	<u>\$21,624,242</u>
FNP % of TOPEBL	93.53%	69.95%

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, 2020, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020, were based on an actuarial valuation date of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using the generally accepted actuarial principles. The following actuarial valuation as of June 30, 2020:

Inflation	2.3%
Payroll Growth Rate	2.0% for CERS nonhazardous and hazardous
Salary Increase	3.3% to 10.30% nonhazardous; 3.05% to 19.05% hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Post-65	Initial trend starting at 2.90% at January 1, 2022, and gradually increasing to an ultimate trend rate of 4.05% over a period of 14 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019 are reflected in the June 30, 2020 GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11 % to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the net liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Discount Rate

The projection of cash flows used to determine the discount rate of 5.34% for CERS Non-hazardous, and 5.30% 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 net actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the CAFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 legislative session. If there is a pattern of legislation that has a resulting effect of employers making contributions less than the actuarially determined rate, GRS may be required to project contributions that are reflective of recent actual contribution efforts regardless of the stated funding policy (as required by paragraph 50 of GASB Statement No. 74). Legislation has been enacted for multiple years (for Fiscal Year 18/19, Fiscal Year 19/20, and Fiscal Year 20/21) that allowed certain employers (referred to as "Quasi" agencies) in the KERS Non-hazardous Fund to contribute 8.41% of pay into the insurance fund, which is less than the actuarially determined contribution rate. GRS confirmed that the single discount rate used in the GASB calculations remains unchanged if these Quasi agencies were assumed to continue making contributions at a reduced rate in future years.

The following presents the net OPEB liability of the Government's CERS OPEB Nonhazardous plan, calculated using the discount rate of 5.34%, 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 (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
Nonhazardous	\$95,109,532	\$74,032,113	\$56,720,529

The following presents the net OPEB liability of the Government's CERS OPEB Hazardous plan, calculated using the discount rate of 5.34%, 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 (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
Hazardous	\$29,354,362	\$21,624,255	\$15,395,357

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:

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

	1% Decrease	Current Discount Rate	1% Increase
Nonhazardous	\$57,319,360	\$74,032,113	\$94,313,434
Hazardous	15,453,328	21,624,255	29,210,879
CERS's net OPEB liability	\$72,772,688	\$95,656,368	\$123,524,313

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 \$5,053,403, \$5,238,327, and \$5,762,562, respectively, for the years ended June 30, 2021, 2020, and 2019. The contractually required contribution amounts to CERS were \$5,153,353, \$5,487,323, and \$6,655,493, respectively, for the years ended June 30, 2021, 2020, and 2019.

Pension Expense, Deferred Inflows and Outflows of Resources

At June 30, 2020, the Government reported OPEB expense of \$12,979,439. 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, 2020, 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, 2020, the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$13,111,272	\$14,538,290
Difference between projected and actual earnings on pension plan investments	5,572,494	2,151,942
Change of assumptions	16,404,952	98,233
Changes in proportion and differences between Employer contributions and proportionate share of contributions		2,459,370
Government contributions subsequent to the measurement date	6,971,922	
Total	\$42,060,640	\$19,247,835

The \$6,971,922 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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2021

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

Year ended June 30:	
2021	\$4,264,375
2022	4,479,349
2023	3,552,734
2024	3,527,961
2025	16,464
Thereafter	0

Payable to the OPEB Plan

At June 30, 2021, the CERS reported payables credit balance of \$12,151 from the Government for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

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.

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 of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. (FY 2022)

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)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs, by establishing that a SBITA results in an intangible asset and a corresponding subscription liability, capitalization criteria, and required note disclosures. (FY 2023)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, this statement clarifies when the entity has no governing board and the government performs the functions that a board would normally perform, the consideration of consolidation should be the same as if the government appointed a voting majority of a hypothetical governing board and modifies the applicability of certain component unit criteria as they relate to various benefit plans. (FY 2022)

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term *annual comprehensive financial report* and its acronym *ACRF*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. (FY2022)

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
POLICE CONFISCATED FEDERAL FUNDS
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$250,000	\$250,000	\$254,627	\$4,627
Total Revenues	250,000	250,000	254,627	4,627
EXPENDITURES				
Current:				
Police	567,000	549,914	208,483	(341,431)
Capital:				
Equipment	490,000	494,000	33,116	(460,884)
Total Expenditures	<u>1,057,000</u>	<u>1,043,914</u>	<u>241,599</u>	<u>(802,315)</u>
Excess (Deficiency) of Revenues Over Expenditures	(807,000)	(793,914)	13,028	806,942
OTHER FINANCING SOURCES (USES)				
Transfers Out		4,058		(4,058)
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,058</u>	<u>0</u>	<u>(4,058)</u>
Net Change in Fund Balance	<u>(\$807,000)</u>	<u>(\$789,856)</u>	\$13,028	<u>\$802,884</u>
Fund Balance, Beginning			0	
Fund Balance, Ending			<u>\$13,028</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
POLICE CONFISCATED STATE FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$600,000	\$600,000	\$196,556	(\$403,444)
Total Revenues	600,000	600,000	196,556	(403,444)
EXPENDITURES				
Current:				
Police	265,000	198,160	128,112	(70,048)
Total Expenditures	265,000	198,160	128,112	(70,048)
Excess (Deficiency) of Revenues Over Expenditures	335,000	401,840	68,444	(333,396)
OTHER FINANCING SOURCES (USES)				
Transfers Out		(59,500)		59,500
Total Other Financing Sources (Uses)	0	(59,500)	0	59,500
Net Change in Fund Balance	<u>\$335,000</u>	<u>\$342,340</u>	\$68,444	<u>(\$273,896)</u>
Fund Balance, Beginning			693,553	
Fund Balance, Ending			<u>\$761,997</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
PUBLIC SAFETY FUNDS
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$250,000	\$250,000	\$185,654	(\$64,346)
Total Revenues	250,000	250,000	185,654	(64,346)
EXPENDITURES				
Current:				
Capital:				
Equipment		164,422	161,422	(3,000)
Acquisitions and Construction		51,033	51,033	
Total Expenditures	0	215,455	212,455	(3,000)
Excess (Deficiency) of Revenues (Under) Expenditures	250,000	34,545	(26,801)	(61,346)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(300,000)	(300,000)	(300,000)	
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(300,000)	0
Net Change in Fund Balance	<u>(\$50,000)</u>	<u>(\$265,455)</u>	<u>(\$326,801)</u>	<u>(\$61,346)</u>
Fund Balance, Beginning			463,513	
Fund Balance, Ending			<u>\$136,712</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
INDUSTRIAL REVENUE BOND FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
OTHER FINANCING SOURCES (USES)				
Transfers Out	(70,000)	(70,000)		70,000
Total Other Financing Sources (Uses)	(70,000)	(70,000)	0	70,000
Net Change in Fund Balance	<u>(\$70,000)</u>	<u>(\$70,000)</u>	\$0	<u>\$70,000</u>
Fund Balance, Beginning			135,725	
Fund Balance, Ending			<u>\$135,725</u>	

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
MUNICIPAL AID FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$2,970,586	\$2,970,586	\$5,660,848	\$2,690,262
Income on Investments	5,000	5,000	100	(4,900)
Total Revenues	<u>2,975,586</u>	<u>2,975,586</u>	<u>5,660,948</u>	<u>2,685,362</u>
EXPENDITURES				
Current:				
Capital:				
Acquisitions and Construction	300,000	1,433,746	935,325	(498,421)
Total Expenditures	<u>300,000</u>	<u>1,433,746</u>	<u>935,325</u>	<u>(498,421)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,675,586	1,541,840	4,725,623	3,183,783
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,054,110)	(5,457,543)	(3,798,099)	1,659,444
Total Other Financing Sources (Uses)	<u>(3,054,110)</u>	<u>(5,457,543)</u>	<u>(3,798,099)</u>	<u>1,659,444</u>
Net Change in Fund Balance	<u>(\$378,524)</u>	<u>(\$3,915,703)</u>	<u>\$927,524</u>	<u>\$4,843,227</u>
Fund Balance, Beginning			5,030,964	
Fund Balance, Ending			<u>\$5,958,488</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
COUNTY AID FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$388,226	\$388,226	\$531,505	\$143,279
Income on Investments	3,000	3,000	65	(2,935)
Total Revenues	<u>391,226</u>	<u>391,226</u>	<u>531,570</u>	<u>140,344</u>
EXPENDITURES				
Current:				
Capital:				
Acquisitions and Construction		770,598	782,057	11,459
Total Expenditures	<u>0</u>	<u>770,598</u>	<u>782,057</u>	<u>11,459</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>391,226</u>	<u>(379,372)</u>	<u>(250,487)</u>	<u>128,885</u>
Net Change in Fund Balance	<u>\$391,226</u>	<u>(\$379,372)</u>	<u>(\$250,487)</u>	<u>\$128,885</u>
Fund Balance, Beginning			<u>3,573,194</u>	
Fund Balance, Ending			<u>\$3,322,707</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
MINERAL SEVERANCE FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$200,000	\$200,000	\$308,568	\$108,568
Income on Investments	1,000	1,000	22	(978)
Total Revenues	<u>201,000</u>	<u>201,000</u>	<u>308,590</u>	<u>107,590</u>
EXPENDITURES				
Current:				
Environmental Quality & Public Works	250,000	167,734	124,969	(42,765)
Capital:				
Acquisitions and Construction		479		(479)
Total Expenditures	<u>250,000</u>	<u>168,213</u>	<u>124,969</u>	<u>(43,244)</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>(49,000)</u>	<u>32,787</u>	<u>183,621</u>	<u>150,834</u>
Net Change in Fund Balance	<u>(\$49,000)</u>	<u>\$32,787</u>	<u>\$183,621</u>	<u>\$150,834</u>
Fund Balance, Beginning			238,234	
Fund Balance, Ending			<u>\$421,855</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
2021 BOND PROJECTS
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Posi
REVENUES				(Negative)
Other	\$0	\$10,512	\$16,645	\$6,133
Income on Investments			1,033	1,033
Total Revenues	0	10,512	17,678	7,166
EXPENDITURES				
Current:				
Debt Service:				
Other Debt Service		167,388	167,388	
Capital:				
Equipment	1,760,000	1,462,313	1,463,813	1,500
Acquisitions and Construction	5,862,927	4,243,188	4,697,837	454,649
Total Expenditures	7,622,927	5,872,889	6,329,038	456,149
Excess (Deficiency) of Revenues (Under) Expenditures	(7,622,927)	(5,862,377)	(6,311,360)	(448,983)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt		6,800,000	6,800,000	
Premium on Bonds		903,352	903,352	
Discount on Bonds		(182,745)	(182,745)	
Issuance of Refunding Debt, par		29,685,000	29,685,000	
Payment to Refunded Debt Escrow Agent		(29,405,525)	(29,405,525)	
Total Other Financing Sources (Uses)	0	7,800,082	7,800,082	0
Net Change in Fund Balance	(\$7,622,927)	\$1,937,705	\$1,488,722	(\$448,983)
Fund Balance, Beginning			0	
Fund Balance, Ending			\$1,488,722	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
SANITARY SEWER FUNDS
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
User Charges	\$67,500,000	\$67,500,000	\$67,943,984	\$443,984
Fees	2,225,000	2,225,000	1,892,298	(332,702)
Exactions			58,727	58,727
Property Sales			1,409,495	1,409,495
Other	1,001,000	17,222,424	7,351,626	(9,870,798)
Income on Investments	599,000	599,000	700,993	101,993
Total Revenues	71,325,000	87,546,424	79,357,123	(8,189,301)
EXPENDITURES				
Current:				
General Government	1,980,034	1,806,350	2,200,711	394,361
Administrative Services	242,713	242,377	234,370	(8,007)
Chief Development Officer	45,928	45,928	46,539	611
Environmental Quality & Public Works	29,404,265	44,187,995	43,883,179	(304,816)
Finance	2,517,607	2,518,690	2,253,679	(265,011)
Information Technology	737,211	645,109	590,971	(54,138)
Social Services	160,000	160,000	118,151	(41,849)
General Services	73,163	72,889	874,141	801,252
Law and Risk Management	101,564	103,404	97,269	(6,135)
Debt Service:				
Principal	6,657,983	11,396,772	11,212,512	(184,260)
Interest	2,434,735	5,041,622	4,963,374	(78,248)
Other Debt Service	256,468	265,176	(125,641)	(390,817)
Capital:				
Equipment	2,462,700	2,723,734	2,697,583	(26,151)
Acquisitions and Construction	20,719,930	34,590,905	3,527,666	(31,063,239)
Total Expenditures	67,794,301	103,800,951	72,574,504	(31,226,447)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,530,699	(16,254,527)	6,782,619	23,037,146
OTHER FINANCING SOURCES (USES)				
Transfers Out	20,943	19,851		(19,851)
Total Other Financing Sources (Uses)	20,943	19,851	0	(19,851)
Net Change in Fund Balance	\$3,551,642	(\$16,234,676)	\$6,782,619	\$23,017,295
Fund Balance, Beginning			271,344,149	
Adjustment to Opening Fund Balance (Note 2.D.)			(439,429)	
Fund Balance, Ending			\$277,687,339	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
PUBLIC FACILITIES CORPORATION FUNDS
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$430,000	\$430,000	\$298,207	(\$131,793)
Rental Income	5,477,208	5,477,208	5,035,363	(441,845)
Other			306,469	306,469
Theatre Revenues	780,000	780,000	77,324	(702,676)
Income on Investments	3,000	3,000	94	(2,906)
Total Revenues	6,690,208	6,690,208	5,717,457	(972,751)
EXPENDITURES				
Current:				
General Government			37,885	37,885
Environmental Quality & Public Works			7,558	7,558
Finance	777	777	777	0
Public Safety			5,345	5,345
Police			46,576	46,576
Fire and Emergency Services			94,178	94,178
Social Services			16,268	16,268
General Services	2,088,903	2,607,689	2,455,780	(151,909)
Parks and Recreation		8,762	117,093	108,331
Outside Agencies	700,000	700,000	70,741	(629,259)
Debt Service:				
Principal	3,143,966	2,390,000	2,390,000	0
Interest	813,716	1,567,682	1,537,970	(29,712)
Other Debt Service			(261,141)	(261,141)
Capital:				
Equipment		9,567		(9,567)
Acquisitions and Construction	24,000	24,000		(24,000)
Total Expenditures	6,771,362	7,308,477	6,519,030	(789,447)
Excess (Deficiency) of Revenues (Under) Expenditures	(81,154)	(618,269)	(801,573)	(183,304)
OTHER FINANCING SOURCES (USES)				
Transfers In			284,280	284,280
Transfers Out	(3,000,000)	(3,000,000)		3,000,000
Total Other Financing Sources (Uses)	(3,000,000)	(3,000,000)	284,280	3,284,280
Net Change in Fund Balance	(\$3,081,154)	(\$3,618,269)	(\$517,293)	\$3,100,976
Fund Balance, Beginning			19,016,679	
Adjustment to Opening Fund Balance (Note 2.D.)			4,479,650	
Fund Balance, Ending			\$22,979,036	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
LANDFILL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
User Charges	\$6,775,000	\$6,775,000	\$6,817,528	\$42,528
Fees	265,000	265,000	245,965	(19,035)
Other	130,000	130,000	(1,067)	(131,067)
Theatre Revenues	0	0	0	0
Income on Investments	450,000	450,000	53,770	(396,230)
Total Revenues	7,620,000	7,620,000	7,116,196	(503,804)
EXPENDITURES				
Current:				
General Government	215,454	215,454	222,827	7,373
Administrative Services	76,938	76,938	66,446	(10,492)
Environmental Quality & Public Works	3,686,730	3,684,756	4,469,944	785,188
Finance	642,383	642,173	463,972	(178,201)
Information Technology	102,165	70,066	34,178	(35,888)
Social Services	20,000	20,000	18,229	(1,771)
Law and Risk Management	30,958	30,958	29,463	(1,495)
Capital:				
Equipment		2,199	2,199	0
Acquisitions and Construction	40,000	121,977	789,045	667,068
Total Expenditures	4,814,628	4,864,521	6,096,303	1,231,782
Excess (Deficiency) of Revenues Over Expenditures	2,805,372	2,755,479	1,019,893	(1,735,586)
Net Change in Fund Balance	\$2,805,372	\$2,755,479	\$1,019,893	(\$1,735,586)
Fund Balance, Beginning			43,995,883	
Adjustment to Opening Fund Balance (Note 2.D.)			(30,614)	
Fund Balance, Ending			\$44,985,162	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
STORMWATER FUNDS
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
User Charges	\$15,000,000	\$15,000,000	\$15,433,537	\$433,537
Other	195,000	195,000	10,209	(184,791)
Income on Investments	90,000	90,000	19,260	(70,740)
Total Revenues	15,285,000	15,285,000	15,463,006	178,006
EXPENDITURES				
Current:				
General Government	837,649	819,040	944,909	125,869
Administrative Services	110,571	110,571	96,797	(13,774)
Chief Development Officer			(2,574)	(2,574)
Environmental Quality & Public Works	9,785,209	8,452,066	9,724,799	1,272,733
Finance	823,046	822,145	505,427	(316,718)
Information Technology	303,337	253,899	239,738	(14,161)
Social Services	20,000	20,000	15,211	(4,789)
General Services			16,734	16,734
Parks and Recreation	65,808	65,808	64,584	(1,224)
Law and Risk Management	123,397	123,397	113,796	(9,601)
Debt Service:				
Principal	498,721	498,721	262,351	(236,370)
Interest	176,959	176,959	78,527	(98,432)
Other Debt Service	20,003	20,003	8,800	(11,203)
Capital:				
Equipment	115,250	148,218	139,517	(8,701)
Acquisitions and Construction	2,400,000	1,577,344	722,356	(854,988)
Total Expenditures	15,279,950	13,088,171	12,930,972	(157,199)
Excess (Deficiency) of Revenues Over Expenditures	5,050	2,196,829	2,532,034	335,205
Net Change in Fund Balance	\$5,050	\$2,196,829	\$2,532,034	\$335,205
Fund Balance, Beginning			21,602,091	
Adjustment to Opening Fund Balance (Note 2.D.)			(41,328)	
Fund Balance, Ending			\$24,092,797	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
RIGHT OF WAY PROGRAM FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$480,000	\$480,000	\$759,809	\$279,809
Total Revenues	480,000	480,000	759,809	279,809
EXPENDITURES				
Current:				
Environmental Quality & Public Works	533,183	547,420	471,748	(75,672)
Information Technology	79,746	79,746	74,012	(5,734)
General Services			6,324	6,324
Total Expenditures	612,929	627,166	552,084	(75,082)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,929)	(147,166)	207,725	354,891
Net Change in Fund Balance	<u>(\$132,929)</u>	<u>(\$147,166)</u>	\$207,725	<u>\$354,891</u>
Fund Balance, Beginning			1,590,079	
Fund Balance, Ending			<u>\$1,797,804</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
EXTENDED SCHOOL PROGRAM FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-Positive (Negative)
REVENUES				
Fees	\$2,125,500	\$2,125,500	\$183,657	(\$1,941,843)
Total Revenues	2,125,500	2,125,500	183,657	(1,941,843)
EXPENDITURES				
Current:				
General Government	212,470	212,470	97,008	(115,462)
Parks and Recreation	1,854,907	1,536,632	863,416	(673,216)
Total Expenditures	2,067,377	1,749,102	960,424	(788,678)
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,123	376,398	(776,767)	(1,153,165)
Net Change in Fund Balance	<u>\$58,123</u>	<u>\$376,398</u>	<u>(\$776,767)</u>	<u>(\$1,153,165)</u>
Fund Balance, Beginning			(939,834)	
Fund Balance, Ending			<u>(\$1,716,601)</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
ENHANCED 911 FUND
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$4,500,233	\$4,500,233	\$4,107,658	(\$392,575)
Other	5,440	5,440	9,012	3,572
Income on Investments	30,000	30,000	478	(29,522)
Total Revenues	4,535,673	4,535,673	4,117,148	(418,525)
EXPENDITURES				
Current:				
General Government	74,436	66,990		(66,990)
Information Technology	2,100	2,100	1,929	(171)
Public Safety	5,962,081	5,978,916	5,876,174	(102,742)
General Services			8,661	8,661
Law and Risk Management			96	96
Capital:				
Equipment	212,179	212,179	212,179	0
Acquisitions and Construction			(113,669)	(113,669)
Total Expenditures	6,250,796	6,260,185	5,985,370	(274,815)
Excess (Deficiency) of Revenues (Under) Expenditures	(1,715,123)	(1,724,512)	(1,868,222)	(143,710)
OTHER FINANCING SOURCES (USES)				
Transfers In			200,000	200,000
Transfers Out	(27,020)	(27,020)	(4,124)	22,896
Total Other Financing Sources (Uses)	(27,020)	(27,020)	195,876	222,896
Net Change in Fund Balance	(\$1,742,143)	(\$1,751,532)	(\$1,672,346)	\$79,186
Fund Balance, Beginning			2,633,142	
Fund Balance, Ending			\$960,796	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
CKY NETWORK FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-Positive (Negative)
REVENUES				
Fees	\$371,072	\$371,072	\$374,504	\$3,432
Total Revenues	371,072	371,072	374,504	3,432
EXPENDITURES				
Current:				
Public Safety	359,640	360,280	299,418	(60,862)
Total Expenditures	359,640	360,280	299,418	(60,862)
Excess (Deficiency) of Revenues Over Expenditures	11,432	10,792	75,086	64,294
OTHER FINANCING SOURCES (USES)				
Transfers Out		(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	0	(200,000)	(200,000)	0
Net Change in Fund Balance	<u>\$11,432</u>	<u>(\$189,208)</u>	<u>(\$124,914)</u>	<u>\$64,294</u>
Fund Balance, Beginning			215,033	
Fund Balance, Ending			<u>\$90,119</u>	

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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
REVENUES				
Licenses and Permits:				
Employee Withholdings	\$185,951,110	\$185,951,110	\$209,644,958	\$23,693,848 a
Business Returns	36,110,870	36,110,870	49,811,199	13,700,329 a
Insurance Premiums	34,830,660	34,830,660	35,707,967	877,307
Regulated License Fee	980,000	980,000	707,195	(272,805)
Franchise Fee	25,532,710	25,532,710	25,094,967	(437,743)
Bank Franchise Fee	1,780,000	1,780,000	2,176,752	396,752
Vehicle License	250,000	250,000	249,661	(339)
Deed Tax Fee	2,100,000	2,100,000	2,613,359	513,359
Registration Fee	390,000	414,475	441,928	27,453
Filing Fee - Planning & Zoning	96,000	96,000	97,175	1,175
Animal License	48,000	48,000	37,964	(10,036)
Certificates of Occupancy	6,000	6,000	6,635	635
Hotel - Motel License Fee	40,700	40,700	22,394	(18,306)
Total Licenses and Permits	288,116,050	288,140,525	326,612,154	38,471,629
Taxes:				
Realty Taxes	23,660,990	23,242,000	23,101,266	(140,734)
Personal Taxes	1,700,000	1,660,000	1,665,126	5,126
PSC Taxes	800,000	1,011,000	824,474	(186,526)
Property Tax Discount	(450,000)	(440,000)	(462,081)	(22,081)
Property Tax Commission	(1,075,000)	(1,069,000)	(1,080,927)	(11,927)
Delinquent - Realty & Personal	100,000	110,000	202,810	92,810
Motor Vehicle Ad Valorem Tax	2,200,000	2,117,000	2,423,198	306,198
County Clerk Com - Motor Vehicle	(80,000)	(72,000)	(84,039)	(12,039)
Supplementary Tax Bills	10,000	5,000	87,788	82,788
Omitted Tax	110,000	80,000	90,721	10,721
Total Taxes	26,975,990	26,644,000	26,768,336	124,336
Charges for Services:				
Accident Report Sales	125,400	125,400	91,242	(34,158)
Administrative Collection Fees	93,750	93,750	5,092	(88,658)
Adult Probation Fees	53,000	53,000	47,191	(5,809)
Animal Shelter Collections	18,000	18,000	17,871	(129)
Building Permits	2,102,000	2,102,000	2,014,370	(87,630)
Computer Services Fees	3,000	3,000	3,396	396
Detention Center	8,223,437	8,223,437	7,299,599	(923,838)
Developer Landscape Fees	6,000	6,000	6,170	170
District Court Jail Fees	96,000	96,000	44,173	(51,827)
Domestic Relations Collection	500	500	50	(450)
Downtown Arts Center	89,000	89,000	8,692	(80,308)
EMS	8,250,000	8,250,000	9,895,792	1,645,792
Excess Fees and Collections	2,740,000	2,740,000	3,488,903	748,903
Golf Course Collections	3,025,000	3,025,000	2,962,821	(62,179)
Park Land Acquisition	301,000	301,000	178,458	(122,542)
Parks & Recreation Programs	1,070,725	1,070,725	442,694	(628,031)
Rent or Lease Income	600,213	600,213	566,456	(33,757)
Total Charges for Services	26,797,025	26,797,025	27,072,970	275,945
Fines and Forfeitures	254,000	254,000	182,915	(71,085)
Intergovernmental	878,197	908,197	800,011	(108,186)
Property Sales	300,000	300,000	217,207	(82,793)
Investments	1,100,000	1,100,000	165,279	(934,721)
Other Income:				
Contributions		229,602	238,113	8,511
Other Income	350,000	350,000	1,273,542	923,542
Penalties & Interest	603,000	603,000	1,194,493	591,493
School Board Tax Fee	15,000	15,000	16,250	1,250
Payment in Lieu of Taxes	93,000	93,000	94,862	1,862
Miscellaneous	1,591,517	1,730,793	1,391,001	(339,792)
Total Other Income	2,652,517	3,021,395	4,208,261	1,186,866
Total Revenues	347,073,779	347,165,142	386,027,133	38,861,991
				continued

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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
EXPENDITURES				
General Government:				
Council Office	2,934,839	2,973,052	2,810,770	(162,282)
Office of the Mayor	1,677,205	1,693,631	1,656,248	(37,383)
Special Programs	158,750	160,750	68,910	(91,840)
Board of Elections	676,992	692,620	399,985	(292,635)
Clerk of the Urban County Council	511,968	512,276	453,713	(58,563)
County Attorney	1,041,881	1,041,881	1,041,601	(280)
Coroner	1,177,859	1,203,659	1,213,562	9,903
Property Valuation Administrator	320,715	320,715	320,715	
Contingency	5,520,670			
Circuit Judges	452,482	452,482	438,459	(14,023)
County Court Clerk	108,650	108,650	91,229	(17,421)
Citizens' Advocate	39,041	39,041	35,210	(3,831)
Commonwealth Attorney	254,275	254,275	244,268	(10,007)
County Judge Executive	18,801	18,801	13,894	(4,907)
Indirect Cost Allocation	(5,308,580)	(5,308,580)	(5,946,447)	(637,867) b
Total General Government	9,585,548	4,163,253	2,842,117	(1,321,136)
Administrative Services:				
Office of the Chief Administrative Officer	3,856,689	7,115,182	6,412,395	(702,787) b
Historic Preservation	315,146	318,655	315,361	(3,294)
Government Communications	805,597	809,341	796,105	(13,236)
Grants & Special Projects	659,173	643,677	638,578	(5,099)
Human Resources	3,572,437	3,579,283	3,341,152	(238,131) b
Internal Audit Office	638,214	633,462	644,564	11,102
Lex Call	320,272	320,272	335,344	15,072
Neighborhood Programs	50,000	102,946	82,506	(20,440)
Purchase of Development Rights	212,039	230,347	184,695	(45,652)
Total Administrative Services	10,429,567	13,753,165	12,750,700	(1,002,465)
Chief Development Officer				
Chief Development Officer	3,384,838	5,951,206	5,849,551	(101,655)
Planning	2,251,009	2,305,267	2,152,291	(152,976)
Total Chief Development Officer	5,635,847	8,256,473	8,001,842	(254,631)
Department of Information Technology:				
Office of the CIO	1,089,102	1,060,893	1,049,268	(11,625)
Computer Services	7,339,431	7,545,284	7,365,671	(179,613)
Enterprise Solutions	1,161,691	1,177,882	1,212,442	34,560
Total Information Technology	9,590,224	9,784,059	9,627,381	(156,678)
Department of Finance:				
Accounting	1,549,686	1,550,329	1,525,281	(25,048)
Budgeting	501,440	503,200	492,756	(10,444)
Central Purchasing	621,828	610,446	602,057	(8,389)
Revenue	2,066,496	1,967,601	1,989,152	21,551
Finance Administration	804,956	861,654	823,064	(38,590)
Total Finance	5,544,406	5,493,230	5,432,310	(60,920)
Division of Environmental Quality & Public Works:				
Building Inspection	2,780,069	2,782,531	2,873,771	91,240
Engineering	1,633,844	1,631,822	1,488,550	(143,272)
Environmental Quality & PW Admin	252,538	260,909	242,935	(17,974)
Division of Environmental Services	1,716,361	2,043,889	1,942,045	(101,844)
Streets & Roads	2,956,385	3,955,918	3,647,703	(308,215) b
Traffic Engineering	4,498,507	4,538,594	4,508,356	(30,238)
Total Environmental Quality & Public Works	13,837,704	15,213,663	14,703,360	(510,303)
Department of Public Safety:				
Police	79,859,194	72,665,602	72,782,160	116,558
Fire & Emergency Services	80,394,246	80,528,615	80,444,442	(84,173)
Community Corrections	40,259,945	37,328,788	36,731,779	(597,009) b
Public Safety Administration	7,581,919	7,581,919	7,667,304	85,385
Code Enforcement	2,290,070	2,311,693	2,072,021	(239,672)
Emergency Management	831,181	869,847	1,099,657	229,810
Enhanced 911	1,747,093	1,743,841	1,847,971	104,130
Security	895,745	913,375	798,175	(115,200)
Total Public Safety	213,859,393	203,943,680	203,443,509	(500,171)
Department of Social Services:				
Youth Services	2,321,850	2,127,264	2,377,270	250,006
Family Services	3,066,309	2,788,432	2,638,510	(149,922)
Adult Services	1,372,470	1,354,702	1,265,372	(89,330)
Social Services Administration	3,433,844	3,327,794	3,142,422	(185,372)
Total Social Services	10,194,473	9,598,192	9,423,574	(174,618)

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
EXPENDITURES, continued				
Department of General Services:				
Parks & Recreation	20,425,878	19,622,094	17,822,833	(1,799,261) b
Fleet & Facilities Management	6,202,790	6,255,689	5,971,371	(284,318)
General Services Administration	1,619,937	1,565,837	1,489,244	(76,593)
Total General Services	<u>28,248,605</u>	<u>27,443,620</u>	<u>25,283,448</u>	<u>(2,160,172)</u>
Department of Law:				
Law	2,429,313	2,342,019	2,205,664	(136,355)
Total Law	<u>2,429,313</u>	<u>2,342,019</u>	<u>2,205,664</u>	<u>(136,355)</u>
Outside Agencies:				
Commerce Lexington		252,268	155,155	(97,113)
Economic Development	550,000	61,255		(61,255)
Downtown Lexington Partnership		18,443		(18,443)
Environmental Commission	5,000	5,000	3,847	(1,153)
World Trade Center		11,688		(11,688)
Grants & Special Projects Agencies	2,305,725	988,606	969,481	(19,125)
Social Service Agencies	927,210	2,346,310	2,346,310	
LexArts	200,000	200,000	200,000	
Euphrates International Invest		111,232	111,231	(1)
EHI/Urban League		77,000	77,000	
Lexington Public Library	17,887,000	17,502,161	17,502,164	3
Carnegie Literacy Center	33,300	33,300		(33,300)
Lyric Theatre	127,500	159,375	127,500	(31,875)
Total Outside Agencies	<u>22,035,735</u>	<u>21,766,638</u>	<u>21,492,688</u>	<u>(273,950)</u>
Debt Service:				
Principal	33,720,000	33,720,000	33,720,000	
Interest	14,867,334	13,793,195	13,783,238	(9,957)
Other Debt Service		79,029	74,713	(4,316)
Total Debt Service	<u>48,587,334</u>	<u>47,592,224</u>	<u>47,577,951</u>	<u>(14,273)</u>
Total Expenditures	<u>379,978,149</u>	<u>369,350,216</u>	<u>362,784,544</u>	<u>(6,565,672)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,904,370)	(22,185,074)	23,242,589	45,427,663
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Debt		19,645,000	19,645,000	
Discount on Bonds		(104,233)	(104,233)	
Payment to Refunded Debt Escrow Agent		(19,461,738)	(19,461,738)	
Transfers In	11,674,110	15,401,161	12,131,161	(3,270,000)
Transfers Out	(8,353,822)	(15,054,801)	(13,698,804)	1,355,997
Total Other Financing Sources	<u>3,320,288</u>	<u>425,389</u>	<u>(1,488,614)</u>	<u>(1,914,003)</u>
Net Change in Fund Balance	(29,584,082)	(21,759,685)	21,753,975	43,513,660
Fund Balance, Beginning	<u>150,000</u>	<u>150,000</u>	<u>83,914,089</u>	<u>83,764,089</u>
Adjustment to Opening Fund Balance (Note 2.D.)			<u>(181,132)</u>	<u>(181,132)</u>
Fund Balances - Restated July 1	<u>150,000</u>	<u>150,000</u>	<u>83,732,957</u>	<u>83,582,957</u>
Fund Balance, Ending	<u>(\$29,434,082)</u>	<u>(\$21,609,685)</u>	<u>\$105,486,932</u>	<u>\$127,096,617</u>

a-revenue estimates for payroll withholdings were positively impacted by the COVID-19 recovery

b-budget savings in personnel of \$1.50 million and operating expenditures of \$5.49 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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
REVENUES				
Licenses and Permits:				
Bank Franchise Fee	1,780,000	1,780,000	2,176,752	\$396,752
Total Licenses and Permits	1,780,000	1,780,000	2,176,752	396,752
Taxes:				
Realty Taxes	42,868,000	42,214,000	42,386,364	172,364
PSC Taxes	347,000	399,000	52,703	(346,297)
Property Tax Discount	(730,000)	(730,000)	(779,131)	(49,131)
Property Tax Commission	(350,000)	(350,000)	(350,394)	(394)
Delinquent - Realty & Personal	100,000	150,000	258,621	108,621
Supplementary Tax Bills	2,500	2,500	29,407	26,907
Total Taxes	42,237,500	41,685,500	41,597,570	(87,930)
Charges for Services:				
Rent or Lease Income	4,000	4,000	3,138	(862)
Commodities	1,818,500	1,818,500	1,080,739	(737,761)
Dumpster Permit Fees	12,300	12,300	10,670	(1,630)
Total Charges for Services	1,834,800	1,834,800	1,094,547	(740,253)
Property Sales			546,056	546,056
Fines and Forfeitures	500	500	24	(476)
Investments	375,000	375,000	(471,318)	(846,318)
Other Income:				
Penalties & Interest			73,088	73,088
Miscellaneous	8,300	8,300	17,851	9,551
Total Other Income	8,300	8,300	90,939	82,639
Total Revenues	46,236,100	45,684,100	45,034,570	(649,530)
EXPENDITURES				
General Government:				
Property Valuation Administrator	186,335	186,335	186,335	
Contingency	173,684	72,151		(72,151)
Indirect Cost Allocation	2,283,800	2,283,800	2,683,948	400,148
Total General Government	2,643,819	2,542,286	2,870,283	327,997
Administrative Services:				
Human Resources	6,350	6,350	4,517	(1,833)
Lex Call	550,998	550,662	511,052	(39,610)
Total Administrative Services	557,348	557,012	515,569	(41,443)
Department of Information Technology:				
Computer Services	1,018,688	1,071,646	717,705	(353,941)
Office of the CIO	200,000	215,486	212,958	(2,528)
Enterprise Solutions	6,300	6,300	6,688	388
Total Information Technology	1,224,988	1,293,432	937,351	(356,081)
Department of Finance:				
Central Purchasing	26,466	25,028	26,535	1,507
Finance	20,139	20,139	20,116	(23)
Total Finance	46,605	45,167	46,651	1,484
Division of Environmental Quality & Public Works:				
Waste Management	32,525,595	30,649,305	25,866,573	(4,782,732) a
Division of Environmental Services	765,020	748,113	647,631	(100,482)
Environmental Quality	844,326	1,015,231	780,342	(234,889)
Streets & Roads	2,800,989	2,801,178	2,550,167	(251,011)
Traffic Engineering	7,247,969	7,199,156	6,586,102	(613,054) a
Total Environmental Quality & Public Works	44,183,899	42,412,983	36,430,815	(5,982,168)
Department of General Services:				
Fleet & Facilities Management	4,921,907	5,260,017	5,284,456	24,439
Total General Services	4,921,907	5,260,017	5,284,456	24,439

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		(Negative)
EXPENDITURES, continued				
Department of Law:				
Law	16,499	16,499	16,011	(488)
Total Law	16,499	16,499	16,011	(488)
Total Expenditures	<u>53,595,065</u>	<u>52,127,396</u>	<u>46,101,136</u>	<u>(6,026,260)</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(7,358,965)	(6,443,296)	(1,066,566)	5,376,730
OTHER FINANCING SOURCES (USES)				
Transfers In	2,000,000	4,000,000	4,000,000	
Transfers Out	5,198	(11,035)	(25,000)	(13,965)
Total Other Financing Sources (Uses)	<u>2,005,198</u>	<u>3,988,965</u>	<u>3,975,000</u>	<u>(13,965)</u>
Net Change in Fund Balance	(5,353,767)	(2,454,331)	2,908,434	5,362,765
Fund Balance, Beginning	15,000,000	15,000,000	23,869,477	8,869,477
Fund Balance, Ending	<u>\$9,646,233</u>	<u>\$12,545,669</u>	<u>\$26,777,911</u>	<u>\$14,232,242</u>

a-primarily operating savings of \$3.90 million and personnel savings of \$1.38 million

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		Fiscal Year 2020	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Total pension liability														
Service cost	\$15,273,403	\$0	\$15,682,820	\$0	\$15,545,613	\$0	\$15,736,332	\$0	\$19,299,452	\$0	\$20,003,501	\$0	\$21,523,014	\$0
Interest	33,365,849	852,811	34,617,104	805,933	36,560,604	736,800	38,034,015	712,234	40,523,538	618,238	42,968,916	569,079	45,488,815	442,128
Changes of benefit terms														
Differences between expected and actual experience														
Change in assumptions														
Change in investments, including refunds of member contributions	(63,597,352)	(1,574,594)	(50,314,337)	(1,470,392)	(53,360,681)	(1,432,983)	(56,578,545)	(1,332,557)	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)
Net change in total pension liability	15,041,900	(721,783)	27,502,302	(1,009,835)	33,251,614	(297,653)	39,052,706	(1,376,720)	73,560,380	(712,234)	56,733,039	307,153	106,544,400	(655,317)
Total pension liability-beginning	738,343,325	12,970,313	753,385,225	12,248,530	780,894,527	11,238,705	814,146,141	10,841,052	903,198,847	9,464,332	976,759,227	8,747,108	1,033,492,266	9,054,261
Total pension liability-ending (a)	\$753,385,225	\$12,248,530	\$780,894,527	\$11,238,705	\$814,146,141	\$10,841,052	\$903,198,847	\$9,464,332	\$976,759,227	\$8,747,108	\$1,033,492,266	\$954,261	\$1,140,037,006	\$8,498,944
Plan fiduciary net position														
Contributions-employer	\$27,636,473	\$0	\$22,705,036	\$0	\$24,755,620	\$0	\$29,667,706	\$0	\$27,576,764	\$0	\$30,277,170	\$0	\$33,549,517	\$0
Contributions-member	9,750,115		9,881,138		9,493,378		11,186,704		10,750,008		10,356,318		10,875,896	
Net investment income	96,386,738	4,356,048	16,827,976	898,062	4,396,040	1,365,187	91,231,369	1,329,650	71,009,316	1,369,365	42,194,879	2,030,088	40,617,757	2,111,700
Benefit payments, including refunds of member contributions	(53,597,352)	(1,574,594)	(50,314,338)	(1,470,392)	(53,360,681)	(1,432,983)	(56,578,545)	(1,332,557)	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)
Administrative Expense	(598,923)	(27,178)	(665,175)	(28,536)	(178,943)	(15,639)	(226,211)	(7,240)	(306,716)	(4,594)	(317,040)	(7,210)	(466,356)	(1,520)
Other	79,557,071	2,754,276	(1,565,163)	(600,686)	(48,145,710)	(76,435)	75,282,074	(10,149)	49,987,738	99,660	21,669,706	788,039	3,764,246	574,157
Net change in plan fiduciary net position	\$66,723,810	\$28,029,242	\$66,280,881	\$30,783,518	\$34,715,518	\$30,182,832	619,801,142	\$30,096,397	695,183,216	\$30,096,248	745,170,974	\$30,195,908	766,780,680	\$30,983,947
Plan fiduciary net position-beginning	\$656,280,881	\$30,780,518	\$624,715,718	\$30,182,832	\$619,901,142	\$30,096,397	\$695,183,216	\$30,096,248	\$745,170,974	\$30,195,908	\$766,780,680	\$30,883,947	\$790,402,157	\$31,958,104
Plan fiduciary net position-ending (b)	\$1,171,004,344	\$818,534,988	\$1,461,178,809	\$818,944,127	\$1,942,449,999	\$819,265,345	\$2,081,015,631	\$2,063,919,161	\$2,311,588,253	\$2,148,800	\$2,567,711,586	\$2,192,929,860	\$2,496,634,849	\$2,459,160
Net pension liability-ending (a) - (b)														
Plan fiduciary net position as a percentage of the total pension liability	84.46%	251.32%	81.28%	268.56%	76.14%	277.71%	76.97%	318.00%	76.29%	345.21%	74.19%	342.20%	69.33%	376.02%
Covered payroll	\$63,246,485	\$0	\$62,102,632	\$0	\$65,934,339	\$0	\$73,560,313	\$0	\$73,131,137	\$0	\$76,794,393	\$0	\$77,788,689	\$0
Net pension liability as a percentage of covered payroll	185.15%	0.00%	235.38%	0.00%	294.60%	0.00%	283.55%	0.00%	316.68%	0.00%	347.31%	0.00%	449.47%	0.00%
*In 1973 the City of Lexington froze new entrants into the CEPF; in fiscal year 2010 the last active employee retired.														
Actuarial Assumptions:														
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	7/1/2020	7/1/2020
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	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	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	24 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	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	6.74%	4.77%, 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%	NA	3.00%
Inflation	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA	3.5% to 10.50%	NA	2.40%	NA	2.75%	NA
Projected salary increase	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined
Mortality table	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	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

	2010-2016 FISCAL YEAR									
	Fiscal Year									
	2012		2013		2014		2015		2016	
Actuarially determined contribution	Police & Fire \$30,665,280	City \$0	Police & Fire \$22,322,068	City \$0	Police & Fire \$23,217,413	City \$0	Police & Fire \$22,705,036	City \$0	Police & Fire \$24,755,620	City \$0
Contributions in relation to the actuarially determined contribution	* 30,665,280		22,322,068		23,217,413		22,705,036		24,755,620	
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$54,595,799	\$42,972	\$62,455,725	\$43,416	\$63,248,485	\$0	\$62,102,632	\$0	\$65,934,339	\$0
Contributions as a percentage of covered payroll	56.17%	NA	35.74%	NA	36.71%	NA	36.56%	NA	37.55%	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										

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							
	2017	2018		2019		2020		2021
Actuarially determined contribution	Police & Fire \$29,808,757	City \$0	Police & Fire \$27,585,160	City \$0	Police & Fire \$30,277,170	City \$0	Police & Fire \$32,549,517	City \$0
Contributions in relation to the actuarially determined contribution	29,808,757	*	27,585,160		30,277,170		32,549,517	31,475,926
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$73,360,313	\$0	\$73,131,137	\$0	\$76,974,393	\$0	\$77,788,689	\$75,342,623
Contributions as a percentage of covered payroll	40.63%	NA	37.72%	NA	39.33%	NA	41.84%	41.78%
NA								
Changes in Assumption:								
2020	Police & Fire - The assumed rate of return was lowered from 7.26% to 6.74%.							
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%.							
2018	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%.							
2017	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%.							
*Corrected by Actuary								
Source: Department of Finance, Lexington-Fayette Urban County Government								

*Corrected by Actuary

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

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	
	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%
	2019		2020		2021					
	Police & Fire	City	Police & Fire	City	Police & Fire	City				
Annual money-weighted rate of return, net of investment expense, cont.	11.09%	6.18%	9.06%	7.60%	6.39%	9.89%				

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

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2017	2018	2019	2020
	Police & Fire	Police & Fire	Police & Fire	Police & Fire
Total OPEB liability				
Service cost	\$18,518,517	\$16,561,150	\$11,572,432	\$12,871,670
Interest	10,445,265	12,078,465	9,470,049	9,615,077
Changes of benefit terms				
Differences between expected and actual experience	(1,289,809)	(103,220,151)	(1,982,714)	(72,950,809)
Changes of assumptions	(30,781,223)	(16,252,771)	17,430,462	51,980,631
Benefit payments, including refunds of member contributions	(5,638,286)	(4,952,442)	(5,059,394)	(5,378,078)
Net change in total OPEB liability	(8,745,536)	(95,785,749)	31,430,835	(3,861,509)
Total OPEB liability-beginning	350,482,838	341,737,302	245,951,553	277,382,388
Total OPEB liability-ending	341,737,302	245,951,553	277,382,388	273,520,879
Covered payroll	\$73,360,313	\$73,131,137	\$76,974,393	\$77,788,689
Net OPEB liability as a percentage of covered payroll	465.83%	336.32%	360.36%	351.62%

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	2020
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	\$305,778,330
The Government's proportionate share of the net pension liability (asset)							
Nonhazardous	2.71%	2.76%	2.96%	3.20%	3.12%	3.09%	3.07%
Hazardous	2.28%	2.39%	2.41%	2.44%	2.41%	2.41%	2.34%
Covered payroll	\$72,558,727	\$74,948,371	\$84,194,948	\$88,823,610	\$89,177,740	\$88,234,162	\$88,620,733
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	158.79%	207.54%	222.12%	272.16%	278.15%	321.69%	345.04%
Plan fiduciary net position as a percentage of the total pension liability	66.06%	66.11%	55.19%	52.57%	52.60%	51.09%	47.00%
Actuarial Assumptions:							
Valuation date	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2018
Actuarial cost method	Entry Age	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	Level percentage of payroll, closed
Amortization period	30 years	28 years	28 years	28 years	27 years	26 years	25 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	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return							
Cost of living benefit increases (maximum)							
Inflation	3.50%	3.25%	3.25%	3.25%	2.30%	2.30%	2.30%
Projected salary increase	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	3.30% to 19.05%, varies by service
Mortality table	1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members.	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)

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 PENSION CONTRIBUTIONS

	LAST TEN FISCAL YEARS									
	2014	2015	2016	2017	2018	2019	2020	2021		
Contractually required contribution	\$15,852,724	\$10,836,390	\$10,952,366	\$13,388,248	\$14,087,247	\$21,120,711	\$20,990,058	\$21,851,163		
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	19,211,623		
Contribution deficiency (excess)	(\$309,023)	(\$5,517,688)	(\$6,002,593)	(\$379,403)	(\$75,277)	\$4,402,128	\$939,925	\$2,639,540		
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	\$95,652,350		
Contributions as a percentage of covered payroll	22.27%	21.82%	20.14%	15.50%	15.88%	18.95%	19.94%	20.08%		

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 Disability Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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	2020
The Government's proportion of the collective net OPEB liability (asset)	\$62,469,796	\$84,449,594	\$72,503,766	\$69,782,179	\$95,656,368
The Government's proportionate share of the net OPEB liability (asset)					
Nonhazardous	50,412,648	64,271,500	55,313,166	51,948,223	74,032,126
Hazardous	12,057,148	20,178,094	17,190,600	17,833,956	21,624,242
Covered payroll	84,194,948	88,823,610	89,177,740	\$88,234,162	\$88,620,733
The Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	74.20%	95.08%	81.30%	79.09%	107.94%
Plan fiduciary net position as a percentage of the total OPEB liability	359.01%	272.62%	317.54%	383.96%	287.79%

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 OPEB 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	<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%
				5.28%

* 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 **2021 Bond Projects** will fund projects for road and paving maintenance, traffic improvements, software, public safety vehicle replacement, and building improvements.

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, 2021

	Special Revenue Funds						Capital Projects Funds								
	Local Economic Assistance					Police Confiscated Funds	Police Confiscated State Funds	Public Safety Fund	Total	Lexington Cultural Center	2003 Bond Projects	2007, 2008, & 2009 Bond Projects	2010 Bond Projects	2011 & 2012 Bond Projects	
	County Aid Program	Municipal Aid Program	Industrial Revenue Bond	Mineral Severance	Coal Severance										
ASSETS															
Current Cash	\$3,143,495	\$5,113,172	\$135,725	\$355,256	\$305,370	\$1,337,728	\$792,756	\$77,378	\$11,260,880	\$4,309	\$35,864	\$259,398	\$38,387	\$95,454	
Current Investments	199,798	323,197		66,599					589,594	39,542					
Receivables:															
Other		535,892				653		59,334	595,879						
Inventories and Prepaid Items						13,028			13,028						
Restricted Investments									0			(258,451)	205,351	497,431	
Total Assets	\$3,343,293	\$5,972,261	\$135,725	\$421,855	\$305,370	\$1,351,409	\$792,756	\$136,712	\$12,459,381	\$43,851	\$35,864	\$947	\$243,738	\$592,885	
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts and Contracts Payable	\$20,586	\$13,773	\$0	\$0	\$0	\$3,368	\$30,759	\$0	\$68,486	\$0	\$0	\$0	\$0	\$0	\$0
Unearned Revenue & Other						1,335,013			1,335,013						
Total Liabilities	20,586	13,773	0	0	0	1,338,381	30,759	0	1,403,499	0	0	0	0	0	0
Fund Balances:															
Nonspendable						13,028			13,028						
Restricted for:															
Public Works	3,322,707	5,958,488	135,725		305,370		761,997	136,712	9,722,290						
Public Safety									898,709						
Capital Projects									0	43,851	35,864	947	243,738	592,885	
Assigned				421,855					421,855						
Total Fund Balances	3,322,707	5,958,488	135,725	421,855	305,370	13,028	761,997	136,712	11,055,882	43,851	35,864	947	243,738	592,885	
Total Liabilities and Fund Balances	\$3,343,293	\$5,972,261	\$135,725	\$421,855	\$305,370	\$1,351,409	\$792,756	\$136,712	\$12,459,381	\$43,851	\$35,864	\$947	\$243,738	\$592,885	

Continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

Capital Projects Funds												
	2013 Bond Projects	2014 Bond Projects	2015 Bond Projects	2016 Bond Projects	2017 Bond Projects	2018 Bond Projects	2019 Bond Projects	2020 Bond Projects	2021 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	Total Nonmajor Governmental Funds
ASSETS												
Current Cash	\$8,191	\$2,819	\$1,687	\$0	\$0	\$0	\$0	\$0	\$0	\$493,688	\$4,677,111	\$5,616,908
Current Investments										328,441		367,983
Receivables:												
Other												0
Inventories and Prepaid Items												0
Restricted Investments	12,227	332,359	478,121	1,101,074	2,484,811	7,213,401	2,643,805	7,247,098	2,275,807			24,233,034
Total Assets	\$20,418	\$335,178	\$479,808	\$1,101,074	\$2,484,811	\$7,213,401	\$2,643,805	\$7,247,098	\$2,275,807	\$822,129	\$4,677,111	\$30,217,925
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts and Contracts Payable	\$0	\$0	\$0	\$174,462	\$0	\$2,039	\$36,453	\$361,999	\$671,597	\$0	\$29,063	\$1,275,613
Due to Other Funds				23,138	66,798	1,152,801			115,488			1,358,225
Unearned Revenue & Other												0
Total Liabilities	0	0	0	197,600	66,798	1,154,840	36,453	361,999	787,085	0	29,063	2,633,838
Fund Balances:												
Nonspendable												0
Restricted for:												
Public Works												0
Public Safety												0
Capital Projects	20,418	335,178	479,808	903,474	2,418,013	6,058,561	2,607,352	6,885,099	1,488,722	822,129	4,648,048	27,584,087
Assigned												0
Total Fund Balances	20,418	335,178	479,808	903,474	2,418,013	6,058,561	2,607,352	6,885,099	1,488,722	822,129	4,648,048	38,639,969
Total Liabilities and Fund Balances	\$20,418	\$335,178	\$479,808	\$1,101,074	\$2,484,811	\$7,213,401	\$2,643,805	\$7,247,098	\$2,275,807	\$822,129	\$4,677,111	\$42,677,306

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Special Revenue Funds						Capital Projects Funds								
	Local Economic Assistance					Police Confiscated Funds	Police Confiscated State Funds	Public Safety Fund	Total	Lexington Cultural Center	2003 Bond Projects	2007, 2008, & 2009 Bond Projects	2010 Bond Projects	2011 & 2012 Bond Projects	
	County Aid Program	Municipal Aid Program	Industrial Revenue Bond	Mineral Severance	Coal Severance										
REVENUES															
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	531,505	5,660,848		308,568		254,627	196,556	185,654	7,137,758						
Income on Investments	65	100		22					187						
Total Revenues	531,570	5,660,948	0	308,590	0	254,627	196,556	185,654	7,137,945	0	0	0	113	(102)	(102)
EXPENDITURES															
Current:															
Environmental Quality & Public Works				124,969	331				125,300						
Police						208,483	128,112		336,595						
Parks and Recreation					10,000				10,000						
Capital:															
Equipment						33,116		161,422	194,538				4,464		17
Acquisitions and Construction								51,033	1,768,415						
Total Expenditures	782,057	935,325	0	124,969	10,331	241,599	128,112	212,455	2,434,848	0	0	0	4,464		17
Excess (Deficiency) of Revenues over (under) Expenditures	(250,487)	4,725,623		183,621	(10,331)	13,028	68,444	(26,801)	4,703,097	0	0	0	(4,351)		(119)
OTHER FINANCING SOURCES (USES)															
Transfers Out		(3,798,099)	0				0	(300,000)	(4,098,099)						
Total Other Financing Sources (Uses)	0	(3,798,099)	0	0	0	0	0	(300,000)	(4,098,099)	0	0	0	0		0
Net Change in Fund Balances	(250,487)	927,524	0	183,621	(10,331)	13,028	68,444	(326,801)	604,998	0	0	0	(4,351)		(119)
Fund Balances (Deficits), Beginning	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	593,004	
Fund Balances (Deficits), Ending	\$3,322,707	\$5,958,488	\$135,725	\$421,855	\$305,370	\$13,028	\$761,997	\$136,712	\$11,055,882	\$43,851	\$35,864	\$947	\$243,738	\$592,885	
															Continued

Continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Capital Projects Funds										Total	Total Nonmajor Governmental Funds
	2013 Bond Projects	2014 Bond Projects	2015 Bond Projects	2016 Bond Projects	2017 Bond Projects	2018 Bond Projects	2019 Bond Projects	2020 Bond Projects	2021 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	
REVENUES												
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental												7,137,758
Exactions												0
Other												347,624
Income on Investments	(140)	297	205	1,042	1,001	3,115	1,538	14,046	16,645		347,624	347,624
Total Revenues	(140)	297	205	1,042	1,001	3,115	1,538	17,996	17,678	123	2,788	30,691
												14,963
												15,150
EXPENDITURES												
Current:												
General Government						22,047						20,983
Finance											(1,064)	379
Environmental Quality & Public Works						42,798	13,125			379		55,923
Planning, Preservation, & Development												29,594
Police												0
Community Corrections						323,098						336,595
General Services						119,620						323,098
Parks and Recreation												119,620
Debt Service:												0
Other Debt Service												10,000
Capital:												167,388
Equipment												4,019,844
Acquisitions and Construction	3,720	22,213	4,522	47,116	43,640	148,338	392,624	1,889,394	1,463,813			13,529,170
		14,355	155,640	2,414,826	561,229	473,743	2,041,640	3,169,883	4,697,837			18,265,999
Total Expenditures	3,720	36,568	160,162	2,491,536	604,869	1,129,644	2,447,389	5,059,277	6,329,038	379	(1,064)	20,700,847
Excess (Deficiency) of Revenues over (under) Expenditures	(3,860)	(36,271)	(159,957)	(2,490,494)	(603,868)	(1,126,529)	(2,445,851)	(5,041,281)	(6,311,360)	(256)	351,476	(13,169,624)
OTHER FINANCING SOURCES (USES)												
Transfers Out												(1,897,551)
Issuance of Debt												6,800,000
Premium on Bonds			(6,054)	(16,400)								903,352
Discount on Bonds												(182,745)
Issuance of Refunding Debt, par												29,685,000
Payment to Refunded Debt Escrow Agent									(29,405,525)			(29,405,525)
Total Other Financing Sources (Uses)	0	0	(6,054)	(16,400)	0	(1,875,097)	0	0	7,800,082	0	0	5,902,531
												1,804,432
Net Change in Fund Balances	(3,860)	(36,271)	(166,011)	(2,506,894)	(603,868)	(3,001,626)	(2,445,851)	(5,041,281)	1,488,722	(256)	351,476	(11,365,192)
Fund Balances (Deficits), Beginning	24,278	371,449	645,819	3,410,368	3,021,881	9,060,187	5,053,203	11,926,380	0	822,385	4,296,572	39,554,277
Fund Balances (Deficits), Ending	\$20,418	\$335,178	\$479,808	\$903,474	\$2,418,013	\$6,058,561	\$2,607,352	\$6,885,099	\$1,488,722	\$822,129	\$4,648,048	\$27,584,087
												\$38,639,969

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/21

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2020	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2021
US Department of Agriculture:							
Direct Programs:							
Child Care Food Program	10.558	11475	\$2,635	\$8,286	\$0	\$5,651	\$0
Child Care Food Program	10.558	11475		19,877		26,636	6,759
Purchase of Development Rights (PDR)	10.931	68-5C16-16-828		318,364		318,364	
Total US Department of Agriculture			2,635	346,527	0	350,651	6,759
US Department of Housing and Urban Development:							
Direct Programs:							
Community Dev Block Grant	14.218	B14MC210004		366,684	44,196	389,881	67,393
Community Dev Block Grant	14.218	B15MC210004	9,914	30,028		20,114	
Community Dev Block Grant	14.218	B16MC210004	55	13,725		13,670	
Community Dev Block Grant	14.218	B17MC210004	19,019	67,457		52,722	4,284
Community Dev Block Grant	14.218	B18MC210004	175,512	526,319	6,578	344,588	359
Community Dev Block Grant	14.218	B19MC210004	47,218	267,882	35,476	192,044	6,856
Community Dev Block Grant	14.218	B20MC210004		57,036	5,883	66,693	15,540
Community Dev Block Grant CARES ACT	14.218	B20MW210004		907,469	576,826	331,077	434
Emergency Solutions	14.231	E18MC210004	7,320	51,689	33,420	10,949	
Emergency Solutions	14.231	E19MC210004	1,796	96,032	61,614	37,516	4,894
Emergency Solutions CARES ACT	14.231	E20MW210004		545,358	540,734	5,534	910
Emergency Solutions CARES ACT	14.231	E20MW210004		771,449	929,359	170	158,080
HOME	14.239	M15MC210201		1,149		1,149	
HOME	14.239	M16MC210201		6,247		6,247	
HOME	14.239	M17MC210201	203	101,485	97,659	3,623	
HOME	14.239	M18MC210201	25,740	224,494	142,121	70,019	13,386
HOME	14.239	M19MC210201	32,465	310,404	156,892	125,225	4,178
HOME	14.239	M20MC210201		22,669		22,669	
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H17-0017-00	16,714	392,746	405,827	10,447	40,242
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H200017			46,471	125	46,596
HOPWA CARES ACT	14.241	KY-H2001W057		59,390	67,602	1,651	9,863
Continuum of Care	14.267	KY0215L4I021800	4,596	27,378		22,782	
Continuum of Care	14.267	KY0233L4I021900		16,543		20,304	3,761
Total US Department of Housing and Urban Development			340,552	4,863,633	3,150,658	1,749,199	376,776
US Department of Justice:							
Direct Programs:							
Police Confiscated Funds	16.001	NA	(1,521,784)	67,855		254,627	(1,335,012)
Coronavirus Emergency Supplemental Fund.Prog.	16.034	2020-VD-BX-1279	37,979	478,748		175,198	(265,571)
SCAAP	16.606	2019-AP-BX-0086	(24,090)			2,541	(21,549)
SCAAP	16.606	2019-AP-BX-0789	(1,477)			1,406	(71)
SCAAP	16.606	2020-AP-BX-1189	(35,916)			4,349	(31,567)
Justice Assistance Grant	16.738	2017-DJ-BX-0808	(55)			55	
Justice Assistance Grant	16.738	2018-DJ-BX-0168	(151,750)			150,949	(801)
Justice Assistance Grant	16.738	2019-DJ-BX-0499	(82,272)			57,261	(25,011)
Justice Assistance Grant	16.738	2020-DJ-BX-0873		135,250		133,975	(1,275)
Comprehensive Opioid Abuse Program (COAP)	16.838	2018-AR-BX-K059	97,780	167,324		148,893	79,348
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838	2020-AR-BX-0079				8,103	8,103
Passed through Commonwealth of Kentucky:							
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2019-LFUCG-STRE-00091	11,980	24,739		12,759	
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2020-LFUCG-STRE-00008		22,802		42,912	
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2019-LFUCG-STRE-00072	28,971	37,272		8,301	20,110
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2020-LFUCG-STRE-00136		47,024		67,830	20,806
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2019-LFUCG-ST-00645	12,583	30,369		17,786	
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2020-LFUCG-ST-00719		6,779		23,398	16,619
Project Safe Neighborhood	16.609	DG-PRJSAEAST-2018-LFUCG ST-00001				57,586	57,586
Street Sales	16.738	2018-JAG-LFUCG-STRE-01191	58,632	58,632			
Street Sales (Confiscated Funds)	16.738	2019-JAG-LFUCG-STRE-01216		25,620		25,620	
Street Sales	16.738	2019-JAG-LFUCG-STRE-01216	5,821	80,000	33,081	41,098	
Street Sales	16.738	2020-JAG-LFUCG-STRE-01223			2,707	5,789	8,496
Total US Department of Justice			(1,563,598)	1,182,414	35,788	1,240,435	(1,469,789)
US Department of Transportation:							
Passed through Commonwealth of Kentucky:							
Air Quality Planning	20.205	1900002234	55,705	55,705			
Air Quality Planning	20.205	2000001997		47,618		88,673	41,055
Armstrong Mill Sidewalks	20.205	PO2-628-1700004143	4,280	14,976		10,696	
Beaumont YMCA Trail Project	20.205	PO2-628-1700004155	720			(720)	
Bicycle and Pedestrian Planning	20.205	1900002234	24,110	24,110			
Bicycle and Pedestrian Planning	20.205	2000001997		34,516		59,029	24,513
Brighton Trail Pedestrian Bridge	20.205	PO2-628-1700002505		1,028,990		2,147,309	1,118,319
Citation Trail	20.205	PO2-628-1700004156	(1,305)	(1,305)		214,751	214,751
Clays Mill Road	20.205	PO2-625-1500002693		301,222		501,769	200,547
Congestion Management/Bottleneck Study	20.205	2000001666		30,155		97,155	67,000
Avenue of Champions/Euclid Avenue Multimodal Improvements Project	20.205	3003-357		480,000		480,000	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/21

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2020	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2021
Federal Highway Planning	20.205	SC-625-1900001597	75,647	75,647			
Federal Highway Planning	20.205	2000001393		319,894		397,552	77,658
Forbes Road	20.205	PO2-628-1700002506				1,553	1,553
Four Side	20.205	PO2-628-1600005725	2,217,488	2,743,231		525,743	
Intelligent Transpor. System (ITS)	20.205	PO2-625-1700002191	261,029	276,229		15,200	
Intelligent Transpor. System (ITS)	20.205	SC-625-21-00000781		240,171		268,182	28,011
Legacy Trail Phase III	20.205	PO2-628-1400005764	1,154			(1,154)	
W. Loudon Avenue Streetscape	20.205	PO2-628-1800002729	13,098	6,551			6,547
Mercer Rd/Greendale Rd Turn lanes	20.205	PO2-628-1800001345		58,247		67,211	8,964
Mobility Office	20.205	1900002234	53,310	53,310			
Mobility Office	20.205	2000001997		31,834		88,395	56,561
Newtown Pike Supplement #2	20.205	C-00343167	(131,826)	456,956	400,000	50,039	(138,743)
Nicholasville Road Corridor Land Use Study	20.205	SC-625-1900002248	21,120	100,126		109,600	30,594
Old Frankfort Pike Scenic Byway Viewing Area	20.205	PO2-628-1500003392	445,347	514,478		75,311	6,180
Oxford Circle Sidewalks	20.205	PO2-628-1700004160	34,602	81,636		47,034	
Polo Club Boulevard Project	20.205	PO2-625-1300001036	106,597	2,381,692		2,275,095	
Rosemont Garden Sidewalks	20.205	PO2-628-1700004171	3,571	7,775		7,070	2,866
Squires Road Sidewalks	20.205	PO2-628-1600003546		938		938	
Todds Road Sidewalks	20.205	PO2-628-1700004177		134,682		134,682	
Town Branch	20.205	PO2-628-1200004353	40	460		460	40
Town Branch Commons Corridor-Zone 2	20.205	PO2-628-1600003719	8,516	471,864		1,628,393	1,165,045
Town Branch Trail Commons-Midland Section	20.205	PO2-628-1600005544	180,685	168,283		1,015,381	1,027,783
Town Branch Trail Crossing	20.205	PO2-628-1500004792	84	84			
Town Branch Trail Phase IV, V, VI	20.205	PO2-628-1500003706	13,049	5,348		20,352	28,053
West Hickman Trail	20.205	PO2-628-1600005956	30,510	42,688		12,178	
Wilson Downing Sidewalks	20.205	PO2-628-1700004178	5,060	6,080		1,020	
MCSAP (Motor Carrier Safety Asst.Prog.)	20.218	No Number	6,020	24,703		18,683	
MCSAP (Motor Carrier Safety Asst.Prog.)	20.218	No Number		30,956		51,496	20,540
Fed Transit Admin Section 5303	20.505	PO30217442	45,034	45,033	155,458	38,865	194,324
Fed Transit Admin Section 5303	20.505	PO30217442				46,571	46,571
Traffic Safety	20.600	SC-625-20000002891	4,818	50,271		45,453	
Traffic Safety	20.600	SC-625-2100000400-1		45,576		55,207	9,631
Traffic Safety Occupant Protection Prog.	20.616	SC-625-20000003411	4,098	19,208		15,110	
Traffic Safety Occupant Protection Prog.	20.616	SC-625-2100000458-1		10,625		15,291	4,666
Traffic Safety Impaired Driving Enforcement	20.616	SC-625-20000003641	2,653	18,193		15,540	
Traffic Safety Impaired Driving Enforcement	20.616	SC-625-2100000493-1		8,509		9,955	1,446
Town Branch Tiger	20.933	SC-628-1800005041	1,500,848	2,152,757		4,856,614	4,204,705
Total US Department of Transportation			4,986,062	12,600,022	555,458	15,507,682	8,449,180
US Environmental Protection Agency							
Passed through Commonwealth of Kentucky:							
West Hickman Wet Weather Storage	66.458	A15-026 SWR		387,646		387,646	
Total US Environmental Protection Agency				387,646		387,646	
US Department of Health and Human Services:							
Direct Programs:							
SAMHSA (Substance Abuse Mental Health Serv)	93.243	1H79SP080309-01	54,611	73,161		18,550	
SAMHSA (Substance Abuse Mental Health Serv)	93.243	5H79SP080309-02	203,596	386,482		185,352	2,466
SAMHSA (Substance Abuse Mental Health Serv)	93.243	5H79SP080309-03				38,944	38,944
Passed through Commonwealth of Kentucky:							
Senior Citizens	93.044	AS-2020-2021		2,353		37,492	35,139
Senior Citizens CARES ACT	93.044	AS-2019-2020		86,258		44,775	(41,483)
Child Care and Development Block Grant	93.575	No Number	150,028	498,020		22,149	(325,843)
Child Care and Development Block Grant	93.575	No Number		327,080			(327,080)
Family Care Center Cares Act Stipend	93.575	No Number		112,500		93,660	(18,840)
Family Care Center Cares Act Stipend	93.575	No Number		168,000			(168,000)
Home Network	93.597	2018-2019-PUBLIC-R	(296,900)			296,900	
Home Network	93.597	2019-2020-PUBLIC-R	(265,260)	50,410			(315,670)
Home Network	93.597	2020-2021-PUBLIC-R		282,369			(282,369)
Head Start Program	93.600	No Number	3,758	3,758			
Head Start Program	93.600	No Number		17,888		33,665	15,777
Total US Department of Health and Human Services			(150,167)	2,008,279		771,487	(1,386,959)

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/21

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2020	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2021
US Department of Homeland Security Office of Domestic Preparedness:							
Direct Programs:							
Fire Prevention	97.044	EMW-2017-FP-00614				23,806	23,806
Passed through Commonwealth of Kentucky:							
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-17000054303	32,175	122,447		420,524	330,252
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-1900001734	255,958	254,128		221,383	223,213
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2000001643		153,693		455,530	301,837
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2100001500				11,000	11,000
Disaster Reimbursement-COVID-20	97 UNKNOWN	N/A	255,746	255,746			
Emergency Management Assistance	97.042	EMA-2019-EP-00008-S01	65,527	74,311		33,700	24,916
Emergency Management Assistance	97.042	SC-095-2100000605				62,446	62,446
State Homeland Bomb Squad	97.067	SC-094-2100000991	2,893	2,893		8,865	8,865
State Homeland Bomb Squad	97.067	SC-094-2000000841	123,100	123,100			
State Homeland Fire	97.067	SC-094-2000000842	34,965	34,965			
Total US Dept. of Homeland Security Office of Domestic Preparedness			<u>770,364</u>	<u>1,021,283</u>		<u>1,237,254</u>	<u>986,335</u>
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	92,160		61,440	
Total US Department of Energy			<u>996,320</u>	<u>1,057,760</u>		<u>61,440</u>	
US Department of Treasury							
Passed through Commonwealth of Kentucky:							
CARES Act Coronavirus Relief	21.019	FAP111-44-00	20,848,764	27,000,000	2,400	6,148,836	
Coronavirus Relief Fund-General Elections (CRF)	21.019			35,122		35,122	
Emergency Rent Assistance Program (ERAP 1.0)	21.023	ERA-2101080903		9,663,722	5,100,000	174,783	(4,388,939)
Emergency Rent Assistance Program (ERAP 2.0)	21.023	ERA2-0245		3,058,580			(3,058,580)
American Rescue Plan Act	21.027			60,589,029			(60,589,029)
Total US Department of Treasury			<u>20,848,764</u>	<u>100,346,453</u>	<u>5,102,400</u>	<u>6,358,741</u>	<u>(68,036,548)</u>
Total Federal Financial Assistance			<u>\$26,230,932</u>	<u>\$123,814,017</u>	<u>\$8,844,304</u>	<u>\$27,664,535</u>	<u>(\$61,074,246)</u>

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, 2021

Grantor/Program Title	Grantor's Number	Grantor	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Received	Passed Through to Sub recipients Expenditures	Expenditures	Accrued or (Deferred) Revenue at June 30, 2021
Day Treatment	PON252320000003019	Kentucky Dept. of Juvenile Justice	\$0	\$100,000		\$100,000	\$0
Economic Development-Ashland	N/A	Kentucky Cabinet Economic Development	(450,000)				(450,000)
Economic Development-Belcan Engineer.	N/A	Kentucky Cabinet Economic Development	(34,000)				(34,000)
Economic Development-Bingham McCutchen	N/A	Kentucky Cabinet Economic Development	(200,000)				(200,000)
Economic Development-Tiffany	N/A	Kentucky Cabinet Economic Development	(40,800)				(40,800)
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services	(497)				(497)
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services		10,000			(10,000)
Federal Highway Planning	1900001597	Kentucky Transportation Cabinet	4,728	4,728		24,847	4,854
Federal Highway Planning	2000001393	Kentucky Transportation Cabinet		19,993		3,205,078	
Fire Training Incentive	155	Kentucky Fire Commission		3,205,078		1,826	
Fire Training Administration	155	Kentucky Fire Commission	(9,648)			12,370	(7,822)
Fire Training Administration	155	Kentucky Fire Commission	(24,197)			2,811	(11,827)
Fire Training Administration	155	Kentucky Fire Commission		37,996		85,487	(35,185)
Home Network	2018-2019-PUBLIC-R	Lexington Fayette County Health Dept	(85,487)			11,385	(36,535)
Home Network	2019-2020-PUBLIC-R	Lexington Fayette County Health Dept	(43,250)	4,670		9,920	(17,530)
Home Network	2020-2021-PUBLIC-R	Lexington Fayette County Health Dept	(111,544)	27,450		86,619	(24,925)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet		159,828		83,914	(75,914)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(46,653)	(46,653)			
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		100,000		100,000	
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		7,290			
KY_SAP_2020 (Substance Abuse Program)	PON2-527-2000001585-1	Kentucky Department of Corrections	7,290	7,290			
KY_SAP_F_2020 (Substance Abuse Program)	PON2-527-1900003102-1	Kentucky Department of Corrections	6,759	6,759			
KY_SAP_2021 (Substance Abuse Program)	PON2-527-2000001585-1	Kentucky Department of Corrections		8,523		8,523	
Law Enforcement Protection Program	SC-094-1900001258	Kentucky Office Homeland Security	39,423	39,423			
Local Records Grant Project	SY19031LR16	Kentucky Dept. for Libraries & Archives	11,045	11,670			(625)
Paula Nye Memorial Education	2019-07	Kentucky Bicycle and Bikeway Commission		9,000		7,624	(1,376)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(39,751)			1,252	(38,499)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation	265,261	265,261			
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(37,046)	3,311			(40,357)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation		2,885,538		3,137,898	252,360
Police Training Administration	N/A	Kentucky Law Enforcement Foundation		35,925			(35,925)
SANE3 (Sexual Assault Treatment Project)	VAWA-2019-LFUCG-ST-00645	Kentucky Justice Cabinet	3,000	6,000		5,400	2,400
SANE3 (Sexual Assault Treatment Project)	VAWA-2020-LFUCG-ST-00719	Kentucky Justice Cabinet		200		5,200	5,000
Senior Citizens	AS-2020-2021	Bluegrass Area Development District		90,110		106,423	16,313
State Homeland Commercial Mobile Radio (2)	PO2 094 1800001195 1	Kentucky Office Homeland Security	54,971	59,031		4,060	
State Homeland Commercial Mobile Radio	SC 094 2100000225 1	Kentucky Office Homeland Security				37,113	37,113
Waste Tire	PO2-625-2100003752	Kentucky Energy & Environmental Cabinet		4,000		4,000	
Total State Financial Assistance			<u>(\$730,396)</u>	<u>\$7,055,131</u>	<u>\$0</u>	<u>\$7,041,750</u>	<u>(\$743,777)</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, 2021

	Right of Way	Extended School Program	Enhanced 911	CKY Network	Small Business Development	Public Parking Corporation	Total
ASSETS							
Current Assets:							
Cash	\$2,515,192	\$355,065	\$4,835,718	\$28,494	\$154,640	\$503	\$7,889,612
Investments			1,476,185		17,683		1,493,868
Receivables:							
Other Receivables	64,030		250,716	55,419	35,867		406,032
Less Allowance for Uncollectible Accounts					(35,867)		(35,867)
Inventories and Prepaid Expenses	13,750	995	45,528	6,553			66,826
Total Current Assets	<u>2,592,972</u>	<u>356,060</u>	<u>6,608,147</u>	<u>90,466</u>	<u>172,323</u>	<u>503</u>	<u>9,820,471</u>
Noncurrent Assets:							
Land Improvements		10,000					10,000
Buildings			7,514				7,514
Vehicles, Equipment, and Furniture	69,477	103,481	2,810,477				2,983,435
Intangibles			1,532,086				1,532,086
Less Accumulated Depreciation	(42,948)	(108,815)	(4,066,033)				(4,217,796)
Total Noncurrent Assets	<u>26,529</u>	<u>4,666</u>	<u>284,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>315,239</u>
Total Assets	<u>\$2,619,501</u>	<u>\$360,726</u>	<u>\$6,892,191</u>	<u>\$90,466</u>	<u>\$172,323</u>	<u>\$503</u>	<u>\$10,135,710</u>
Deferred outflows of resources:							
Deferred Pension Amounts	118,723	269,476	1,104,204				1,492,403
Deferred Other Post Employment Benefit Amounts	97,423	237,353	741,427				1,076,203
Total Deferred Outflows of Resources	<u>216,146</u>	<u>506,829</u>	<u>1,845,631</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,568,606</u>
Total Assets & Deferred Outflows of Resources	<u>\$2,835,647</u>	<u>\$867,555</u>	<u>\$8,737,822</u>	<u>\$90,466</u>	<u>\$172,323</u>	<u>\$503</u>	<u>\$12,704,316</u>
LIABILITIES							
Current Liabilities:							
Accounts, Contracts, and Retainage Payable	\$5,589	\$4,239	\$29,995	\$347	\$0	\$0	\$40,170
Accrued Payroll	9,760	16,054	126,706				152,520
Compensated Absences	5,948	882	331,638				338,468
Total Current Liabilities	<u>21,297</u>	<u>21,175</u>	<u>488,339</u>	<u>347</u>	<u>0</u>	<u>0</u>	<u>531,158</u>
Noncurrent Liabilities:							
Compensated Absences	5,948	28,525	331,638				366,111
Net Other Post Employment Benefit Liability	225,440	565,376	1,551,950				2,342,766
Net Pension Liability	720,649	1,807,300	4,961,015				7,488,964
Total Noncurrent Liabilities	<u>952,037</u>	<u>2,401,201</u>	<u>6,844,603</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,197,841</u>
Total Liabilities	<u>\$973,334</u>	<u>\$2,422,376</u>	<u>\$7,332,942</u>	<u>\$347</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,728,999</u>
Deferred inflows of resources:							
Deferred Pension Amounts	\$19,146	\$48,016	\$131,803	\$0	\$0	\$0	\$198,965
Deferred Other Post Employment Benefit Amounts	45,363	113,764	312,281				471,408
Total Deferred Inflows of Resources	<u>64,509</u>	<u>161,780</u>	<u>444,084</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>670,373</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$1,037,843</u>	<u>\$2,584,156</u>	<u>\$7,777,026</u>	<u>\$347</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,399,372</u>
NET POSITION							
Net Investment in Capital Assets	26,529	4,666	284,044				315,239
Restricted for:							
Unrestricted (Deficits)	1,771,275	(1,721,267)	676,752	90,119	172,323	503	989,705
Total Net Position	<u>\$1,797,804</u>	<u>(\$1,716,601)</u>	<u>\$960,796</u>	<u>\$90,119</u>	<u>\$172,323</u>	<u>\$503</u>	<u>\$1,304,944</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, 2021

	Right of Way	Extended School Program	Enhanced 911	CKY Network	Small Business Development	Public Parking Corporation	Total
Operating Revenues							
User Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees		183,657	4,107,658	374,504			4,665,819
License Fees and Permits	759,809						759,809
Other			9,012				9,012
Total Operating Revenues	<u>759,809</u>	<u>183,657</u>	<u>4,116,670</u>	<u>374,504</u>	<u>0</u>	<u>0</u>	<u>5,434,640</u>
Operating Expenses							
Right of Way	545,760						545,760
Extended School Program		860,305					860,305
Enhanced 911			5,852,181				5,852,181
CKY Network				299,418			299,418
Administration		97,008					97,008
Depreciation	6,324	3,111	133,189				142,624
Total Operating Expenses	<u>552,084</u>	<u>960,424</u>	<u>5,985,370</u>	<u>299,418</u>	<u>0</u>	<u>0</u>	<u>7,797,296</u>
Operating Income (Loss)	207,725	(776,767)	(1,868,700)	75,086	0	0	(2,362,656)
Nonoperating Revenues (Expenses)							
Income on Investments			478		473		951
Total Nonoperating Revenues	<u>0</u>	<u>0</u>	<u>478</u>	<u>0</u>	<u>473</u>	<u>0</u>	<u>951</u>
Income (Loss) Before Transfers	207,725	(776,767)	(1,868,222)	75,086	473	0	(2,361,705)
Transfers In			200,000				200,000
Transfers Out			(4,124)	(200,000)			(204,124)
Change in Net Position	<u>207,725</u>	<u>(776,767)</u>	<u>(1,672,346)</u>	<u>(124,914)</u>	<u>473</u>	<u>0</u>	<u>(2,365,829)</u>
Net Position, Beginning	1,590,079	(939,834)	2,633,142	215,033	171,850	503	3,670,773
Net Position, Ending	<u>\$1,797,804</u>	<u>(\$1,716,601)</u>	<u>\$960,796</u>	<u>\$90,119</u>	<u>\$172,323</u>	<u>\$503</u>	<u>\$1,304,944</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2021

	Right of Way	Extended School Program	Enhanced 911	CKY Network	Small Business Development	Public Parking Corporation	Total
Increase (Decrease) in Cash and Cash Equivalents:							
Cash Flows from Operating Activities:							
Receipts from Customers	\$695,779	\$184,083	\$4,116,240	\$382,626	\$0	\$0	\$5,378,728
Payments to Suppliers	3,828,541	26,902	(5,202,079)	(298,431)			(1,645,067)
Payments to Employees	(4,304,930)	(671,204)	(287,574)				(5,263,708)
Payments for Interfund Services Used	(7,930)	(97,008)	(5,744)				(110,682)
Net Cash Provided by (Used in) Operating Activities	211,460	(557,227)	(1,379,157)	84,195	0	0	(1,640,729)
Cash Flows from Noncapital Financing Activities:							
Transfers In			200,000				200,000
Transfers Out			(4,124)	(200,000)			(204,124)
Net Cash Flows Provided by (Used in) Noncapital Financing Activities	0	0	195,876	(200,000)	0	0	(4,124)
Cash Flows from Capital and Related Financing Activities:							
Purchases of Capital Assets	0	0	(113,670)	0	0	0	(113,670)
Net Cash Flows Used in Capital and Related Financing Activities	0	0	(113,670)	0	0	0	(113,670)
Cash Flows Provided by Investing Activities:							
Purchases of Investments			(478)		(473)		(951)
Income on Investments			478		473		951
Net Cash Flows Provided by (Used in) Investing Activities	0	0	0	0	0	0	0
Net Increase (Decrease)	211,460	(557,227)	(1,296,951)	(115,805)	0	0	(1,758,523)
Cash at Beginning of Year	2,303,732	912,292	6,132,669	144,299	154,640	503	9,648,135
Cash at End of Year	\$2,515,192	\$355,065	\$4,835,718	\$28,494	\$154,640	\$503	\$7,889,612
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:	\$207,725	(\$776,767)	(\$1,868,700)	\$75,086	\$0	\$0	(\$2,362,656)
Operating Income (Loss)							
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Depreciation	6,324	3,111	133,189				142,624
Other Receivables							
Inventories and Prepaid Expenses	(64,030)	426	(430)	8,122			(55,912)
Due from Other Funds	(13,750)	395	(2,725)	640			(15,440)
(Increase) Decrease in Assets:							
Deferred Other Post Employment Benefit Amounts	(33,046)	(76,102)	(284,332)				(393,480)
Deferred Pension Amounts	31,466	106,374	(13,857)				123,983
(Increase) Decrease in Deferred Outflows:							
Increase (Decrease) in Liabilities:							
Accounts Payable	(7,324)	923	4,576				(1,478)
Accrued Payroll	1,020	(21,622)	36,613	347			16,011
Compensated Absences	(4,456)	(13,478)	8,642				(9,292)
Net Other Post Employment Benefit Liability	60,980	152,929	419,788				633,697
Net Pension Liability	51,713	129,689	355,994				537,396
(Decrease) in Deferred Inflows:							
Deferred Other Post Employment Benefit Amounts	(13,326)	(33,421)	(91,741)				(138,488)
Deferred Pension Amounts	(11,836)	(29,684)	(81,483)				(123,003)
Total Adjustments	3,735	219,540	489,543	9,109	0	0	721,927
Net Cash Provided by (Used In) Operating Activities	\$211,460	(\$557,227)	(\$1,379,157)	\$84,195	\$0	\$0	(\$1,640,729)

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, 2021

	Health, Dental, and Vision Care	Insurance and Risk Management	Total
ASSETS			
Current Assets:			
Cash	\$1,595,268	\$37,391,952	\$38,987,220
Receivables	9,036	26,897	35,933
Inventories and Prepaid Expenses	428,551		428,551
Total Current Assets	<u>\$2,032,855</u>	<u>\$37,418,849</u>	<u>\$39,451,704</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$952,075	\$231,731	\$1,183,806
Claims Payable:			
Reported		13,977,510	13,977,510
Incurred But Not Reported	1,080,780	14,969,459	16,050,239
Total Current Liabilities	<u>2,032,855</u>	<u>29,178,700</u>	<u>31,211,555</u>
Total Liabilities	<u>\$2,032,855</u>	<u>\$29,178,700</u>	<u>\$31,211,555</u>
NET POSITION			
Unrestricted	<u>\$0</u>	<u>\$8,240,149</u>	<u>\$8,240,149</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, 2021

	Health, Dental, and Vision Care Insurance				Insurance and Risk Management	
	Health	Dental	Vision Care	Total		Total
Operating Revenues						
Premiums	\$32,671,992	\$2,390,602	\$454,528	\$35,517,122	\$9,916,038	\$45,433,160
Total Operating Revenues	<u>32,671,992</u>	<u>2,390,602</u>	<u>454,528</u>	<u>35,517,122</u>	<u>9,916,038</u>	<u>45,433,160</u>
Operating Expenses						
Claims and Benefit Payments	28,908,075	2,415,218	458,826	31,782,119	9,259,680	41,041,799
Operating Supplies and Expense	3,735,003			3,735,003		3,735,003
Total Operating Expenses	<u>32,643,078</u>	<u>2,415,218</u>	<u>458,826</u>	<u>35,517,122</u>	<u>9,259,680</u>	<u>44,776,802</u>
Operating Income (Loss)	28,914	(24,616)	(4,298)	0	656,358	656,358
Change in Net Position	<u>28,914</u>	<u>(24,616)</u>	<u>(4,298)</u>	<u>0</u>	<u>656,358</u>	<u>656,358</u>
Net Position, Beginning	<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>
Net Position, Ending	<u>\$255,434</u>	<u>(\$253,387)</u>	<u>(\$2,047)</u>	<u>\$0</u>	<u>\$8,240,149</u>	<u>\$8,240,149</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2021

	<u>Health, Dental, and Vision Care</u>	<u>Insurance and Risk Management</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Receipts from Other Funds	\$0	\$0	\$0
Receipts from Employees and Other Sources	35,517,122		\$35,517,122
Receipts from Interfund Services Provided	(6,762)	10,250,926	10,244,164
Refunds from/(Payments to) Suppliers	(3,802,760)	164,743	(3,638,017)
Payments for Claims	<u>(32,606,898)</u>	<u>(7,769,324)</u>	<u>(40,376,222)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(899,298)</u>	<u>2,646,345</u>	<u>1,747,047</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (899,298)	 2,646,345	 1,747,047
 Cash at Beginning of Year	 <u>2,494,566</u>	 <u>34,745,607</u>	 <u>37,240,173</u>
 Cash at End of Year	 <u><u>\$1,595,268</u></u>	 <u><u>\$37,391,952</u></u>	 <u><u>\$38,987,220</u></u>
 Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
 Operating Income	 \$0	 \$656,358	 \$656,358
 Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Decrease in Assets:			
Due from Other Funds		334,889	334,889
Other Receivables	(6,762)	(1)	(6,763)
Inventories and Prepaid Expenses	(15,712)		(15,712)
Increase in Liabilities:			
Accounts Payable	(52,045)	164,743	112,698
Claims Payable	<u>(824,779)</u>	<u>1,490,356</u>	<u>665,577</u>
Total Adjustments	<u>(899,298)</u>	<u>1,989,987</u>	<u>1,090,689</u>
 Net Cash Provided by (Used in) Operating Activities	 <u><u>(\$899,298)</u></u>	 <u><u>\$2,646,345</u></u>	 <u><u>\$1,747,047</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, 2021

	<u>Sewer</u>
ASSETS	
Cash and Cash Equivalents	\$27,165,360
Total Assets	<u>\$27,165,360</u>
LIABILITIES	
Total Liabilities	<u>\$0</u>
NET POSITION	
Net position restricted for pool participants	<u>\$27,165,360</u>

STATEMENT OF CHANGES IN NET POSITION
Investment Trust Funds
For the Year Ended June 30, 2021

	<u>Sewer</u>
ADDITIONS	
Contributions:	
Employer	\$8,907,124
Total Contributions	<u>8,907,124</u>
Investment Income:	
Net Change in Fair Value of Investments	
Interest	7,743
Total Investment Income	<u>7,743</u>
Less Investment Expense	2,200
Net Investment Income	<u>5,543</u>
Total Additions	<u>8,912,667</u>
DEDUCTIONS	
Benefit Payments	7,212,825
Total Deductions	<u>7,212,825</u>
Net Decrease	1,699,842
Net Position, Beginning	25,465,518
Net Position, Ending	<u><u>\$27,165,360</u></u>

STATEMENT OF CHANGES IN NET POSITION
Custodial Funds
For the Year Ended June 30, 2021

	Domestic Relations Fund	Juvenile and Adult Probation	Neighborhood Sewer Projects Fund	Representative Payee Program	Property & Evidence Fund	Prisoner Account	Total Custodial Funds
ASSETS							
Cash and Cash Equivalents	\$314,227	\$333,573	\$714	\$71,803	\$1,725,993	\$1,409,831	\$3,856,141
Interest Receivable	50						50
Total Assets	<u>\$314,277</u>	<u>\$333,573</u>	<u>\$714</u>	<u>\$71,803</u>	<u>\$1,725,993</u>	<u>\$1,409,831</u>	<u>\$3,856,191</u>
LIABILITIES							
Accounts Payable and Accrued Expenses	\$0	\$0	\$0	\$0	\$0	\$251,373	\$251,373
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$251,373</u>	<u>\$251,373</u>
NET POSITION							
Individuals, organizations, and Other Governments	<u>\$314,277</u>	<u>\$333,573</u>	<u>\$714</u>	<u>\$71,803</u>	<u>\$1,725,993</u>	<u>\$1,158,458</u>	<u>\$3,604,818</u>

See Independent Auditors' Report

STATEMENT OF CHANGES IN NET POSITION
Custodial Funds
For the Year Ended June 30, 2021

	Domestic Relations Fund	Juvenile and Adult Probation	Neighborhood Sewer Projects Fund	Representative Payee Program	Property & Evidence Fund	Prisoner Account	Total Custodial Funds
ADDITIONS							
Contributions:							
Employer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plan Members	4,834	44,863			626,690	2,374,549	3,050,936
Other Governments				216,500		275,764	492,264
Total Contributions	<u>4,834</u>	<u>44,863</u>	<u>0</u>	<u>216,500</u>	<u>626,690</u>	<u>2,650,313</u>	<u>3,543,200</u>
Total Additions	<u>4,834</u>	<u>44,863</u>	<u>0</u>	<u>216,500</u>	<u>626,690</u>	<u>2,650,313</u>	<u>3,543,200</u>
DEDUCTIONS							
Benefit Payments	4,834	48,715		210,468	199,092	1,805	464,914
Administrative Expense						2,407,330	2,407,330
Total Deductions	<u>4,834</u>	<u>48,715</u>	<u>0</u>	<u>210,468</u>	<u>199,092</u>	<u>2,409,135</u>	<u>2,872,244</u>
Net Increase (Decrease)	<u>0</u>	<u>(3,852)</u>	<u>0</u>	<u>6,032</u>	<u>427,598</u>	<u>241,178</u>	<u>670,956</u>
Net Position, Beginning	<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>
Net Position, Ending	<u><u>\$314,277</u></u>	<u><u>\$333,573</u></u>	<u><u>\$714</u></u>	<u><u>\$71,803</u></u>	<u><u>\$1,725,993</u></u>	<u><u>\$1,158,458</u></u>	<u><u>\$3,604,818</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**

	June 30, 2021			
	Lexington Transit Authority	Lexington Public Library	Lexington Convention and Visitors Bureau	Total Nonmajor Component Units
ASSETS				
Cash	\$16,044,796	\$10,306,549	\$3,146,829	\$29,498,174
Investments	8,355,000	5,407,456		13,762,456
Receivables:				
Accounts Receivable	178,448			178,448
Other	231,635	18,199		249,834
Due from Primary Government			1,284,512	1,284,512
Due from Other Governments	6,201,726			6,201,726
Inventories and Prepaid Expenses	741,776	98,484	151,691	991,951
Restricted Current Assets:				
Cash	706,753	189,091	8,663	904,507
Investments		231,787	2,601,090	2,832,877
Pension Assets	2,118,567			2,118,567
Capital Assets:				
Non-depreciable	4,994,852	7,875,979	26,328	12,897,159
Depreciable (Net)	33,372,094	20,167,566	1,588,932	55,128,592
Total Assets	\$72,945,647	\$44,295,111	\$8,808,045	\$126,048,803
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Amounts	\$1,757,884	\$2,654,171	\$972,043	\$5,384,098
Deferred Other Post Employment Benefit Amounts on Pension Plan Investments		2,320,550	816,283	3,136,833
Deferred Amount on Note Payable			2,527,500	2,527,500
Total Deferred Outflows of Resources	1,757,884	4,974,721	4,315,826	11,048,431
Total Assets and Deferred Outflows of Resources	\$74,703,531	\$49,269,832	\$13,123,871	\$137,097,234
LIABILITIES				
Accounts, Contracts Payable and Accrued Liabilities	\$851,238	\$518,390	\$156,642	\$1,526,270
Interest Payable		138		138
Due to Component Units			2,527,500	2,527,500
Unearned Revenue and Other		1,963	1,130	3,093
Non-Current Liabilities:				
Due Within One Year:				
Compensated Absences	147,643	341,244	115,953	604,840
Bonds and Notes Payable		698,292	859,600	1,557,892
Due in More Than One Year:				
Compensated Absences	324,408			324,408
Bonds and Notes Payable	12,673,400	5,867,094	28,776	18,569,270
Net Other Post Retirement Benefit Liability		4,971,328	1,466,735	6,438,063
Net Pension Liability		15,792,742	4,633,474	20,426,216
Total Liabilities	\$13,996,689	\$28,191,191	\$9,789,810	\$51,977,690
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Amounts	\$3,420,438	\$728,900	\$289,546	\$4,438,884
Deferred Other Post Employment Benefit Amounts		1,171,284	346,416	1,517,700
Total Deferred Inflows of Resources	3,420,438	1,900,184	635,962	5,956,584
Total Liabilities and Deferred Inflows of Resources	\$17,417,127	\$30,091,375	\$10,425,772	\$57,934,274
NET POSITION				
Net Investment in Capital Assets	\$26,400,300	\$21,478,159	\$1,615,259	\$49,493,718
Restricted for:				
Governmental and Program Funds		387,787		387,787
Unrestricted	30,886,104	(2,687,489)	1,082,840	29,281,455
Total Net Position	\$57,286,404	\$19,178,457	\$2,698,099	\$79,162,960

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
For the Year Ended June 30, 2021

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lexington Transit Authority	Lexington Public Library	Lexington Convention and Visitors Bureau	Total Nonmajor Component Units
Lexington Transit Authority							
Transit Operations	\$24,730,229	\$11,611,945	\$871,289	(\$9,259,294)			(\$9,259,294)
Depreciation	3,246,783			(3,246,783)			(3,246,783)
Interest on Long-Term Debt	60,930			(60,930)			(60,930)
Total Lexington Transit Authority	28,037,942	11,611,945	871,289				(12,567,007)
Lexington Public Library							
Library Operations	13,465,591	224,125	105,000		(\$12,827,863)		(12,827,863)
Depreciation	1,586,172				(1,586,172)		(1,586,172)
Interest on Long-Term Debt	302,139				(302,139)		(302,139)
Total Lexington Public Library	15,353,902	224,125	105,000				(14,716,174)
Lexington Convention and Visitors Bureau							
Convention and Tourism Operations	4,846,003	144,223				(\$4,701,780)	(4,701,780)
Depreciation	339,469					(339,469)	(339,469)
Total Lexington Convention and Visitors Bureau	5,185,472	144,223	0				(5,041,249)
Total Nonmajor Component Units	\$3,296,304	\$11,980,293	\$976,289	(\$12,567,007)	(\$14,716,174)	(\$5,041,249)	(\$32,324,430)
General Revenues:							
Taxes				\$19,957,760	\$17,502,163	\$4,963,478	\$42,423,401
Income on Investments					191,617	21,872	213,489
Gain on Sale of Capital Assets					3,053		4,587
Miscellaneous				1,534		17,145	(37,275)
				(215,307)	160,887		
Total General Revenues				19,743,987	17,857,720	5,002,495	42,604,202
Change in Net Position				7,176,980	3,141,546	(38,754)	10,279,772
Net Position, Beginning				50,109,424	16,036,911	2,736,853	68,883,188
Net Position, Ending				\$57,286,404	\$19,178,457	\$2,698,099	\$79,162,960



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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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$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	\$631,903,811
Restricted	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	53,003,957
Unrestricted (Deficit)	(98,714,274)	(94,638,121)	(83,112,939)	(350,353,804)	(370,433,940)	(403,166,799)	(741,550,665)	(766,027,807)	(841,868,598)	(813,247,063)
Total governmental activities net position	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)	(128,339,295)
Business-type Activities										
Net Investment in Capital Assets	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	307,936,575
Restricted	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	26,438,988
Unrestricted (Deficit)	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	38,557,875
Total business-type activities net position	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	372,913,438
Primary Government										
Net Investment in Capital Assets	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	939,840,386
Restricted	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	79,442,945
Unrestricted (Deficit)	(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)	(774,709,188)
Total primary government net position	\$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	\$244,574,143

* 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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Percent of Total for Accounting											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Expenses											
Governmental Activities:											
Administrative Services	\$21,143,480	\$11,761,053	\$5,342,699	\$7,433,487	\$7,800,854	\$9,578,189	\$10,124,453	\$10,124,462	\$11,693,590	\$14,349,559	
Chief Development Officer	470,018	620,665	192,555	513,854	2,074,348	207,793	263,297	263,297	4,475,178	9,346,711	
Community Corrections	31,286,365	32,631,937	34,000,937	30,066,104	30,814,432	33,771,433	40,748,826	42,468,842	40,829,856	39,571,500	
Environmental Quality											
Environmental Quality & Public Works											
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	96,885,122	
Fire & Emergency Services	19,357,661	14,744,087	16,726,346	14,049,319	19,135,165	49,393,398	36,669,013	36,331,201	38,586,921	33,442,989	
General Government	66,413,015	62,781,239	67,689,682	56,832,342	66,853,053	84,838,719	92,898,310	89,329,998	97,423,698	105,140,016	
General Services**	22,985,046	23,692,990	26,977,537	25,480,664	30,180,917	45,598,791	24,040,021	45,808,096	42,308,066	35,042,036	
Health, Dental and Vision Insurance	10,041,709	10,898,533	10,551,162	11,827,132	12,486,401	12,964,722	13,442,525	12,762,066	13,771,668	14,700,495	
Information Technology**	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	27,403,355	
Law											
Parks & Recreation	3,497,483	4,006,240	3,811,867	8,401,242	9,169,131	11,174,379	11,011,888	12,247,559	11,932,762	11,754,934	
Planning, Preservation, & Development*	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	20,251,657	
Police	68,164,371	3,767,295	42,415,735	53,776,234	45,359,659	46,217,442	46,217,442	46,408,689	68,637	643,085	
Public Safety**											
Public Works	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	15,536,344	
Social Services											
Interest on Long-Term Debt	12,835,920	13,116,205	13,053,635	13,116,151	13,722,941	15,336,458	15,273,176	16,044,924	15,587,055	13,486,402	
Total governmental activities	405,175,480	401,365,596	413,673,193	391,551,819	460,653,438	537,647,840	534,867,022	550,346,772	548,538,910	552,113,702	
Business-type Activities:											
Sanitary Sewer System	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	71,045,009	
Public Facilities	10,333,320	9,419,886	8,892,979	8,829,979	9,596,104	8,666,540	8,049,921	6,915,288	6,519,030	6,519,030	
Public Parking	847,894	84,866	26,226	66,994	66,987	1,965,274	3,962,016	4,799,382	4,677,693	6,096,303	
Landfill	5,271,593	4,099,770	6,060,197	4,426,038	5,542,566	3,962,016	4,071,987	593,476	626,891	552,084	
Right of Way	298,896	284,470	308,683	280,214	336,415	493,872	529,580	2,152,127	1,802,941	960,424	
Extended School Program	2,339,148	2,198,555	1,977,394	1,951,359	2,262,605	2,023,018	2,137,227	2,930,224	4,170,674	5,985,370	
Prisoners' Account System	1,373,473	1,393,543	1,844,393	1,253,423	1,716,855	3,002,164	2,930,224	4,701,497	42,115	299,418	
Enhanced 911	2,973,088	2,930,379	2,384,796	2,638,373	3,940,313	4,170,674	4,701,497	266,242	14,744,902	12,930,972	
CKY Network	29,307	10,668	450,919	1,307,829	879,328	412,763	266,242	13,618,632	4,174,102	4,174,102	
Water Quality	9,182,669	8,308,501	91,39,302	8,308,921	11,290,945	12,062,937	13,618,632	13,628,042	14,744,902	12,930,972	
Total Business-Type Activities	67,774,654	70,580,846	79,903,243	70,580,846	79,903,243	86,388,220	86,388,220	96,413,084	99,913,011	104,388,610	
Total Primary Government	\$477,949,214	\$469,110,250	\$488,663,997	\$462,132,665	\$540,556,681	\$624,296,571	\$624,296,571	\$646,739,856	\$648,451,921	\$656,502,312	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (cont'd.)
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Governmental Activities:										
Administrative Services****	\$1,603,453	\$559,050	\$367,363	\$351,158	\$498,615	\$769,505	\$2,123,003	\$395,756	\$480,879	\$567,300
Chief Development Officer***		6,281		76,504	2,500	6,569	9,159	40,428	190,118	134,655
Community Corrections	7,707,225	8,286,565	9,161,315	8,574,892	9,330,723	9,263,554	9,369,583	10,424,478	9,225,735	7,770,541
Environmental Quality										
Environmental Quality & Public Works***										
Finance	2,912,917	2,757,405	2,681,977	3,140,243	2,485,454	3,113,988	3,065,644	3,180,175	4,851,621	5,170,881
Fire & Emergency Services	2,511,142	2,413,363	3,338,781	1,912,603	4,721,126	55,401	462,509	459,930	399,959	181,688
General Government	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	10,212,082
General Services**	15,086,369	23,141,015	17,046,235	19,035,778	19,035,469	18,642,898	19,438,510	21,877,626	17,275,729	17,505,729
Health, Dental, and Vision	63,132	28,827	4,155	97,971	18,346	16,548	17,000	4,139	7,724	96,112
Information Technology**	26,211,457	25,000,634	24,893,545	23,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355
Law			4,271	3,821	3,096	981	213	3,376	598	8
Parks & Recreation	35,293	36,944	49,006	15,013	31,416	17,700	1,087	2,638	20,731	344
Planning, Preservation, & Development* ***	4,810,535	4,156,325	3,869,990	4,327,985	4,403,431	4,333,455	4,325,061	4,483,856	3,418,739	3,980,164
Police	1,528,342	2,401,188	2,245,228	2,709,381	3,119,969	3,114,354	3,100,837	3,100,837	6,151	0
Public Safety** ***	2,045,401	1,842,297	2,039,209	1,640,754	1,513,686	1,717,739	2,068,459	1,987,333	1,889,897	1,613,296
Public Works		1,857,069	64,898	247,994	69,522	73,187	69,023	73,867	792,741	570,258
Social Services										
Operating Grants & Contributions	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	1,875,735
Capital Grants & Contributions	14,139,426	13,065,738	15,108,425	15,087,470	13,383,964	13,146,822	10,617,000	11,596,302	34,183,724	24,469,743
Total Governmental Activities	83,162,236	6,272,539	9,200,572	8,190,685	8,319,315	6,269,038	5,718,463	5,188,577	9,710,448	16,406,353
Business-Type Activities:										
Changes for Services	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	118,238,244
Sanitary Sewer System	47,287,791	52,927,780	50,480,049	52,007,762	58,394,719	63,890,717	64,451,293	75,961,739	77,458,054	77,390,312
Public Facilities	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	5,717,363
Public Parking		4,560			705					
Landfill	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	7,062,426
Right of Way	419,676	392,466	520,812	475,126	495,490	703,959	656,344	682,221	773,172	759,809
Extended School Program	2,338,243	2,379,511	2,202,171	2,229,896	2,289,089	1,904,620	2,060,463	2,126,102	1,900,645	1,833,657
Prisoners' Account System	1,524,127	1,619,026	2,372,285	1,227,415	1,621,110	3,146,187	3,163,206	4,176,602	4,176,602	4,116,670
Enhanced 911	3,999,658	3,517,634	4,273,106	3,810,087	4,126,861	4,342,449	4,502,449	4,098,913	4,583,376	374,504
CKY Network	51,798	25,738	111,576	1,249,890	815,110	400,735	319,414	498,913	488,376	15,444,468
Water Quality	12,095,514	12,299,476	13,119,524	13,541,659	13,661,911	13,565,209	14,002,286	14,784,064	15,343,166	15,444,468
Total Business-Type Activities	83,034,498	85,839,645	86,520,406	87,979,682	95,443,490	102,404,530	102,450,861	111,353,185	113,199,953	111,049,209
Total Primary Government	179,113,162	184,413,111	185,361,501	188,409,464	191,636,879	197,836,055	199,193,948	212,986,228	234,996,870	229,307,453
Net (Expense)/Revenue										
Governmental Activities	(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)	(433,855,458)
Business-Type Activities	10,280,764	18,094,991	11,529,502	17,398,836	15,540,247	15,566,610	12,791,312	14,940,101	13,286,922	6,660,599
Total Primary Government	(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)	(427,194,859)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	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	68,365,906
Licenses and Permits	234,580,201	238,924,158	248,271,270	265,596,253	275,539,490	288,771,661	304,625,553	303,562,887	304,493,274	320,966,286
Grants & Contributions Not Restricted to Specific Programs:										
Community Development Block Grant										
Income on Investments	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	2,079,748
Sale of Assets	589,967	(509,890)	263,242	1,341,333	602,208	1,029,385	1,029,385	2,733,373	1,974,061	(2,763,837)
Transfers	311,259	283,406	413,379	413,379	1,144,379	149,226	421,445	421,445	(349,759)	(100,150)
Total Governmental Activities	(346,507)	(1,106,585)	(871,447)	(2,546)	(313,102)	1,210,302	(800,072)	564,725	375,170,611	390,974,947
Business-Type Activities:										
Income on Investments	1,029,866	(215,314)	1,021,558	(604,800)	547,366	159,737	962,755	1,730,075	1,652,479	775,068
Sale of Assets	7,824	10,168	871,447	2,546	313,102	536,905	28,641	19,254	349,759	160,156
Transfers	346,507	(11,902,981)	871,447	1,341,333	(1,210,302)	602,208	800,072	(564,725)	2,002,238	935,224
Total Business-Type activities	1,384,197	(12,118,295)	1,893,005	(592,086)	860,448	1,291,468	1,791,468	1,884,604	2,002,238	935,224
Total Primary Government	287,551,858	281,246,140	306,324,389	323,904,112	342,611,096	351,006,477	370,819,367	376,394,154	377,172,849	391,910,171
Change in Net Position										
Governmental activities	(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)	(42,880,511)
Business-type activities	11,644,961	5,976,606	13,422,507	16,806,750	16,400,715	15,052,950	14,582,780	16,124,705	15,289,160	7,595,823
Prior Period Adjustment - Government Activities		(1,548,751)	(541,157)	(309,138,212)	1,743,623	(166,283)	(296,037,183)	(4,291,473)	(2,189,593)	(181,132)
Prior Period Adjustment-Business-Type Activities				(17,074,699)			(8,215,642)	(31,421,064)	134,347	3,968,279
Total Primary Government	(11,284,194)	378,175	\$2,480,536	(82,632,000)	(85,257,679)	(875,809,811)	(838,766,081)	(893,092,011)	(838,337,448)	(831,497,541)
***In FY 16 the Chief Information Officer was moved from the Department of Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.										
****In FY 20 the Chief Information Officer was changed to the Department of Information Technology. 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. 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nonspendable	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	2,182,047
Restricted for:										
Public Safety				198,175	397,688	602,807	812,350	1,026,212	1,222,654	1,419,095
Energy Improvement Projects		408,227	636,874	552,989	552,011	676,218	595,075	628,995	261,950	221,462
Committed for:										
General Government	18,482,971	6,612,684	11,249,146	11,606,932	13,353,512	5,941,545	3,640,127	4,228,784	5,312,381	6,455,660
Economic Stabilization		23,290,466	25,224,221	29,685,851	30,687,844	31,408,506	34,015,454	35,345,181	42,476,494	37,964,969
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		999,854
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	43,894,927
Urban Services	2,500,000									
Unassigned	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	12,348,918
Total	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	105,486,932
Urban Services										
Reserved										
Nonspendable	604	175	11,112	2,735	2,603	22,900	62,543	94,468	78,519	32,783
Restricted for:										
Urban Service Projects	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	26,694,268
Energy Improvement Projects		10,383	13,314	2,930	2,930	5,860	11,720	2,930	2,930	50,860
Total	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	26,777,911
All Other Governmental Funds										
Reserved										
Undesignated, reported in:										
Nonspendable	6,604	22,376	77,859	106,066	2,680					13,028
Restricted for:										
Public Works	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	9,722,290
Public Safety	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	898,709
Capital Projects	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	27,584,087
Grants Projects	1,262,100	1,262,100	1,262,100	210,880	232,138	241,043	250,200	259,010	266,013	269,294
Committed for:										
General Government	447,605									
Assigned to:										
General Government		445,690	1,721,084	1,327,774	720,741	457,767	390,941	244,977	238,234	421,855
Unassigned	(370,103)				(82,433)		(36,392)			
Total	\$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	\$38,909,263

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	2021
Revenues											
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	\$328,788,906
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	68,365,906
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	28,167,517
Fines and Forfeitures	220,449	176,319	311,930	258,112	235,626	222,201	234,820	185,061	231,863	182,230	182,939
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	50,893,614
Exactions	96,613	129,603	532,410	486,643	2,074,477	317,370	514,337	148,447	243,198	79,066	347,624
Property Sales	2,681,463	453,540	462,570	181,052	529,770	585,626	1,766,593	332,635	542,862	599,831	763,263
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	(2,76,837)
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	5,065,116
Total Revenues	351,272,328	354,826,290	360,218,020	378,594,310	399,669,714	412,402,881	417,661,425	435,424,305	443,246,477	467,836,651	482,298,048
Expenditures											
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	14,526,272
Chief Development Officer***		438,932	613,743	190,339	537,986	1,107,841	963,105	1,322,146	1,305,739	4,187,070	9,273,861
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	49,958,294
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	5,484,950
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	5,152,465	6,018,206
General Services**	25,763,110	24,095,490	26,517,790	24,348,481	26,139,238	29,278,819	30,038,997	30,457,511	30,817,638	28,833,781	25,638,638
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	10,597,824
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	2,237,365
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	30,473,637
Planning, Preservation, & Development* ***	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	217,479,323
Public Safety** ***	21,858,996										
Public Works	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	11,206,332
Social Services											
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	33,720,000
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	14,025,339
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	46,046,870
Total Expenditures	377,664,929	377,401,672	353,153,928	386,234,545	400,586,967	448,310,292	505,606,546	462,490,008	490,356,361	474,027,461	476,716,505
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)	5,581,543
Other Financing Sources (Uses)											
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	20,034,961
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)	(20,195,117)
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	6,800,000
Issuance of Refunding Debt, par											49,330,000
Payment to Refunded Debt Escrow Agent											(48,867,263)
Premium (Discount) on Bonds Issued											616,374
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	7,718,955
Net Change in Fund Balances	(\$11,182,322)	\$8,294,241	\$23,095,943	\$9,238,026	\$29,930,060	\$23,334,676	(\$45,513,351)	\$11,950,387	(\$1,413,733)	\$13,836,676	\$13,300,498
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%	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 Lexell 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Licenses and Permits	\$233,898,045	\$242,304,633	\$252,196,981	\$269,928,753	\$279,796,674	\$293,445,670	\$308,811,807	\$308,462,028	\$309,112,252	\$326,612,154
Taxes	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	26,768,336
Charges for Services	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	27,072,970
Fines and Forfeitures	170,001	309,442	257,039	234,615	220,612	234,363	184,729	230,914	182,230	182,915
Intergovernmental	1,942,553	1,978,891	1,720,761	797,537	858,600	546,939	775,621	975,875	857,714	800,012
Property Sales	152,194	137,719	56,688	318,536	205,560	1,265,147	248,629	236,248	379,746	217,207
Income on Investments	390,823	(556,777)	432,454	1,564,895	775,012	339,889	556,641	1,604,513	1,282,752	165,279
Other	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	4,208,261
Total Revenues	283,526,860	292,132,708	303,716,831	324,502,643	335,535,557	347,006,741	364,102,653	369,909,091	367,593,937	386,027,134
Expenditures and Other										
Financing Sources (Uses)										
Administrative Services***	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	12,750,700
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	8,001,842
Environmental Quality										
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	14,703,360
Finance	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	5,432,310
General Government	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	2,842,117
General Services**	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	25,283,448
Information Technology**			6,018,605	8,213,083	8,887,236	10,471,207	10,804,309	10,738,780	9,789,884	9,627,381
Law	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	2,205,664
Outside Agencies	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	21,492,688
Planning, Preservation, & Development* ***	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	203,443,509
Public Safety** ***										
Public Works										
Social Services	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	9,423,574
Debt Service	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	47,577,951
Other Financing (Sources) Uses	(37,031,128)	2,332,547	2,541,672	643,862	1,181,014	694,993	366,171	(2,874,377)	79,306	1,488,614
Financing Sources (Uses)	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	364,273,158
Net Change in Fund Balance	\$20,077,754	\$10,146,223	\$9,339,693	\$19,579,545	\$2,294,572	(\$21,580,833)	\$360,650	\$3,521,450	\$19,287,620	\$21,753,976

*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	2021
Revenues											
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	\$67,943,984
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	1,892,298
Exactions	885,730	150,120	4,002,945	801,569	426,085	411,513	294,332	329,120	273,763	131,575	58,727
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	7,351,626
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	77,246,635
Operating Expenses											
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	8,146,604
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	2,684,663
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	38,528,583
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	16,327,030
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	65,686,880
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	11,559,755
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)	(4,657,136)
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)	(120,000)
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	\$6,782,619

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)
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
2021	18,979,626	784,560	9,375,806	1,731	6,097,093		35,238,816		35,238,816	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
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%	987,040	55,389,607	99.0%
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%
2021	67,116,194	66,715,808	99.4%		66,715,808	99.4%

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 Year	LFUCG Direct Rates					Overlapping Rates						Total	
	General	Urban Services			Total Direct	Fayette County School	Commonwealth of Kentucky	Soil &			Health Department		Lextran
		Refuse	Street					Extension Services	Water Conservation				
			Lights	Cleaning									
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	
2021	0.0800	0.1423	0.0212	0.0096	0.2531	0.8080	0.1190	0.0040	0.0006	0.0280	0.0600	1.2727	

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	2021			2013		
	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%			
Hap Property Owner, LP	106,574,900	2	0.31%			
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%	\$117,000,000	1	0.42%
Healthsouth Kentucky Real Estate	56,446,100	6	0.16%			
Newtown Crossing II LLC	53,000,000	7	0.15%	37,000,000	10	0.13%
War Admiral Place LLC	52,718,900	9	0.15%	44,970,900	5	0.16%
Mid American Apts LLC	52,426,800	8	0.15%	37,400,000	9	0.13%
Strata Racquet LLC	51,500,000	10	0.15%			
Fourth Quarter Properties*				101,405,300	2	0.36%
Lexmark International Inc.				55,806,600	3	0.20%
Sir Forty 57 LLC				52,500,000	4	0.19%
Weingarten Realty Inc.				40,417,900	6	0.14%
Fayette Plaza CMBS LLC				40,000,000	7	0.14%
Beaumont Lexington				37,525,300	8	0.13%
Total	\$722,846,900		2.08%	\$564,026,000		2.00%

*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 Year	LFUCG Direct		Fayette County School	
	Rate			Total
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%
2021	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	2021 Rank	2013 Rank
University of Kentucky	1	1
Fayette County Board of Education	2	2
Lexington-Fayette Urban County Government	3	4
Baptist Healthcare	4	6
Lexmark International	5	3
Defense Finance & Acctg System (formerly Dept of Veterans Affairs)	6	7
Amazon.com	7	
St. Joseph Hospital	8	5
Ashland, Inc.	9	8
Commonwealth of Kentucky	10	
Lexington Clinic		9
ACS Commercial Solutions/Xerox		10

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	QEGB Bond	Lease Revenue Notes Payable	Bond Anticipation Notes	Revenue Bonds	Mortgage Revenue Bonds	Notes Payable				
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	6.0%	3,091	
2020	385,703,338	2,795,000			77,836,589	41,248,000	138,742,000	646,324,927	na	2,004	
2021	361,055,860	2,795,000			72,801,603	38,409,948	132,237,000	607,299,411	na	na	

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 (QEGB) 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	% of Assessed Value of Property	Per Capita
	Bonds		
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%	1,204
2021	363,850,860	1.03%	n/a

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.

Population 2021 was not available at time of publication.

* 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, 2021

	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Lexington Center Corporation			
Mortgage Revenue Bonds, Series 2018	\$163,035,000	2.12%	\$3,456,597
Mortgage Revenue Bonds, Series 2018A	38,450,000	2.12%	815,200
Mortgage Revenue Bonds, Series 2018B	31,865,000	2.12%	675,588
Lexington Public Library			
Variable Rate, Revenue Bonds Series 2014A	537,500	0.65%	3,473
Lexington-Fayette Urban County Government Airport Corporation			
Variable Rate General Airport, Revenue, and Refunding Bond 2009B (AMT)	5,400,000	2.85%	153,893
Fixed Rate General Airport, Revenue, and Refunding Bond 2016A (non-AMT)	180,000	2.85%	5,130
Fixed Rate General Airport, Revenue, and Refunding Bond 2016B (AMT)	180,000	2.85%	5,130
Fixed Rate General Airport, Revenue, and Refunding Bond 2016C (Fed Taxable)	32,340,000	2.85%	921,650
Fixed Rate General Airport, Revenue, and Refunding Bond 2016D (non-AMT)	4,915,000	2.85%	140,071
Fixed Rate General Airport, Revenue, and Refunding Bond 2016E (AMT)	3,745,000	2.85%	106,728
Fixed Rate General Airport, Revenue, and Refunding Bond 2019A (Fed Taxable)	32,000,000	2.85%	911,960
Fayette County School & Kentucky School Commission Bonds	481,400,000	100.00%	481,400,000
Subtotal, Overlapping Debt			488,595,420
LFUCG, Direct Debt			363,850,860
Total Direct and Overlapping Indebtedness			<u>\$852,446,280</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value	\$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	\$35,238,816
Debt limit (10% of Assessed Value)	\$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	\$3,523,882
Total net debt applicable to limit	203,817	194,414	200,820	171,917	162,861	184,801	183,990	362,029	362,797	324,130
Legal debt margin	\$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	\$3,199,752
Total net debt applicable to the limit as a percentage of debt limit	7.41%	6.95%	7.08%	5.80%	5.64%	6.04%	5.72%	11.25%	10.47%	9.20%
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)

Fiscal Year	Sanitary Sewer System				Public Facilities Corporation					
	Less:		Net Available Revenue	Debt Service Interest	Coverage	Less:		Net Available Revenue	Debt Service Interest	Coverage
	Gross Revenue	Operating Expenses				Gross Revenue	Operating Expenses			
2012	\$48,023	\$30,140	\$17,883	\$3,181	1.25	\$7,157	\$2,697	\$4,460	\$1,970	1.00
2013	52,769	28,839	23,930	2,400	4.12	5,830	2,305	3,525	2,050	0.79
2014	51,542	33,170	18,372	2,348	3.14	6,376	2,111	4,265	2,130	0.96
2015	51,440	31,626	19,814	1,917	4.97	6,406	2,436	3,970	2,215	0.89
2016	58,234	32,694	25,540	2,536	4.54	6,988	2,708	4,280	2,310	0.86
2017	63,289	35,664	27,625	2,644	4.36	7,305	2,625	4,680	2,405	1.00
2018	64,355	38,253	26,102	3,039	3.16	6,149	2,960	3,189	2,055	0.81
2019	77,698	47,961	29,737	2,673	2.81	5,956	2,158	3,798	2,165	0.99
2020	78,210	47,389	30,821	4,127	2.11	5,988	2,285	3,703	2,270	0.97
2021	77,948	49,360	28,588	5,042	1.76	5,717	1,944	3,773	2,390	0.96

Fiscal Year	Public Parking Corporation				Special Assessment Bonds			
	Less:		Net Available Revenue	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Interest	Coverage
	Gross Revenue	Operating Expenses						
2012	\$978	\$540	\$438	\$0	0.00	\$0	\$0	0.00
2013	5	4	1					
2014								
2015								
2016	1		1					
2017								
2018								
2019								
2020								
2021								

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 (Thousands)	Per Capita Personal Income	Civilian Labor Force		
				Employed	Unemployed	Unemployment Rate
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	16,709,370	51,707	170,028	5,836	3.3%
2020	322,570	na	na	162,405	9,879	5.70%
2021	na	na	na	na	na	na

* Updated in 2018

** Updated in 2019

Note:

Personal Income and Per Capita Personal Income data for 2020 & 2021 not available at time of publication.

Employed, Unemployed and Unemployment Rate data for 2021 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	2021			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Kentucky	15,541	1	9.57%	14,000	1	9.16%
Amazon.com	5,727	2				
Fayette County Public Schools	5,620	3	3.46%	5,374	2	3.52%
Baptist Healthcare	4,502	4		2,496	7	1.63%
Lexington-Fayette Urban County Government	2,884	5	1.78%	2,699	4	1.77%
CHI St. Joseph	2,621	6	1.61%			
Conduent	2,500	7	1.54%			
Veterans Medical Center	2,000	8	1.23%			
Lockheed Martin	1,500	9	0.92%	1,867	9	1.22%
Lexmark International	1,400	10	0.86%	2,656	5	1.74%
KentuckyOne Health				3,000	3	1.96%
Xerox				2,530	6	1.66%
Wal-Mart				2,027	8	1.33%
Kroger				1,665	10	1.09%
	<u>44,295</u>		<u>20.97%</u>	<u>38,314</u>		<u>25.08%</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	15,185	2,028	4,819	19,241	33,600	77	135,443
2002	*	8,249	20,919	8,330	4,670	14,703	1,959	4,786	20,866	33,424	71	135,733
2003	*	8,727	21,100	8,359	4,365	13,874	1,890	4,746	21,765	34,276	135	137,436
2004	*	8,451	21,377	8,822	3,833	14,133	1,959	4,848	22,944	34,208	200	138,884
2005	*	8,568	21,728	8,901	3,803	14,703	2,056	4,727	23,644	34,567	274	141,331
2006	*	8,291	21,980	9,222	3,743	14,878	2,552	4,718	25,608	34,416	228	145,208
2007	*	8,628	20,919	8,811	3,600	15,299	2,473	4,696	25,352	34,347	304	144,055
2008	*	7,723	21,035	8,583	5,086	14,929	2,260	4,941	23,700	34,320	229	142,233
2009	*	7,109	21,603	7,921	4,403	13,194	2,043	5,138	23,745	32,697	24	137,332
2010	*	6,491	21,983	8,226	5,711	12,632	1,881	5,444	25,106	33,256	54	140,714
2011	*	6,790	23,640	8,266	5,680	11,962	2,088	5,383	25,988	33,620	40	142,952
2012	*	6,733	24,230	8,000	5,396	12,226	2,010	5,347	27,515	34,619	61	146,455
2013	*	7,144	23,727	7,875	5,030	12,214	1,906	5,303	32,376	35,860	101	152,722
2014	*	7,545	23,527	7,638	5,218	12,229	2,000	4,926	30,600	37,218	43	153,290
2015	*	8,742	24,995	7,734	4,891	12,244	1,957	5,024	32,858	37,885	53	159,939
2016	*	9,591	25,165	7,859	2,335	11,911	1,775	5,328	30,942	39,458	47	157,990
2017	*	9,633	25,918	7,858	2,173	11,445	2,001	5,319	30,750	40,767	46	159,881
2018		9,497	26,777	7,987	2,216	11,506	1,948	5,421	27,592	38,887	49	155,936
2019		10,055	26,987	8,469	2,234	11,245	2,020	5,438	28,997	38,902	36	158,944
2020		9,417	26,785	8,072	2,305	10,599	2,529	4,982	26,573	34,941	21	145,528

*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

	2000 Census		2010 Census	
	Value	%	Value	%
Population and Number of Households				
Population				
Under 18 years	55,533	21.3%	62,633	21.2%
18 - 64 years	178,805	68.7%	202,032	68.3%
65 years and over	26,174	10.0%	31,138	10.5%
Total	<u>260,512</u>	<u>100.0%</u>	<u>295,803</u>	<u>100.0%</u>
Number of Households	108,288		123,043	
Economic and Education				
Family Income				
Less than \$10,000	3,587	5.6%	4,407	6.3%
\$10,000 - \$24,999	8,947	14.1%	8,791	12.7%
\$25,000 - \$49,999	17,124	26.9%	15,164	21.9%
\$50,000 - \$74,999	14,759	23.2%	12,913	18.6%
\$75,000 or more	19,231	30.2%	28,149	40.5%
Total Families	<u>63,648</u>	<u>100.0%</u>	<u>69,424</u>	<u>100.0%</u>
Median Family Income	\$53,264		\$63,086	
Mean Family Income	\$52,261		\$76,373	
Per Capita Income	\$23,109		\$25,561	
School Enrollment				
Elementary/Secondary	36,938		43,918	
College	31,508		41,238	
Education for Individuals 25+ years of age				
Less than 9th grade	8,539	5.1%	8,813	4.6%
High School, No Diploma	15,213	9.1%	13,986	7.3%
High School Graduate	37,448	22.4%	43,875	22.9%
College 1 - 3 years	46,420	27.8%	54,796	28.6%
College 4 or more years	59,615	35.6%	70,123	36.6%
Total	<u>167,235</u>	<u>100.0%</u>	<u>191,593</u>	<u>100.0%</u>
Unemployment Rate	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Services	129	94	47	49	76	78	79	74	77	76
General Government	66	66	67	69	65	67	67	71	72	72
Finance & Administration	68	65	69	70	73	74	73	71	74	70
Information Technology			44	52	52	51	49	54	52	50
General Services										
Parks & Recreation	140	139	138	144	146	144	139	139	136	131
Other	97	93	98	102	102	97	92	93	95	97
Law	37	40	39	42	23	23	23	21	20	18
Planning, Preservation, & Development										
Public Safety		39	128	137	143	146	147	133	132	127
Fire & Emergency Services										
Firefighters & Officers	500	520	566	560	565	558	568	623	625	624
Civilians	17	16	16	18	18	26	25	16	14	14
Police										
Officers	504	524	542	518	554	572	604	597	585	553
Civilians	127	126	122	112	87	104	112	105	109	109
Community Corrections	321	312	330	298	293	340	320	313	304	281
Other	81	80	68	74	73	92	91	74	76	65
Public Works & Development										
Other										
Environmental Quality & Public	508	484	451	453	468	475	488	504	493	487
Waste Management										
Water & Air Quality										
Other										
Social Services	94	96	96	98	108	109	114	111	108	110
	2,689	2,694	2,821	2,796	2,846	2,956	2,991	2,999	2,972	2,884

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 Lescall 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire and Emergency Services										
Emergency Medical Calls	37,000	36,619	37,971	42,151	43,076	46,476	47,930	51,245	46,544	47,813
False Calls	2,673	2,585	2,983	3,077	2,898	2,915	3,108	3,154	3,074	3,118
Fire Incidents	1,564	1,293	1,226	1,249	1,248	1,364	1,125	1,028	1,154	1,091
Good Intent Calls	1,153	1,107	1,108	1,180	1,180	1,128	169	1,252	1,289	1,233
Hazardous Materials Calls	1,248	1,451	1,686	1,766	2,021	1,976	1,827	1,900	1,776	1,739
Other	60	54	40	34	46	46	32	25	36	36
Rescues	421	449	443	462	501	545	570	740	784	777
Rupture - Gas, Water, etc.	36	34	31	35	41	44	45	40	78	35
Service Calls	1,707	1,598	2,209	1,968	2,099	2,336	2,838	3,061	3,376	3,460
Police										
Physical Arrests	20,214	14,592	13,773	17,442	16,356	10,990	**	**	11,937	**
Parking Violations	41,849	47,201	46,709	43,055	45,360	48,776	43,305	44,488	40,141	33,561
Traffic Violations	52,086	40,478	48,193	44,795	36,561	37,635	37,173	47,019	33,150	27,282
Parks and Recreation										
Rounds of Golf	95,382	96,607	90,410	91,407	101,535	102,082	90,915	85,906	88,458	106,412
Pool Visits	205,353	169,820	142,062	145,911	167,351	152,466	137,855	141,382	0	67,303
Building Inspection										
Permits Issued	13,623	13,860	16,141	15,363	16,653	13,343	***	***	12,348	***
Inspections	23,957	24,518	23,262	21,909	27,406	13,517	***	***	22,098	***
Sanitary Sewers										
Tap-on Inspections	644	861	897	930	786	811	573	584	872	515
Average daily sewage treatment (mgd)	39	39	42	41	41	33	35	47	43	38
Solid Waste										
Annual Tons of Refuse Collected	134,788	135,595	137,728	138,714	149,226	155,493	159,320	175,537	179,204	183,303
Annual Tons of Recyclables Collected	21,834	22,446	22,583	22,509	21,436	21,041	19,502	15,052	12,947	16,212
Annual Tons of Yard Waste Collected	21,801	20,492	19,984	21,609	21,933	24,053	21,425	29,181	16,789	12,446
Other Public Works										
Street Resurfacing (miles)	28	22	27	27	51	61	41	106	75	116

* 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire and Emergency Services										
Number of Fire Stations	23	23	23	23	23	23	23	23	24	24
Number of Engines	22	22	22	22	22	22	22	22	25	23
Number of Aerials	7	7	7	7	7	7	7	7	7	7
Number of EC Units	10	10	10	11	11	11	12	12	12	12
Number of Haz-Mat Units	2	2	2	2	2	2	2	2	1	1
Number of Special Operations*										
Police										
Canine Facility	0	0	0	0	0	0	0	0	1	1
Stations	3	3	3	3	3	3 *	3 *	3 *	4	4
Patrol Units	429	424	424	430	457	480	517	550	522	462
Parks and Recreation										
Acres of Parks	4,282	4,282	4,282	4,282	4,282	4,282	4,273	4,273	4,276	4,295
Number of Golf Courses	5	5	5	5	5	5	5	5	5	5
Number of Swimming Pools	7	7	7	7	7	7	7	6	6	6
Sanitary Sewers										
Treatment Capacity (mgd)	64	64	64	64	64	64	64	64	64	64
Solid Waste										
Collection Trucks	119	119	116	118	123	135	127	128	132	129
Other Public Works										
Streets (miles)	1,636	1,638	1,641	1,652	1,663	1,667	1,673	1,669	1,675	1,687
Acres in County	182,762	182,762	182,762	182,762	182,762	182,762	182,762	182,761	182,761	182,761
Acres in Urban Services Area	54,618	54,618	54,618	54,618	54,618	54,618	54,618	54,662	54,662	54,662
Traffic Signals	382	376	378	365	374	377	379	384	388	390

* Updated the number of Polic Stations FY2017-2019

Source: Department of Finance, Lexington-Fayette Urban