



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



Cover by: Amy Wallot/Communications

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
LEXINGTON, KENTUCKY



PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

Paid for with Lexington-Fayette Urban County Government Funds

TABLE OF CONTENTS

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT Annual Comprehensive Financial Report Year Ended June 30, 2022

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis.....	16
Basic Financial Statements	30
Government-Wide Financial Statements	
Statement of Net Position.....	31
Statement of Activities	33
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	36
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	38
Financial Statements Statement of Net Position – Proprietary Funds	39
Financial Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	41
Statement of Cash Flows – Proprietary Funds.....	43
Fiduciary Fund Financial Statements	
Statement of Net Position	45
Statement of Changes in Net Position	46
Component Unit Financial Statements	
Statement of Net Position	47
Statement of Activities	48
Notes to Financial Statements	49
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Comparison	
General Fund	112
Full Urban Services District Fund	115
Schedule of Changes in the Net Pension Liability and Related Ratios	117
Schedule of the Government's Contributions	118
Schedule of Changes in the Net Pension Liability and Related Ratios	119
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	120
Schedule of the Government's Proportionate Share of the Net Pension Liability.....	121
Schedule of the Government's Pension Contributions	122
Schedule of the Government's Proportionate Share of the Net OPEB Liability	123
Schedule of the Government's OPEB Contributions	124
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds.....	127

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	129
Schedule of Expenditures of Federal Awards	131
Schedule of Expenditures of State Awards	134
Combining Statement of Net Position – Nonmajor Enterprise Funds	136
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	137
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	138
Combining Statement of Net Position – Internal Service Funds	140
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	141
Combining Statement of Cash Flows – Internal Service Funds	142
Statement of Net Position – Investment Trust Funds	144
Statement of Changes in Net Position – Investment Trust Funds	145
Combining Statement of Net Position – Custodial Funds	146
Combining Statement of Changes in Net Position – Custodial Funds	147
Combining Statement of Net Position – Nonmajor Component Units	149
Combining Statement of Activities – Nonmajor Component Units	150
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Comparison	
Police Confiscated Federal Funds	151
Police Confiscated State Fund	152
Public Safety Fund	153
Industrial Revenue Bond Fund	154
Municipal Aid Fund	155
County Aid Fund	156
Mineral Severance Fund	157
2022 Bond Projects Fund	158
Sanitary Sewer Funds	159
Public Facilities Corporation Funds	160
Landfill Fund	161
Stormwater Funds	162
Right of Way Program Fund	163
Extended School Program Fund	164
Enhanced 911 Fund	165
CKY Network Fund	166

STATISTICAL SECTION

Net Position	168
Changes in Net Position	169
Fund Balances, Governmental Funds	171
Changes in Fund Balances, Governmental Funds	172
Changes in Fund Balance, General Fund	173
Sanitary Sewer System, Summary of Revenues and Expenses	174
Net Assessed Value – Real, Tangible & Intangible Property	175
Property Tax Levies and Collections	176
Direct and Overlapping Property Tax Rates	177
Principal Property Tax Payers	178
Direct and Overlapping License Fee Rates	179
Ten Major Occupational Tax Withholders	180
Ratios of Outstanding Debt by Type	181
Ratios of General Bonded Debt Outstanding	182
Schedule of Direct and Overlapping Indebtedness	183
Legal Debt Margin Information	184
Revenue Bond Coverage	185

Demographic and Economic Statistics.....	186
Principal Employers, Fayette County.....	187
Employment by Industry, Fayette County	188
U.S. Census Bureau Statistics	189
LFUCG Employees by Function/Program.....	190
Operating Indicators by Function/Program.....	191
Capital Asset Statistics by Function/Program.....	192

INTRODUCTORY SECTION



Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Linda Gorton
Mayor

November 22, 2022

Dear Community Members,

Thanks to careful financial management, our city budget has successfully emerged from the pandemic, as reflected in the fiscal year ended June 30, 2022.

The pandemic slowed economic activity throughout our city in 2020, and pushed unemployment to unprecedented levels. In 2021, the recovery began. Now, economic measures have reached, and in some cases surpassed, pre-pandemic levels.

Our FY22 budget reflected our strong economic performance, with significant growth in new revenue. In addition, we had significant sources of one-time revenue.

Our budget made careful investments to address pent-up needs and plan for future obligations. We made significant progress in public safety and affordable housing.

In addition, by taking full advantage of \$120 million in federal American Rescue Plan funding, we were able to make investments that will benefit the City for many years. These investments in one-time expenses address important community needs, while also reducing pressures on our budget, long-term.

This budget and our strong financial management have allowed our community to emerge from the pandemic stronger. Lexington is moving forward and making progress.

Sincerely,

Linda Gorton
Mayor

FOLLOW MAYOR GORTON:

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

ELECTED OFFICIALS

MAYOR
Linda Gorton

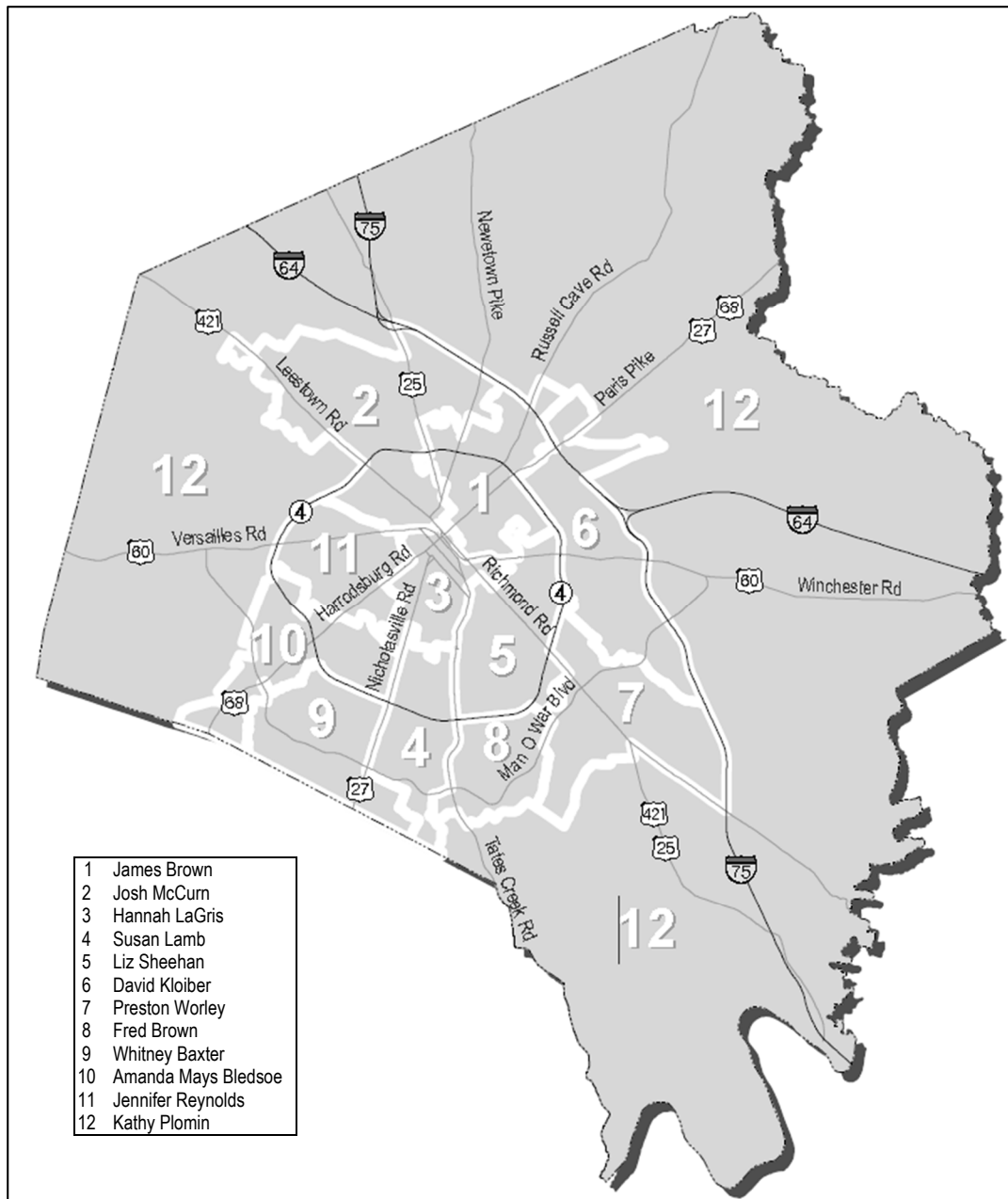
COUNCILMEMBERS-AT-LARGE

Steve Kay – Vice Mayor

Richard Moloney

Chuck Ellinger

DISTRICT COUNCILMEMBERS





November 22, 2022

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

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

As Commissioner of Finance, it is my pleasure to present the Annual Comprehensive Financial Report, also called the Financial Report, of the Lexington-Fayette Urban County Government (the Government) (LFUCG) for the fiscal year ended June 30, 2022. 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 auditors' report on the financial statement audit, management discussion and analysis, basic financial statements, required supplementary information, and information on individual funds not separately provided in the basic financial statements. The statistical section provides a broad range of trend data covering financial, demographic, and economic activity useful in assessing the Government's financial condition.

This 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, 2022. 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, 2022 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 auditors 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, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.



Additionally, the audit engagement also included an audit of federal grants meeting the requirements of federal grantor agencies as outlined by the Federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and the related Uniform 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, 2022)

Demographic Profile

The City of Lexington, with a population of 321,793, 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 31,536 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 home rule city 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 Multicultural Affairs, Office of Purchase of Development Rights, Division of Government Communications, 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 Community Corrections, Emergency Management, Enhanced 911, Fire & Emergency Services, and Police
- Social Services – Divisions of Aging and Disability Services, Family Services, and Youth Services.
- Housing Advocacy and Community Development – Divisions of Code Enforcement, Community and Resident Services, Historic Preservation, and Grants and Special Programs which encompasses the Office of Affordable Housing and Office of Homelessness Prevention and Intervention



Significant Events (as of September 1, 2022)

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 \$9.6 million in eviction prevention assistance through the Emergency Rental Assistance Program. Subsequently, LFUCG also received subawards and additional awards of \$31.1 million after exhibiting a sustained need and ability to quickly process direct payments to qualifying residents. COVID relief funds were partially received and expensed in FY2022, 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 address lost local government revenue, thereby ensuring the continuity of essential government services through operating and capital infusion.

Local Impact of COVID-19

Lexington-Fayette County began to see the impacts of the COVID-19 global pandemic in March 2020. While our initial impacts were primarily related to healthcare response, the government has begun to experience administrative challenges resulting from shifts in the economy realized over the course of the pandemic. Nationwide hiring and supply chain challenges have also impacted local governments. The government's expenditures in FY2022 included increased personnel expenses in response to recruitment and retention challenges. The government has also experienced unpredictable increases in capital expenditures as supply chain disruptions and worker shortages have increased the cost of construction and limited the number of parties responding to purchase requests.

Lexington Convention Center

In July 2018, the Lexington Convention Center (LCC) 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 facility will have over 200,000 square feet of flexible meeting and event space, and is managed by Oak View Group Facilities. Construction of all rentable spaces are complete and in-service with the exception of Club C which will be available for use November 1, 2022.

Steady revenue growth is expected during FY2023 with an emphasis on the newly constructed Convention Center spaces. The convention center industry is expected to return to roughly 80% of pre-pandemic level sales during FY2023. Convention revenues represent over 60% of the total LCC event profit, and support adjacent revenues including transient room taxes.

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.

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.

The sanitary sewer capital construction component of the Consent Decree consists of 116 capital improvement projects intended to rehabilitate the sanitary sewer system to prevent recurring sanitary sewer overflows and unpermitted bypasses. The cost estimate for all the Remedial Measures Plan (RMP) capital projects is \$591 million, and LFUCG must complete the projects by December 31, 2026.

As of August 2022, a total of 61 RMP projects have been completed and another 26 are in the design/construction phase, totaling approximately \$353 million in capital related 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.

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.

In late 2021, LFUCG pursued an American Rescue Plan Act (ARPA) funded grant administered by the state to fund process changes at both wastewater treatment facilities. This process change, switching the disinfection process from chlorine gas to UV light, will not only provide funding for three related RMP projects but also reduce LFUCG's ongoing operational cost for chlorine gas. Formal assistance documents for this \$11.8 M grant will be fully executed in August 2022 with design work to begin in Fall 2022.

Fiscal Outlook

Local Economy

The unemployment rate in Fayette County was 3.5% in June 2022, as compared to 4.7% in June 2021. Additionally, the Fayette County labor force grew by 3,744 persons during this time. These statistics show ongoing 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 hold near the 12-month unemployment average of 3.4% over the coming year.



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 \$1,211 in fourth quarter 2021, representing a 4.2% gain from fourth 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 FY2023.

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 \$110 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. The Government will continue to monitor the bond market as Federal Reserve interest rate hikes are realized to ensure that a favorable position is maintained regarding 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.

Long-Term Financial Policies

Annually, the Government adopts a Capital Improvement Plan in conjunction with 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 2022 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.

Cash Disbursement and Controls

In August 2022, the Lexington Fayette Urban County Government was targeted in a Business Email Compromise scheme resulting in the electronic theft of \$4 million. Fortunately, the funds were traced and returned, but the experience highlighted the need for additional internal policies and training directed towards external fraud in addition to the existing policies and procedures related to internal controls and segregation of duties. A review of these updated policies has been requested within the FY2022 audit, as well as additional testing of cash disbursements, electronic and otherwise, across all funds.

Awards and Acknowledgements

For the 30th 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, 2021. 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

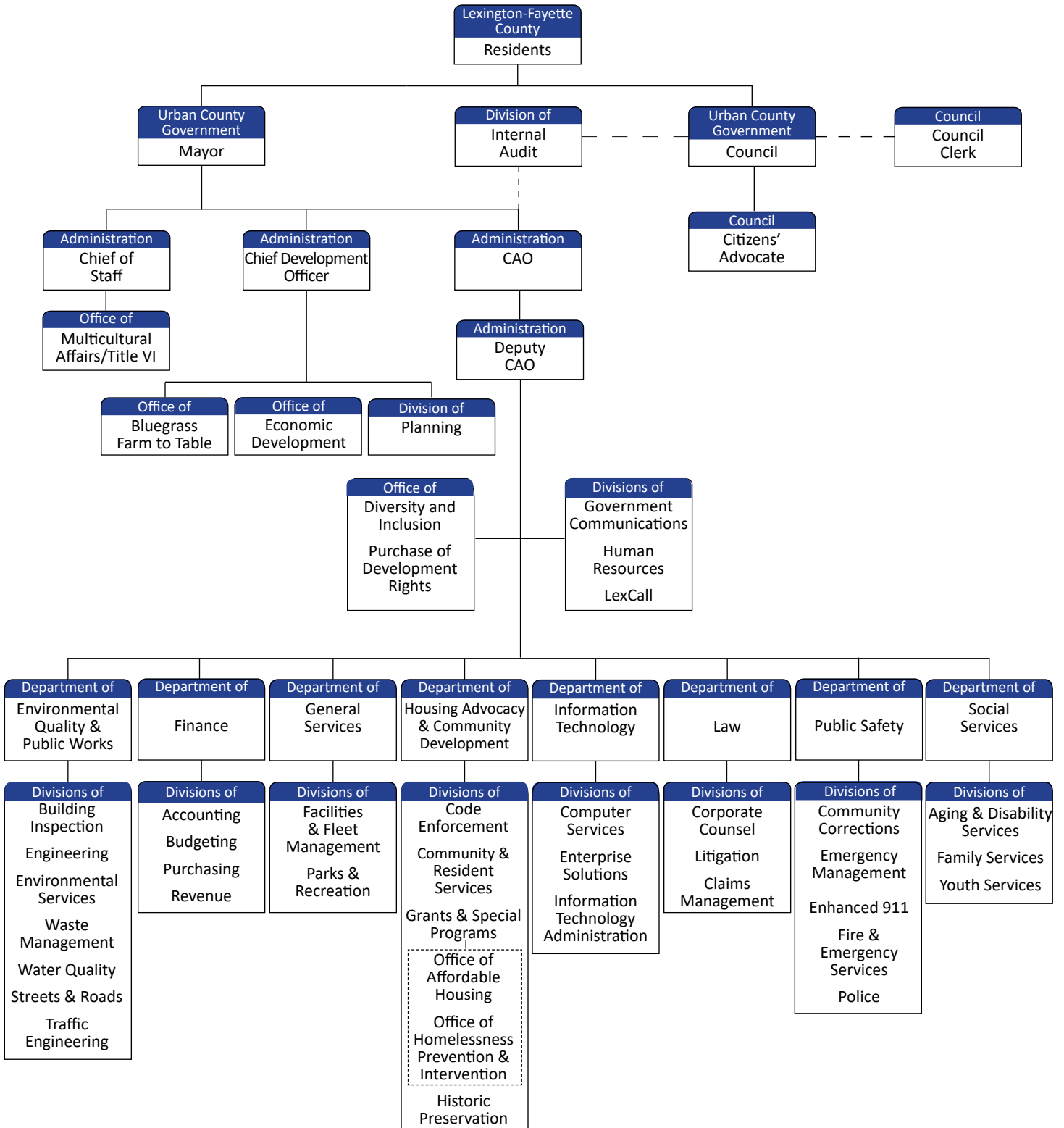
Christopher P. Morill

Executive Director/CEO



LEXINGTON

Lexington-Fayette Urban County Government Organizational Chart



July 2021

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

Diversity and Inclusion
Government Communication, Public Information Office
Government Communications, LexTV
Human Resources
LexCall
Purchase of Development Rights

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
Emergency Management
E911
Fire and Emergency Services
Police

Social Services

Aging & Disability Services
Family Services
Youth Services

General Services

Facilities and Fleet Management
Parks and Recreation

Housing Advocacy & Community Development

Code Enforcement
Community & Resident Services
Grants and Special Programs
Office of Affordable Housing
Office of Homelessness Prevention & Intervention
Historic Preservation

Stacey Maynard, Council Administrator

Amber Deitz, Citizens' Advocate

Abigail Allen, Director

Linda Gorton, Mayor

Bruce Sahli, Director

Sally Hamilton, Chief Administrative Officer

Arthur Lucas
Stacey Dimon, Supervisor
Chris Edwards, Supervisor
Tammy Walters, Director
Kendra Carter, Director
Elizabeth Overman, Program Manager

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

Rodney Ballard, Director - Acting
Patricia Dugger, Director
Jonelle Patton, Director
Jason Wells, Chief
Lawrence Weathers, Chief

Kacy Allen-Bryant, Commissioner

Kristina Stambaugh, Director
Shelia Horton-Holt, Director
Briana Persley, Director

Chris Ford, Commissioner

Jamshid Baradaran, Director
Monica Conrad, Director

Charlie Lanter, Commissioner

Alex Olszowy, Director
Danielle Sanders, Director
Theresa Reynolds, Director
Rick McQuady, Manager
Jeff Herron, Manager
Bettie L. Kerr, Director



This page intentionally left blank.

FINANCIAL SECTION



Independent Auditors' Report

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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, 2022, 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.

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

Collective these entities, which represent 100% of the net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Government, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, the Government adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Government's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Government's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and OPEB information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary 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 combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, 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.



Louisville, Kentucky
November 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Lexington-Fayette Urban County Government's Annual Comprehensive Financial Report (ACFR) presents a discussion and analysis of the Government's financial performance for the fiscal year ended June 30, 2022. 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 two years in length. The currently known impacts are:
 - Revenues for license fees and permits continue recovering, up \$30.89 million from the final budgeted amount.
 - The Government has been awarded various grant funds from the U.S. Treasury related to the Coronavirus totaling \$128.24 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 \$312.78 million at the close of fiscal year 2022. This amount includes a deficit of approximately (\$740.57) million in unrestricted net position.
- Governmental Activities' net position was (\$67.39) million at the end of fiscal year 2022. Of this amount, \$632.03 million was the net investment in capital assets. The net investment in capital assets comprises 937.82% of total net position.
- Business-Type Activities held a balance of \$380.17 million in net position. The unrestricted fund balance at June 30, 2022 is \$30.08 million, or 25.60% of Business-Type Activity expenses.

Fund Highlights

- As of June 30, 2022, the Government's governmental funds reported combined ending fund balances of \$229.43 million, an increase of \$58.26 million compared to the previous fiscal year. Of this total amount, \$80.39 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 \$16.06 million or 4.07% 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 \$45.61 million. The committed fund balance designation for economic stabilization held a balance of \$36.66 million, available for spending in the event of an economic downturn or unforeseen event. There are three categories of assigned fund balance; budget stabilization, general government and capital projects. Assignments for budget stabilization are intended for unknown nonrecurring cost increases should they arise. 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 \$84.77 million for fiscal year 2022.

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, 2022. 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 \$312.78 million as of June 30, 2022, an increase of \$68.20 million from the previous year. Total depreciation expense government wide was \$81.64 million.

The largest proportion of the Government's net position, \$960.28 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 2022	FY 2021	Change
ASSETS			
Current and other assets	\$543,664	\$486,889	\$56,775
Capital assets	1,424,349	1,419,963	4,386
Total assets	<u>1,968,013</u>	<u>1,906,852</u>	<u>61,161</u>
DEFERRED OUTFLOWS OF RESOURCES	247,382	310,142	(62,760)
LIABILITIES			
Current and other liabilities	158,660	149,291	9,369
Long-term liabilities	1,418,342	1,666,140	(247,798)
Total liabilities	<u>1,577,002</u>	<u>1,815,431</u>	<u>(238,429)</u>
DEFERRED INFLOWS OF RESOURCES	325,616	156,990	168,626
NET POSITION			
Net Investment in Capital Assets	960,283	939,840	20,443
Restricted for:			
Capital Projects	45,453	42,964	2,489
Energy Improvement Projects	284	589	(305)
Debt Service	1,616	1,419	197
Capital Replacement	3,227	2,778	449
Pension	29,318	23,459	5,859
Water Quality Incentive Program	7,305	6,833	472
Grants	272	269	3
Maintenance and Operations	1,294	1,131	163
Unrestricted	<u>(736,275)</u>	<u>(774,709)</u>	<u>38,434</u>
Total net position	<u>\$312,777</u>	<u>\$244,573</u>	<u>\$68,204</u>

Approximately \$88.77 million, or 28.38% 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 (\$67.39) million, or (5.26%) of total assets, an increase of \$42.59 million from the previous year. Of this total, \$632.03 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 2022	Restated FY 2021	Change
ASSETS			
Current and other assets	\$406,072	\$334,553	\$71,519
Capital assets	876,088	888,308	(12,220)
Total assets	<u>1,282,160</u>	<u>1,222,861</u>	<u>59,299</u>
DEFERRED OUTFLOWS OF RESOURCES	233,109	293,465	(60,356)
LIABILITIES			
Current and other liabilities	137,439	131,134	6,305
Long-term liabilities	<u>1,132,582</u>	<u>1,360,513</u>	<u>(227,931)</u>
Total liabilities	<u>1,270,021</u>	<u>1,491,647</u>	<u>(221,626)</u>
DEFERRED INFLOWS OF RESOURCES	312,642	153,018	159,624
NET POSITION			
Net Investment in Capital Assets	632,033	631,904	129
Restricted for:			
Capital Projects	39,862	27,584	12,278
Energy Improvement Projects	160	272	(112)
Debt Service	1,616	1,419	197
Pension	29,318	23,459	5,859
Grants	272	269	3
Unrestricted	<u>(770,655)</u>	<u>(813,246)</u>	<u>42,591</u>
Total net position	<u>(\$67,394)</u>	<u>(\$128,339)</u>	<u>\$60,945</u>

Table 3 shows the net position of Business-Type Activities totaled \$380.17 million at the end of fiscal year 2022, an increase of \$7.26 million from the previous fiscal year. Of total net position, \$328.25 million, or 86.34%, 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.

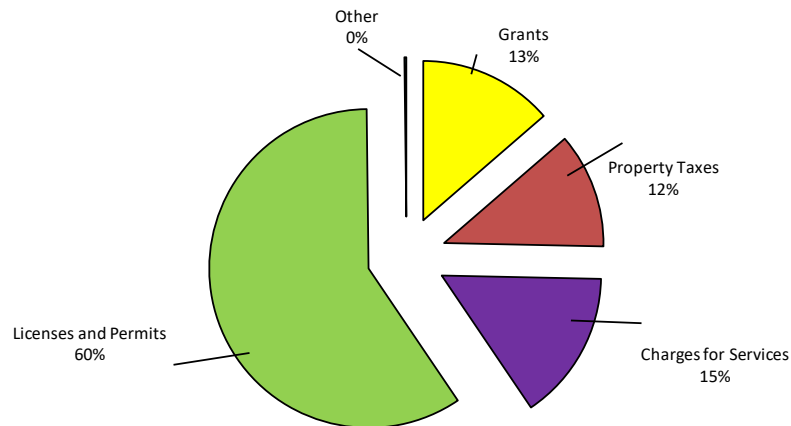
Table 3
Lexington-Fayette Urban County Government
Summary of Net Position
For Years as Stated
(in thousands)

	Business-Type Activities		
	<u>FY 2022</u>	<u>FY 2021</u>	<u>Change</u>
ASSETS			
Current and other assets	\$137,591	\$152,337	(\$14,746)
Capital assets	<u>548,261</u>	<u>531,655</u>	<u>16,606</u>
Total assets	<u><u>685,852</u></u>	<u><u>683,992</u></u>	<u><u>1,860</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	 14,274	 16,677	 (2,403)
 LIABILITIES			
Current and other liabilities	21,221	18,156	3,065
Long-term liabilities	<u>285,761</u>	<u>305,627</u>	<u>(19,866)</u>
Total liabilities	<u><u>306,982</u></u>	<u><u>323,783</u></u>	<u><u>(16,801)</u></u>
 DEFERRED INFLOWS OF RESOURCES	 12,973	 3,971	 9,002
 NET POSITION			
Net Investment in Capital Assets	328,249	307,938	20,311
Restricted for:			
Capital Projects	5,592	15,380	(9,788)
Energy Improvement Projects	124	317	(193)
Capital Replacement	3,227	2,778	449
Water Quality Incentive Program	7,305	6,833	472
Maintenance and Operations	1,294	1,131	163
Unrestricted	<u>34,380</u>	<u>38,538</u>	<u>(4,158)</u>
Total net position	<u><u>\$380,171</u></u>	<u><u>\$372,915</u></u>	<u><u>\$7,256</u></u>

Governmental Activities

As indicated in Chart 1, the Government funds its Governmental Activities from revenue received from four significant categories. A clear majority, 60%, 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 12% of governmental revenues. Federal and State grant funding represented 13% of governmental revenue. The remaining 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 \$612.84 million, which was an increase of \$103.45 million, or 20.31%, from the previous fiscal year. Licenses and permits totaled \$364.64 million, representing 60.0% 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 \$43.68 million, or 13.61% from the previous fiscal year. This is primarily due to an increase in payroll withholdings collected during the fiscal year. Property taxes increased by \$3.50 million, due to an increase in realty taxes collected. Charges for services increased by \$16.14 million from the previous fiscal year, or 20.86%. Operating grants increased by \$42.06 million from the previous fiscal year, or 10.86%. Both of these changes year over year are due to the impact of COVID-19 recovery and receipt of COVID-related grants. The negative Other General Revenues of (\$1.20) million in the current year was caused by continued investment losses during the fiscal year.

As noted on Table 4, total expenses of Governmental Activities were \$550.36 million; a decrease of 1.76 million from the previous fiscal year. This was a stable change overall. Some notable highlights were a decrease in pension expense of \$59.20 million from the previous fiscal year. This is due to an increase in investment returns for the measurement period. General Government departmental expenditures increased when compared to the prior fiscal year by \$14.86 million dollars primarily due to increased funding for outside agencies of \$16.10 million. Reorganizational changes impacted Administrative Services, Public Safety, and Social Services, offsetting the increase in Housing Advocacy and Community Development, resulting in a net increase of \$11.85 million of primarily grant expenses. These grant expenses totaled \$10.96 million. Overall personnel salaries and wages increased \$23.02 million compared to the prior fiscal year.

Business-Type Activities

Also indicated on Table 4, revenues from Business-Type Activities increased by \$11.42 million from the previous fiscal year or 10.21%. Revenues collected for services provided by the Government increased \$13.34 million and other general revenues decreased \$1.92 million. Total expenses of Business-Type Activities increased when compared to fiscal year 2021, by \$13.14 million. Primarily Sanitary Sewer, Landfill and CKY Network increased \$14.42 million, \$0.25 million and \$0.12 million, respectively. Water Quality, Public Facilities, and Other Business-Type Activities expenses decreased \$0.25 million, \$0.18 million, and \$1.00 million, respectively. The largest program among these activities is the Sanitary Sewer system, with expenses of \$85.47 million during the fiscal year, representing 72.72% 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services	\$93,524	\$77,382	\$124,391	\$111,049	\$217,915	\$188,431
Operating Grants & Contributions	66,534	24,470			66,534	24,470
Capital Grants & Contributions	14,906	16,406			14,906	16,406
General Revenues:						
Property Taxes	71,867	68,366			71,867	68,366
Licenses & Permits	364,644	320,966			364,644	320,966
Grants & Unrestricted Contributions	2,568	2,080			2,568	2,080
Other General Revenues	(1,200)	(277)	(1,150)	775	(2,350)	498
Total Revenues	612,843	509,393	123,241	111,824	736,084	621,217
Program Expenses						
General Government	49,902	35,042			49,902	35,042
Administrative Services*	7,852	14,350			7,852	14,350
Health, Dental, Vision, Workers Comp,						
General Insurance	29,081	27,703			29,081	27,703
Chief Development Officer	8,529	9,347			8,529	9,347
Information Technology	15,031	11,755			15,031	11,755
Finance	9,429	33,443			9,429	33,443
Housing Advocacy and Community Dev Admin*	18,618				18,618	
Environmental Quality & Public Works	105,786	96,885			105,786	96,885
Planning, Preservation, & Development	180	643			180	643
Public Safety*	14,107	15,536			14,107	15,536
Police	90,670	97,958			90,670	97,958
Fire & Emergency Services	93,234	105,139			93,234	105,139
Community Corrections	39,646	39,572			39,646	39,572
Social Services*	15,090	14,282			15,090	14,282
General Services	15,070	14,409			15,070	14,409
Parks & Recreation	24,502	20,252			24,502	20,252
Law	2,202	2,311			2,202	2,311
Interest on Long-Term Debt	11,430	13,486			11,430	13,486
Sanitary Sewer System			85,465	71,045	85,465	71,045
Public Facilities			6,337	6,519	6,337	6,519
Landfill			6,121	6,096	6,121	6,096
Right of Way			471	552	471	552
Extended School Program			553	960	553	960
Enhanced 911			5,479	5,985	5,479	5,985
CKY Network			416	299	416	299
Water Quality			12,680	12,931	12,680	12,931
Total Expenses	550,359	552,113	117,522	104,387	667,881	656,500
Increase (Decrease) in Net Position before Transfers	62,484	(42,720)	5,719	7,437	68,203	(35,283)
Transfers	(1,539)	(160)	1,539	160	0	0
Increase (Decrease) in Net Position	60,945	(42,880)	7,258	7,597	68,203	(35,283)
Net Position, July 1	(128,339)	(85,534)	372,913	361,350	244,574	275,816
Adjustment to Opening Net Position (Note 2.D)		75		3,966		4,041
Net Position, June 30	(\$67,394)	(\$128,339)	\$380,171	\$372,913	\$312,777	\$244,574

*In FY22 - The department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was moved from Public Safety. Adult Services was renamed Community Residential Services and moved from Social Services.

PERSONNEL COSTS

During the year, personnel related expenses for salaries and wages covered by collective bargaining agreements increased approximately \$12.09 million. Police and Community Corrections increased by \$5.50 million and \$0.63 million, respectively. Fire & Emergency Services also increased by \$5.96 million. These increases were primarily due to recruiting and salary increases. Salary and wage costs, including benefits, for non-collective bargaining employees increased \$10.77 million or 12.78%. The Government's Urban County Council approved two salary increases during the fiscal year for nonunion employees. See Chart 2 for more information on personnel costs for Governmental Activities during fiscal year 2022.

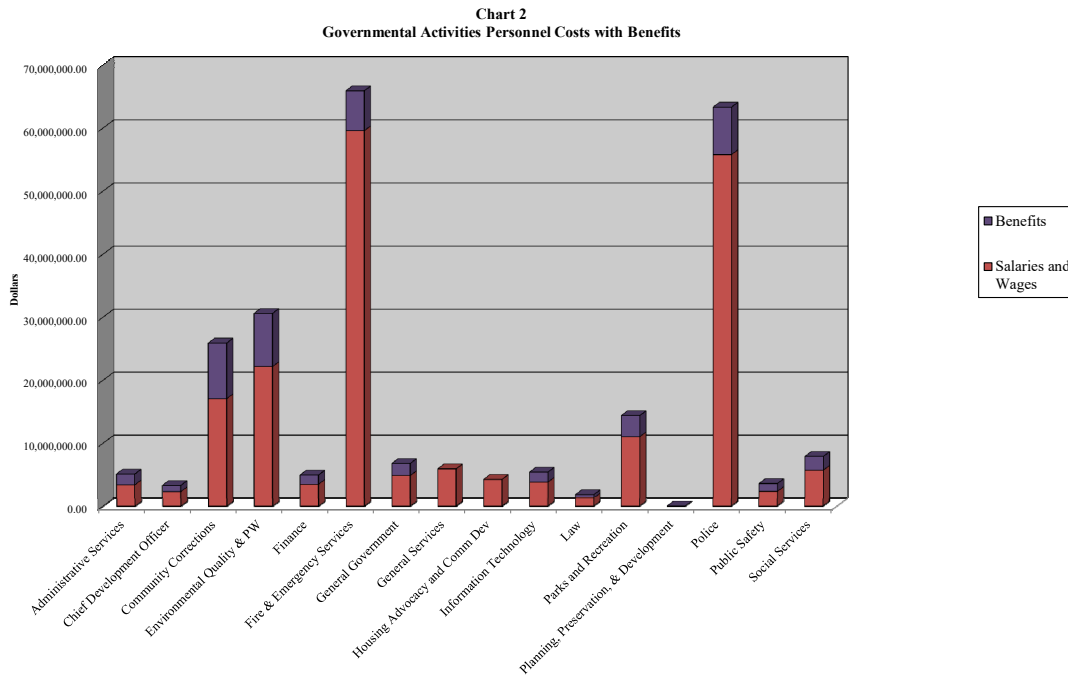
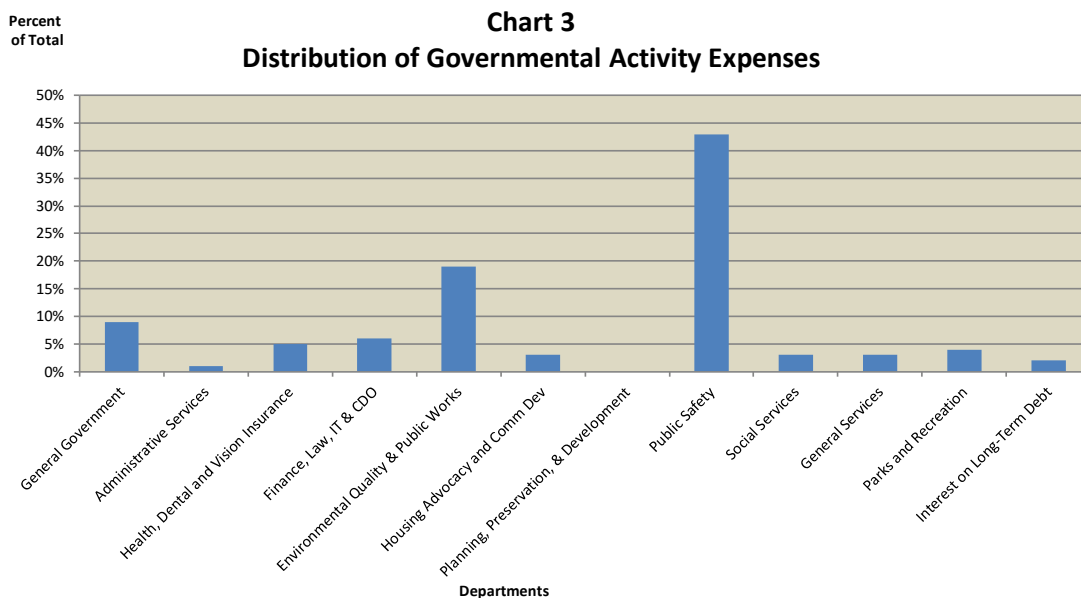


Chart 3 displays the distribution of total costs by governmental activity.



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, 2022 reflect a combined ending fund balance of \$229.43 million, an increase of \$58.26 million from the previous fiscal year. The Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 to the financial statements for detailed information on the fund balance classifications). The increase is primarily due to revenues in excess of expenditures of \$20.49 million and net transfers out and proceeds from the issuance of bonds of \$37.77 million. Revenues increased \$94.60 million from the previous fiscal year primarily due to licenses and employee and business returns increases of \$44.34 million and grant revenues of \$40.88 million. Taxes and charges for services increased \$3.50 million and \$5.79 million respectively. Expenditures increased \$79.70 million over the prior fiscal year. Primarily, grant funded expenditures increased approximately \$40.49 million. Programs for rental assistance and affordable housing continue in response to underserved communities. Total salaries, wages and benefits increased \$23.02 million over the prior fiscal year. Capital expenditures increased \$13.06 million over the prior fiscal year.

The Government had \$16.06 million of unassigned fund balance available in the General Fund at June 30, 2022. Unassigned fund balance of the General Fund (the Government's main operating fund) represents approximately 8.46% of total general fund expenditures for fiscal year 2022. At the end of fiscal year 2022, the fund balance held by the General Fund totaled \$150.26 million, an increase of \$44.77 million, or 42.45%, from the previous fiscal year. This was primarily due to revenues in excess of expenditures of \$38.51 million, offset by other financing sources of \$6.26 million. As mentioned above, revenues for licenses and permits increased \$44.34 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 \$29.05 million, an increase of \$2.27 million over the prior fiscal year. This increase is primarily due to other financing sources of \$2.91 million, offset by expenditures in excess of revenues of \$0.64 million. Revenues increased overall by \$6.02 million compared to the prior fiscal year. Tax revenues and charges for services increased \$2.26 million and \$3.19 million respectively. Operating expenditures increased \$5.60 million over the prior fiscal year.

The Federal and State Grants Fund held a balance of \$0.27 million for fiscal year ended June 30, 2022, 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 an additional \$55.73 million in funding for COVID relief projects. So far the Government has disbursed \$16.15 million in rental assistance and \$10.53 million in housing stabilization. Various projects aimed at underserved communities have expenditures totaling \$24.09 million. The Government's Urban County Council is committed to developing 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 2022, \$22.42 million was expended on these projects. Bonds in the amount of \$30.97 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 \$380.17 million as of June 30, 2022, an increase of \$7.26 million from the prior fiscal year. Revenues from charges for services increased \$13.34 million and total expenses increased \$13.14 million when compared to the prior fiscal year.

The Sanitary Sewer System Fund held a total net position of \$279.86 million, an increase of \$2.17 million over the prior year. Sewer revenues increased \$13.5 million over the prior fiscal year with an approved rate increase and operating expenses increased \$15.39 million compared to the prior fiscal year. Administrative expenses increased \$13.51 million and depreciation expenses increased \$1.80 million over the prior fiscal year.

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 \$22.74 million, a decrease of \$0.24 million from the prior fiscal year. Both revenues and expenses remained consistent with the prior year.

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 \$27.54 million, an increase of \$3.44 million from the prior fiscal year. Revenues in excess of expenses primarily contributed to this increase. The unrestricted fund balance of (\$2.78) million occurred when program expenses for the water quality incentive program were delayed.

As of June 30, 2022, the total net position of the Landfill Fund held a balance of \$46.27 million, an increase of \$1.29 million from the prior fiscal year, a 2.87% increase. The increase is steady year over year compared to the prior fiscal year with a \$0.28 million difference in the increase in fund balance.

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, 2022 the other enterprise funds held total net position of \$2.07 million, an increase of \$0.76 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 2022, General Fund revenues totaled \$433.18 million, an increase of 12.22% from the previous fiscal year. Total revenues were \$32.43 million above the final budgeted amount. This increase in actual revenue is the result of increases in employee withholdings and business returns of \$25.74 million and insurance premiums collected of \$1.99 million above the budgeted amount. Total ad valorem taxes and charges for services were \$1.36 million above the final budgeted amount. Fines and forfeitures, intergovernmental, and investment returns were \$1.75 million below the final budgeted amount. Other income and property sales were \$1.93 million above the final budgeted amount. Total licenses and permits were \$30.89 above the final budgeted amount.

General Fund expenditures of the Government totaled \$394.67 million, an increase of \$31.89 million, or 8.79% over the previous fiscal year. Total budgeted expenditures equaled \$397.70 million. Expenditures were \$3.02 million below the final budgeted amount. Operating expenditures were \$2.77 million below the final budgeted amount. Personnel expenditures, accounting for 61.71% of General Fund expenditures, were \$7.77 million below the final budgeted amount. Divisions with collective bargaining agreements had expenditures \$0.64 million below the final budgeted amount. Personnel expenditures from these divisions account for 52.9% of the General Fund expenditures. Please see Table 5 below for more details regarding the distribution of General Fund personnel costs and the changes from prior year.

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

Departments	2022	2021	Change	% Change	% General Fund Expenditures
Non-Collective Bargaining Divisions					
Administrative Services *	\$4,711	\$6,248	(\$1,537)	(24.6%)	1.2%
Chief Development Officer	2,606	2,552	54	2.1%	0.7%
Information Technology	5,341	4,977	364	7.3%	1.4%
Department of Finance	4,749	4,493	256	5.7%	1.2%
Department of General Services	5,300	4,184	1,116	26.7%	1.3%
Department of Housing Advocacy and Comm Dev*	5,028		5,028		1.3%
Department of Law	1,861	1,908	(47)	(2.5%)	0.5%
Department of Public Safety *	2,846	4,580	(1,734)	(37.9%)	0.7%
Department of Social Services *	6,084	6,860	(776)	(11.3%)	1.5%
Department of Environmental Quality & PW	28,353	25,356	2,997	11.8%	7.2%
General Government	6,580	6,040	540	8.9%	1.7%
Parks and Recreation	13,605	11,243	2,362	21.0%	3.4%
Total Non-Collective Bargaining Divisions	87,064	78,441	8,623	11.0%	22.1%
Divisions with Collective Bargaining					
Police	72,520	65,717	6,803	10.4%	18.4%
Community Corrections	25,476	25,264	212	0.8%	6.5%
Fire & Emergency Services	77,114	71,034	6,080	8.6%	19.5%
Total Collective Bargaining Divisions	175,110	162,015	13,095	8.1%	44.4%
Total Personnel Costs with Benefits	\$262,174	\$240,456	\$21,718	9.0%	66.4%

*In FY22 - The department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was moved from Public Safety. Adult Services was renamed Community Residential Services and moved from Social Services.

CAPITAL ASSETS

The Government's capital assets totaled \$1.42 billion as of June 30, 2022, 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 \$632.03 million. Governmental Activities net investment in capital assets increased slightly by \$0.13 million from the prior fiscal year. The net investment in capital assets of Business-Type Activities totaled \$328.25 million, an increase of \$20.31 million over the previous fiscal year.

This year's major changes in capital assets included:

- Governmental Activities total capital assets decreased by \$12.22 million compared to the previous fiscal year. The decrease was primarily due to depreciation of \$58.92 million and asset retirements of \$0.54 million, offset capital additions of \$47.24 million. Intangibles, buildings, land and leasehold improvements, and infrastructure decreased \$0.79 million, \$5.51 million, \$2.70 million, and \$22.47 million respectively. Vehicles, Equipment, & Furniture, construction in progress, developments in progress, and leased equipment increased \$1.94 million, \$11.00 million, \$0.23 million, and \$6.06 million respectively. The Government implemented GASB 87, new Governmental Activities capital leases total \$6.06 million.
- Capital assets for Business-Type Activities increased by \$16.61 million. The overall increase was primarily due to additions of \$39.60 million, offset by depreciation of \$22.73 million and retirements of \$0.26 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. The Government implemented GASB 87, new Business-Type Activities capital leases total \$3.71 million.

- Construction in progress assets totaled \$37.92 million in the Governmental Activities and \$45.42 million in Business-Type Activities. The overall increase from the previous year in construction in progress assets totaled \$22.89 million. The decrease was primarily due to additions of \$54.79 million offset by net asset retirements of \$0.32 million, and assets placed in service of \$31.58 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$62,895	\$62,895	\$51,982	\$50,823	\$114,877	\$113,718
Purchase of Development Rights	82,560	82,560			82,560	82,560
Intangibles	11,986	12,765	2,232	1,905	14,218	14,670
Buildings	104,113	109,619	17,846	21,354	121,959	130,973
Vehicles, Equipment, & Furniture	47,959	46,023	16,365	18,273	64,324	64,296
Land and Leasehold Improvements	20,038	22,735	5,766	5,874	25,804	28,609
Infrastructure & Sewer Lines/Plants	502,167	524,632	404,938	399,898	907,105	924,530
Construction in Progress	37,924	26,922	45,418	33,528	83,342	60,450
Developments in Progress	385	157			385	157
Leased Equipment	6,061		3,714		9,775	
Total	\$876,088	\$888,308	\$548,261	\$531,655	\$1,424,349	\$1,419,963

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 2022, the Government had \$587.56 million in bonds and notes outstanding; Governmental Activities' debt decreased by \$6.24 million and total debt decreased by \$19.74 million. The decrease in debt for Governmental Activities resulted primarily from the issuance of GO bonds totaling \$30.97 million, offset by principal payments and amortized bond costs in the current fiscal year on outstanding debt of \$37.21 million. The Business-Type Activities debt decreased \$13.50 million primarily from bond and note payable proceeds of \$1.77 million, offset by principal payments and amortized bond costs of \$15.27 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 \$3.66 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 \$311.86 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds, Notes, Leases	\$357,609	\$363,851	\$126,891	\$132,237	\$484,500	\$496,088
Mortgage Revenue Bonds			35,452	38,410	35,452	38,410
Revenue Bonds			67,610	72,802	67,610	72,802
Total	<u>\$357,609</u>	<u>\$363,851</u>	<u>\$229,953</u>	<u>\$243,449</u>	<u>\$587,562</u>	<u>\$607,300</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 2023 Budget, for all funds combined, net of interfund transfers, is \$791,616 million. Significant initiatives in the budget include:

- A commitment of \$46.73 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 2023 budget for \$44 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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	\$125,396,259	\$53,050,714	\$178,446,973	\$93,759,978
Investments	81,363,762	64,893,582	146,257,344	28,321,704
Receivables (Net)	44,302,094	7,885,092	52,187,186	4,809,658
Due from Other Governments	8,524,300		8,524,300	1,583,522
Due from Primary Government				2,623,363
Other Current Assets				741,898
Lease Receivable	272,270		272,270	29,653,776
Inventories and Prepaid Expenses	2,604,969	361,351	2,966,320	1,292,473
Net Pension Asset	29,318,228		29,318,228	3,753,766
Restricted Assets:				
Cash				9,913,177
Receivables (Net)	5,361,491		5,361,491	6,382,897
Grants Receivable	1,000,000		1,000,000	6,924,441
Investments	106,845,034	11,399,959	118,244,993	62,974,782
Other				397,985
Pension Asset				
Capital Assets:				
Non-depreciable	194,369,296	99,504,404	293,873,700	53,793,552
Depreciable (Net)	675,658,169	445,041,930	1,120,700,099	521,672,237
Leased depreciable (Net)	6,060,604	3,714,181	9,774,785	2,188,271
Other Assets	1,084,484		1,084,484	
Total Assets	\$1,282,160,960	\$685,851,213	\$1,968,012,173	\$830,787,480
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Bond Refunding	\$5,874,509	\$2,201,998	\$8,076,507	\$845,127
Deferred Pension Amounts	142,933,400	5,990,365	148,923,765	9,392,657
Deferred Other Post Employment Benefit Amounts	84,300,608	6,081,446	90,382,054	5,882,306
Deferred Amount on Note Payable				2,430,000
Total Deferred Outflows of Resources	\$233,108,517	\$14,273,809	\$247,382,326	\$18,550,090
LIABILITIES				
Accounts, Contracts Payable and				
Accrued Liabilities	\$21,446,477	\$10,113,749	\$31,560,226	\$14,627,044
Interest Payable	3,607,079	349,498	3,956,577	138
Internal Balances	1,693,827	(1,693,827)		
Due to Other Governments	1,127		1,127	
Due to Component Units	2,623,363		2,623,363	
Unearned Revenue and Other	77,881,563	114,917	77,996,480	1,314,481
Claims Liabilities	30,185,840		30,185,840	
Liabilities Payable from				
Restricted Assets:				
Accounts, Contracts and Retainage Payable		1,281,753	1,281,753	3,278,756
Bonds and Notes Payable		10,256,780	10,256,780	
Interest Payable		797,395	797,395	1,068,640
Noncurrent Liabilities:				
Due Within One Year:				
Bonds and Notes Payable	36,335,000	2,912,005	39,247,005	9,903,363
Compensated Absences	4,329,178	1,098,487	5,427,665	604,154
Lease Obligations				260,128
Landfill Closure and Postclosure Care Costs		644,471	644,471	
Due in More Than One Year:				
Unearned Revenue and Other	28,843		28,843	
Bonds and Notes Payable	321,273,798	216,784,165	538,057,963	325,313,464
Compensated Absences	26,593,519	1,877,395	28,470,914	1,082,630
Lease Obligations	5,537,567	3,492,042	9,029,609	1,984,657
Landfill Closure and Postclosure Care Costs		11,934,373	11,934,373	
Net Other Post Retirement Benefit Liability	353,434,103	10,879,406	364,313,509	15,777,177
Net Pension Liability	385,049,650	36,138,259	421,187,909	78,931,897
Total Liabilities	\$1,270,020,934	\$306,980,868	\$1,577,001,802	\$454,146,529
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Amounts	\$187,838,917	\$7,255,264	\$195,094,181	\$9,504,278
Deferred Other Post Employment Benefit Amounts	124,531,224	5,718,102	130,249,326	5,123,149
Deferred Lease Amounts	272,270		272,270	29,207,007
Deferred Amount on Bond Refunding				152,089
Total Deferred Inflows of Resources	\$312,642,411	\$12,973,366	\$325,615,777	\$43,986,523

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
NET POSITION				
Net Investment in Capital Assets	\$632,033,984	\$328,250,051	\$960,284,035	\$286,178,375
Restricted for:				
Governmental and Program Funds				769,619
Fees				1,107,521
Capital Projects	39,861,679	5,591,554	45,453,233	6,823,055
Energy Improvement Projects	160,368	123,765	284,133	
Debt Service	1,615,537		1,615,537	53,554,763
Capital Replacement		3,226,825	3,226,825	
Pension	29,318,228		29,318,228	
Water Quality Incentive Program		7,304,594	7,304,594	
Grants	271,798		271,798	
Maintenance and Operations		1,293,745	1,293,745	
Unrestricted (Deficit)	(770,655,462)	34,380,254	(736,275,208)	2,771,185
Total Net Position	(\$67,393,868)	\$380,170,788	\$312,776,920	\$351,204,518

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, 2022

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	Total	
Primary Government:								
Governmental Activities:								\$0
Administrative Services	\$7,851,910	\$1,537,635	\$337,865	\$0	(\$5,976,410)	\$0	(\$5,976,410)	\$0
Chief Development Officer	8,528,500	202,945	1,491,639	1,032,759	(5,801,157)		(5,801,157)	
Community Corrections	39,645,784	6,223,554	1,878,669		(31,543,561)		(31,543,561)	
Housing Advocacy and Community Dev	18,617,726	1,160,962	21,138,939		3,682,175		3,682,175	
Environmental Quality & Public Works	105,784,998	7,521,956	3,246,297	13,672,073	(81,344,672)		(81,344,672)	
Finance	9,428,927	147,191	359,622		(8,922,114)		(8,922,114)	
Fire & Emergency Services	93,232,755	13,120,893	7,933,568		(72,178,294)		(72,178,294)	
General Government	49,902,225	18,405,702	266,634		(31,229,889)		(31,229,889)	
General Services	15,070,358	18,653	654,891		(14,396,814)		(14,396,814)	
Health, Dental, and Vision	29,080,692	29,080,692						
Information Technology	15,030,888	3,057,996	246,136		(11,726,756)		(11,726,756)	
Law	2,202,220	12,497	97,873		(2,091,850)		(2,091,850)	
Parks & Recreation	24,502,130	5,393,945	2,533,897		(16,574,288)		(16,574,288)	
Planning, Preservation, & Development	180,279				(180,279)		(180,279)	
Police	90,670,091	4,648,353	9,216,300	200,897	(76,604,541)		(76,604,541)	
Public Safety	14,107,303	539,006	1,915,538		(11,652,759)		(11,652,759)	
Social Services	15,089,641	2,452,012	15,215,720		2,578,091		2,578,091	
Interest on Long-Term Debt	11,430,061				(11,430,061)		(11,430,061)	
Total Governmental Activities	\$50,356,488	93,523,992	66,533,588	14,905,729	(375,393,179)	0	(375,393,179)	
Business-Type Activities:								
Sanitary Sewer System	85,466,107	88,445,752				2,979,645	2,979,645	
Public Facilities	6,336,747	5,673,049				(663,698)	(663,698)	
Landfill	6,120,842	7,370,873				1,250,031	1,250,031	
Right of Way	471,235	658,898				187,663	187,663	
Extended School Program	552,622	1,024,303				471,681	471,681	
Enhanced 911	5,478,624	4,349,941				(1,128,683)	(1,128,683)	
CKY Network	415,707	505,556				89,849	89,849	
Water Quality	12,680,311	16,362,286				3,681,975	3,681,975	
Total Business-Type Activities	117,522,195	124,390,658	0	0	0	6,868,463	6,868,463	
Total Primary Government	\$667,878,683	\$217,914,650	\$66,533,588	\$14,905,729	(\$375,393,179)	\$6,868,463	(\$368,524,716)	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Function/Program Activities Component Units:	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Lexington Center Corporation	\$37,710,228	\$23,696,935	\$1,299,085	\$0			
Lexington Airport Board	28,711,353	22,003,976	7,553,813	18,365,276			
Fayette County Department of Health	25,454,988	5,598,892	16,923,829				
Nonmajor Component Units	50,703,834	4,174,318	8,697,569	2,538,937			
Total Component Units	\$142,580,403	\$55,474,121	\$34,474,296	\$20,904,213	\$0	\$0	\$0
General Revenues:							
Property Taxes					\$71,866,506	\$0	\$71,866,506
Licenses Fees - Wages and Net Profits Taxes					364,643,953		364,643,953
Grants and Contributions Not Restricted to Specific Programs:							
Community Development Block Grant					2,567,507		2,567,507
Income (Loss) on Investments					(1,411,662)	(1,150,411)	(2,562,073)
Net Change in Fair Value of Investments							584,640
Gain on Sale of Capital Assets					211,600		211,600
Miscellaneous							9,910
Transfers					(1,539,298)	1,539,298	1,012,435
Total General Revenues and Transfers					436,338,606	388,887	436,727,493
Change in Net Position					60,945,427	7,257,350	68,202,777
Net Position, Beginning					(128,339,295)	372,913,438	244,574,143
Net Position, Ending					(\$67,393,868)	\$380,170,788	\$312,776,920
							\$351,204,518

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Urban Services	Federal and State Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$58,713,677	\$8,869,251	\$1,899,104	\$17,301,578	\$86,783,610
Investments	61,244,075	19,746,828		372,859	81,363,762
Receivables:					
Loans			1,661,519		1,661,519
License Fees	34,840,046				34,840,046
Other	12,358,733	1,890,628		575,897	14,825,258
Less Allowance for Uncollectible Amounts	(5,399,246)		(1,661,519)		(7,060,765)
Due from Other Governments			8,524,300		8,524,300
Due from Other Funds	1,931,292		495,418		2,426,710
Inventories and Prepaid Items	2,082,387	23,991			2,106,378
Restricted Investments	1,699,778		66,737,032	38,408,224	106,845,034
Total Assets	<u>\$167,470,742</u>	<u>\$30,530,698</u>	<u>\$77,655,854</u>	<u>\$56,658,558</u>	<u>\$332,315,852</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	\$5,170,607	\$845,620	\$3,173,597	\$3,252,625	\$12,442,449
Accrued Payroll & Related Liabilities	6,773,047	637,571	97,880		7,508,498
Due to Other Funds				2,426,710	2,426,710
Due to Other Governments	1,127				1,127
Due to Component Units	2,623,363				2,623,363
Unearned Revenue and Other	2,641,635		74,112,579	1,127,349	77,881,563
Total Liabilities	<u>17,209,779</u>	<u>1,483,191</u>	<u>77,384,056</u>	<u>6,806,684</u>	<u>102,883,710</u>
Fund Balances:					
Nonspendable	2,082,387	23,991			2,106,378
Restricted for:					
Public Works				8,289,552	8,289,552
Public Safety	1,615,537			1,222,395	2,837,932
Capital Projects				39,861,679	39,861,679
Grants Projects			271,798		271,798
Urban Services		28,973,516			28,973,516
Energy Improvement Projects	110,368	50,000			160,368
Committed for:					
General Government	8,949,535				8,949,535
Economic Stabilization	36,664,996				36,664,996
Assigned to:					
Budget Stabilization	32,839,184				32,839,184
General Government	47,248,952			478,248	47,727,200
Capital Projects	4,685,536				4,685,536
Unassigned	16,064,468				16,064,468
Total Fund Balances	<u>150,260,963</u>	<u>29,047,507</u>	<u>271,798</u>	<u>49,851,874</u>	<u>229,432,142</u>
Total Liabilities and Fund Balances	<u>\$167,470,742</u>	<u>\$30,530,698</u>	<u>\$77,655,854</u>	<u>\$56,658,558</u>	<u>\$332,315,852</u>

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, 2022

Total Fund balances - Governmental Funds		\$229,432,142
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	1,734,745,242	
Less accumulated depreciation	(864,717,777)	
Governmental leased assets	7,765,124	
Less accumulated depreciation	(1,704,520)	876,088,069
The net pension asset is not an available resource and, therefore, is not reported in the funds.		29,318,228
Restricted receivables, the lease receivable, 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)		6,361,491
Other assets		1,084,484
Lease receivable		272,270
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	(357,608,798)	
Unearned revenue and other	(28,843)	
Interest payable	(3,607,079)	
Compensated absences	(30,922,697)	
Lease obligation	(5,537,567)	
Net pension liability and other post retirement benefits	<u>(738,483,753)</u>	(1,136,188,737)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note 1.G.)		5,874,509
Inflows related to leases have been deferred in the Statement of Net Position		(272,270)
Outflows and inflows related to pension have been deferred in the Statement of Net Position		(44,905,517)
Outflows and inflows related to other post employment benefit amounts have been deferred in the Statement of Net Position		(40,230,616)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position.		7,465,906
Internal balances due to non-governmental activities related to items listed above		<u>(1,693,827)</u>
Net Position of Governmental Activities		<u><u>(\$67,393,868)</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, 2022

	General	Urban Services	Federal and State Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
License Fees and Permits	\$370,948,496	\$2,479,110	\$0	\$0	\$373,427,606
Taxes	28,012,485	43,854,021			71,866,506
Charges for Services	29,675,493	4,284,571			33,960,064
Fines and Forfeitures	230,555				230,555
Intergovernmental	741,745		84,006,826	7,023,304	91,771,875
Exactions				133,187	133,187
Property Sales	339,718	445,042			784,760
Income on Investments	(1,367,202)	(80,134)	15,854	19,820	(1,411,662)
Other	4,602,582	71,150	872,500	593,043	6,139,275
Total Revenues	433,183,872	51,053,760	84,895,180	7,769,354	576,902,166
EXPENDITURES					
Current:					
Administrative Services	6,500,430	464,361	314,562		7,279,353
Chief Development Officer	5,935,712		2,682,324		8,618,036
Community Corrections	36,557,565		1,879,231	127,200	38,563,996
Environmental Quality & Public Works	16,768,120	38,001,747	3,783,133	12,417	58,565,417
Housing Advocacy and Community Development	8,558,766		10,956,633		19,515,399
Finance	6,820,357	82,280	359,622	831,802	8,094,061
Fire and Emergency Services	88,200,288		7,968,278		96,168,566
General Government	3,641,671	3,160,891	402,973	28,476	7,234,011
General Services	8,182,840	394,164	543,297		9,120,301
Information Technology	10,214,521	1,093,703	246,136	49,348	11,603,708
Law	2,105,351	82,199	97,873		2,285,423
Outside Agencies	22,018,453		24,943,752		46,962,205
Parks and Recreation	21,505,629		1,370,816		22,876,445
Police	80,708,567		7,839,915	458,361	89,006,843
Public Safety	11,211,468		1,159,627		12,371,095
Social Services	8,966,572		3,150,083		12,116,655
Debt Service:					
Principal	34,510,000				34,510,000
Interest	12,210,615				12,210,615
Other Debt Service	34,500			165,750	200,250
Capital:					
Equipment	8,748,747	7,945,500	2,464,962	8,361,738	27,520,947
Acquisitions and Construction	1,272,289	471,541	17,459,484	12,386,217	31,589,531
Total Expenditures	394,672,461	51,696,386	87,622,701	22,421,309	556,412,857
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	38,511,411	(642,626)	(2,727,521)	(14,651,955)	20,489,309
OTHER FINANCING SOURCES (USES)					
Issuance of Debt				27,200,000	27,200,000
Premium on Bonds				3,806,399	3,806,399
Discount on Bonds				(40,552)	(40,552)
Lease (as lessee)	8,107,907	213,015		21,256	8,342,178
Transfers In	15,605,653	2,775,000	3,036,744		21,417,397
Transfers Out	(17,450,940)	(75,793)	(306,719)	(5,123,243)	(22,956,695)
Total Other Financing Sources (Uses)	6,262,620	2,912,222	2,730,025	25,863,860	37,768,727
Net Change in Fund Balances	44,774,031	2,269,596	2,504	11,211,905	58,258,036
Fund Balances, Beginning	105,486,932	26,777,911	269,294	38,639,969	171,174,106
Fund Balances, Ending	\$150,260,963	\$29,047,507	\$271,798	\$49,851,874	\$229,432,142

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, 2022**

Net change in fund balances - Governmental Funds \$58,258,036

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	41,819,674	
Less current year depreciation	<u>(58,916,649)</u>	(17,096,975)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (345,493)

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		(229,548)
--------------	--	-----------

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

Lease income		(314,754)
--------------	--	-----------

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	(27,200,000)	
Premium on bonds	(3,806,399)	
Discount on bonds	40,552	
Principal payments	<u>34,510,000</u>	3,544,153

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	5,859,069	
Amortization of current year bond (discounts) premiums	2,697,910	
Amortization of current year bond refunding losses	(706,063)	
Change in net pension liability	225,999,271	
Change in net other post retirement benefit liability	1,864,712	
Change in deferred outflows from pension plans	(48,772,484)	
Change in deferred outflows from other post retirement benefits	(10,877,903)	
Change in deferred inflows from pension plans	(180,601,930)	
Change in deferred inflows from other post retirement benefits	21,250,199	
Unearned revenue and other	10,647	
Change in accrued interest payable	780,554	
Change in restricted receivables (net)	877,770	
Change in compensated absences	<u>(647,834)</u>	<u>17,733,918</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.

(603,910)

Change in net position of Governmental Activities:		<u><u>\$60,945,427</u></u>
--	--	----------------------------

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

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

 Leased Assets

 Less Accumulated Depreciation

 Less Accumulated Depreciation - Leases

 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

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Total
\$5,104,569	\$2,568,699	\$19,848,576	\$15,168,520	\$10,360,350	\$53,050,714	\$38,612,649
29,721,956	5,392	30,318,815	4,829,250	18,169	64,893,582	
14,249,510		2,224,190	2,763,075		19,236,775	
676,407	60,984	274	3,489	304,493	1,045,647	36,036
(9,214,634)		(1,578,973)	(1,567,856)	(35,867)	(12,397,330)	
139,518		34,406	97,786	89,641	361,351	498,591
40,677,326	2,635,075	50,847,288	21,294,264	10,736,786	126,190,739	39,147,276
8,173,134					8,173,134	
3,118,825			108,000		3,226,825	
6,040,804	37,859,333	5,194,637	2,887,441		51,982,215	
481,944	23,498,213	17,199,342	419,692	10,000	41,609,191	
5,214,774	114,288,829	800,936	179,393	7,514	120,491,446	
318,398,228		88,764			318,486,992	
301,408,862		526,377	15,377,542		317,312,781	
	2,087,090				2,087,090	
37,705,121	1,469,509	242,814	412,958	2,992,935	42,823,337	
7,747,692	262,270	597,535	1,220,656	1,532,086	11,360,239	
4,441,985		1,416	84,793	12,064	4,540,258	
(259,839,313)	(125,272,370)	(14,295,137)	(3,273,071)	(4,345,238)	(407,025,129)	
(781,997)		(252)	(40,804)	(3,023)	(826,076)	
35,806,085			9,565,664	46,422	45,418,171	
467,916,144	54,192,874	10,356,432	26,942,264	252,760	559,660,474	0
508,593,470	56,827,949	61,203,720	48,236,528	10,989,546	685,851,213	
\$430,503	\$1,771,495	\$0	\$0	\$0	\$2,201,998	
3,195,130		293,048	1,549,134	1,044,134	6,081,446	
3,109,557		330,208	1,475,119	1,075,481	5,990,365	
6,735,190	1,771,495	623,256	3,024,253	2,119,615	14,273,809	0
\$515,328,660	\$58,599,444	\$61,826,976	\$51,260,781	\$13,109,161	\$700,125,022	\$39,147,276

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	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	\$71,830,495	\$0	\$7,008,538	\$16,137,153	\$0	\$94,976,186
Fees	2,905,617	344,325	293,245		5,862,281	9,405,468
Exactions	156,380					156,380
License Fees and Permits					656,568	656,568
Rental Income		5,004,491				5,004,491
Theater Revenues		204,278				204,278
Other	13,722,741	119,955	69,090	225,985	19,849	14,157,620
Total Operating Revenues	88,615,233	5,673,049	7,370,873	16,363,138	6,538,698	124,560,991
						47,400,622
OPERATING EXPENSES						
Treatment Plant	7,896,840					7,896,840
Collection System	3,012,837					3,012,837
Property Management		1,813,002				1,813,002
Theater Management		184,395				184,395
Landfill			3,274,103			3,274,103
Right of Way					464,504	464,504
Extended School Program					510,127	510,127
Enhanced 911					5,358,997	5,358,997
CKY Network					415,707	415,707
Administration	52,038,987		2,251,004	12,022,795	38,389	66,351,175
Depreciation	18,129,453	3,286,513	595,735	583,779	130,464	22,725,944
Claims and Benefit Payments						3,683,688
Total Operating Expenses	81,078,117	5,283,910	6,120,842	12,606,574	6,918,188	112,007,631
						48,174,865
Operating Income (Loss)	7,537,116	389,139	1,250,031	3,756,564	(379,490)	12,553,360
						(774,243)

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Business-Type Activities

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, 2022

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$88,296,135	\$2,170,591	\$7,343,972	\$16,136,900	\$6,640,237	\$0
Receipts from Employees and Other Sources						37,282,939
Receipts from Interfund Services Provided		3,522,552				10,117,580
Payments to Suppliers	(41,119,149)	(2,069,566)	(3,759,726)	(1,772,680)	(1,612,338)	(3,442,004)
Payments to Employees	(13,424,893)		(1,597,082)	(6,182,840)	(5,052,086)	(26,256,901)
Payments for Interfund Services Used	(2,668,153)		(264,657)	(1,007,674)	(52,964)	(3,993,448)
Payments for Claims						(44,333,086)
Net Cash Provided by (Used in) Operating Activities	31,083,940	3,623,577	1,722,507	7,173,706	(77,151)	43,526,579
Cash Flows from Noncapital Financing Activities:						
Transfers In		400,130			1,147,213	1,547,343
Transfers Out	(25,469)	25,469			(8,045)	(8,045)
Net Cash Provided by (Used in) Noncapital Financing Activities	(25,469)	425,599	0	0	1,139,168	1,539,298
Cash Flows from Capital and Related Financing Activities:						
Purchase of Capital Assets	(28,437,883)	(1,204,308)	(117,437)	(9,726,336)	(67,984)	(39,553,948)
Proceeds from Note Payable	1,770,071					1,770,071
Principal Paid on Bonds	(11,589,505)	(2,510,000)		(267,134)		(14,366,639)
Interest and Fiscal Agent Fees Paid on Bonds	(4,698,531)	(1,413,978)		(73,737)		(6,186,246)
Proceeds on Sale of Capital Assets	61,766	100,000				161,766
Net Cash Used in Capital and Related Financing Activities	(42,894,082)	(5,028,286)	(117,437)	(10,067,207)	(67,984)	0
Cash Flows from Investing Activities:						
Purchase of Investments	5,121,761	306,093	(39,112)	4,631	1,475,699	6,869,072
Income on Investments	98,724	43	39,112	6,333	1,006	145,218
Net Cash Flows Provided by Investing Activities	5,220,485	306,136	0	10,964	1,476,705	7,014,290
Net Increase (Decrease)	(6,615,126)	(672,974)	1,605,070	(2,882,537)	2,470,738	(374,571)
Cash at Beginning of Year	11,719,695	3,241,673	18,243,506	18,051,057	7,889,612	38,987,220
Cash at End of Year	\$5,104,569	\$2,568,699	\$19,848,576	\$15,168,520	\$10,360,350	\$38,612,649

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	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)	\$7,537,116	\$389,139	\$1,250,031	\$3,756,564	(\$379,490)	\$12,553,360
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	18,129,453	3,286,513	595,735	583,779	130,464	22,725,944
Allowance for Bad Debts	656,413		74,413	126,924		857,750
(Increase) Decrease in Assets:						
Accounts Receivable	(104,256)		(60,323)	(117,103)		(281,682)
Other Receivables	(214,842)	20,094	29,771	2	101,539	(63,436)
Inventories and Prepaid Expenses	43,912		(2,307)	(45,010)	(22,815)	(26,220)
(Increase) Decrease in Deferred Outflows:						
Deferred Other Post Employment Benefit Amounts	45,106		(3,766)	24,759	32,069	98,168
Deferred Pension Amounts	1,052,717		66,511	520,669	416,922	2,056,819
Increase (Decrease) in Liabilities:						
Accounts Payable	1,481,650	(40,966)	11,710	2,856,057	28,969	4,337,420
Accrued Payroll	49,637		6,248	18,364	6,326	80,575
Claims Payable						
Unearned Revenue			3,651	(109,137)		(105,486)
Other Liabilities		(31,203)	(143,321)	(397)		(174,921)
Compensated Absences			(5,455)	92,774	(21,870)	199,156
Lease Liability	3,446,371		1,054	38,642	5,975	3,492,042
Net Other Post Employment Benefit Liability	(1,582,605)		(136,863)	(773,304)	(506,254)	(2,999,026)
Net Pension Liability	(4,340,910)		(375,399)	(2,121,089)	(1,388,599)	(8,225,997)
Increase (Decrease) in Deferred Inflows:						
Deferred Other Post Employment Benefit Amounts	1,543,807		133,507	754,347	493,844	2,925,505
Deferred Pension Amounts	3,206,664		277,310	1,566,865	1,025,769	6,076,608
Total Adjustments	23,546,824	3,234,438	472,476	3,417,142	302,339	30,973,219
Net Cash Provided by (Used In) Operating Activities	\$31,083,940	\$3,623,577	\$1,722,507	\$7,173,706	(\$77,151)	\$43,526,579
						(\$374,571)

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Other Employee Benefit) Trust Funds	Investment Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$2,660,012	\$39,452,345	\$4,390,019
Receivables:			
Interest Receivable	3,990,582		50
Investments, at Fair Value:			
Debt Securities:			
Bank Loans	1,975,459		
Corporate Debt	118,366,264		
Municipal Obligations	5,941,846		
US Agencies	2,740,313		
US Government Obligations	78,630,678		
Repurchase Agreements	68,352,727		
Other Investments:			
Equity Mutual Funds	396,673,050		
Equity Real Estate	97,627,921		
Equity Securities - Domestic	1,864,597		
Equity Securities - International	162,582,888		
Total Investments	<u>934,755,743</u>	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$941,406,337</u></u>	<u><u>\$39,452,345</u></u>	<u><u>\$4,390,069</u></u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$12,872	\$0	\$324,345
Securities Lending Transactions	68,352,727		
Total Liabilities	<u><u>\$68,365,599</u></u>	<u><u>\$0</u></u>	<u><u>\$324,345</u></u>
NET POSITION			
Net position restricted for pensions	<u><u>\$873,040,738</u></u>		
Pool Participants		<u><u>\$39,452,345</u></u>	
Individuals, organizations, and Other Governments			<u><u>\$4,065,724</u></u>

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$34,819,073	\$19,463,793	\$0
Employer - Administration	5,744,265		
Plan Members	12,100,331		3,044,866
Other	43,137		309,285
Total Contributions	<u>52,706,806</u>	<u>19,463,793</u>	<u>3,354,151</u>
Investment Income:			
Net Change in Fair Value of Investments	(142,970,181)		
Interest	11,347,210	35,267	
Dividends	1,423,438		
Total Investment Income (Loss)	<u>(130,199,533)</u>	<u>35,267</u>	<u>0</u>
Less Investment Expense	2,458,262	0	
Net Investment Income (Loss)	<u>(132,657,795)</u>	<u>35,267</u>	<u>0</u>
Income from Securities Lending Activities:			
Securities Lending Income	142,582		
Securities Lending Expenses:			
Borrower Rebates	(119,037)		
Management Fees	51,485		
Total Securities Lending Expenses	<u>(67,552)</u>	<u>0</u>	<u>0</u>
Net Income from Securities Lending Activities	<u>210,134</u>	<u>0</u>	<u>0</u>
Total Additions	<u>(79,740,855)</u>	<u>19,499,060</u>	<u>3,354,151</u>
DEDUCTIONS			
Benefit Payments	78,290,343	7,212,075	640,639
Administrative Expense	459,742		2,252,606
Total Deductions	<u>78,750,085</u>	<u>7,212,075</u>	<u>2,893,245</u>
Net Increase/(Decrease)	(158,490,940)	12,286,985	460,906
Net Position, Beginning	<u>1,031,531,678</u>	<u>27,165,360</u>	<u>3,604,818</u>
Net Position, Ending	<u><u>\$873,040,738</u></u>	<u><u>\$39,452,345</u></u>	<u><u>\$4,065,724</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, 2022

	Lexington Center Corporation	Lexington Airport Board	Fayette County Department of Health	Nonmajor Component Units	Total
ASSETS					
Cash	\$10,623,165	\$6,383,229	\$34,264,129	\$42,489,455	\$93,759,978
Investments		14,626,474		13,695,230	28,321,704
Receivables:					
Accounts Receivable	1,303,269	2,221,835	353,415	623,858	4,502,377
Lease Receivable		6,348,501	35,895		6,384,396
Other		106,109		201,172	307,281
Less Allowance for Uncollectible Accounts					0
Due from Component Units					0
Due from Primary Government	886,784			1,736,579	2,623,363
Due from Other Governments				1,583,522	1,583,522
Other Current Assets		741,898			741,898
Inventories and Prepaid Expenses			38,084	1,254,389	1,292,473
Lease Receivable		23,191,878	77,502		23,269,380
Net Pension Asset				3,753,766	3,753,766
Restricted Current Assets:					
Cash		8,019,810		1,893,367	9,913,177
Accounts Receivable	3,913,592	556,505			4,470,097
Investments	46,732,518	13,464,908		2,777,356	62,974,782
Grants Receivable	101,386	6,823,055			6,924,441
Other	322,113	75,872			397,985
Bond Issuance Costs-Net of					
Notes Receivable			1,912,800		1,912,800
Capital Assets:					
Non-depreciable	17,354,445	22,702,223		13,736,884	53,793,552
Depreciable (Net)	287,333,841	178,351,137	2,088,019	53,899,240	521,672,237
Leased assets (Net)			616,227	1,572,044	2,188,271
Total Assets	368,571,113	283,613,434	39,386,071	139,216,862	830,787,480
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Bond Refunding		\$845,127		\$0	\$845,127
Deferred Amount on Note Payable				2,430,000	2,430,000
Deferred Pension Amounts			5,336,322	4,056,335	9,392,657
Deferred Other Post Employment Benefit Amounts			2,961,353	2,920,953	5,882,306
Total Deferred Outflows of Resources	0	845,127	8,297,675	9,407,288	18,550,090
Total Assets and Deferred Outflows of Resources	\$368,571,113	\$284,458,561	\$47,683,746	\$148,624,150	\$849,337,570
LIABILITIES					
Accounts, Contracts Payable and					
Accrued Liabilities	\$9,196,978	\$2,011,898	\$1,669,730	\$1,748,438	\$14,627,044
Interest Payable				138	138
Unearned Revenue and Other		532,395	35,541	746,545	1,314,481
Liabilities Payable from Restricted Assets:					
Accounts Payable		3,278,756			3,278,756
Interest Payable		1,068,640			1,068,640
Noncurrent Liabilities:					
Due Within One Year					
Compensated Absences				604,154	604,154
Bonds and Notes Payable	4,085,000	4,690,000		1,128,363	9,903,363
Lease Liability			112,356	147,772	260,128
Due in More Than One Year					
Compensated Absences		314,219	490,523	277,888	1,082,630
Bonds and Notes Payable	235,447,449	70,023,571		19,842,444	325,313,464
Lease Liability			525,210	1,459,447	1,984,657
Net Other Post Retirement					
Benefit Liability			10,972,635	4,804,542	15,777,177
Net Pension Liability			62,927,340	16,004,557	78,931,897
Total Liabilities	\$248,729,427	\$81,919,479	\$76,733,335	\$46,764,288	\$454,146,529
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Amounts			\$1,774,329	\$7,729,949	\$9,504,278
Deferred Other Post Employment Benefit Amounts			2,208,546	2,914,603	5,123,149
Deferred Amount on Bond Refunding		\$152,089			152,089
Deferred inflow on leases		29,093,610	113,397		29,207,007
Total Deferred Inflows of Resources	0	29,245,699	4,096,272	10,644,552	43,986,523
Total Liabilities and Deferred Inflows of Resources	\$248,729,427	\$111,165,178	\$80,829,607	\$57,408,840	\$498,133,052
NET POSITION					
Net Investment in Capital Assets	\$109,408,433	\$124,272,771	\$2,704,246	\$49,792,925	\$286,178,375
Restricted for:					
Governmental and Program Funds			189,577	580,042	769,619
Fees	919,164		188,357		1,107,521
Capital Projects		6,823,055			6,823,055
Debt Service	33,025,009	20,529,754			53,554,763
Unrestricted	(23,510,920)	21,667,803	(36,228,041)	40,842,343	2,771,185
Total Net Position	\$119,841,686	\$173,293,383	(\$33,145,861)	\$91,215,310	\$351,204,518

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, 2022

	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	Total
Lexington Center Corporation									
Lexington Center Operations	\$18,321,491	\$23,696,935	\$1,299,085		\$6,674,529				\$6,674,529
Depreciation and Amortization	9,748,966				(9,748,966)				(9,748,966)
Interest on Long-Term Debt	9,639,771				(9,639,771)				(9,639,771)
Total Lexington Center Corporation	37,710,228	23,696,935	1,299,085	0					(12,714,208)
Lexington Airport Board									
Airport Operations	14,186,919	22,003,976	7,553,813	18,365,276		\$33,736,146			33,736,146
Depreciation and Amortization	12,251,905					(12,251,905)			(12,251,905)
Interest on Long-Term Debt	2,272,529					(2,272,529)			(2,272,529)
Total Lexington Airport Board	28,711,353	22,003,976	7,553,813	18,365,276					19,211,712
Fayette County Department of Health									
Department of Health Operations	24,865,745	5,598,892	16,923,829				(\$2,343,024)		(2,343,024)
Depreciation and Amortization	547,745						(547,745)		(547,745)
Interest on Long-Term Debt	41,498						(41,498)		(41,498)
Total Fayette County Department of Health	25,454,988	5,598,892	16,923,829						(2,932,267)
Nonmajor Component Units									
Total Component Units	50,703,834	4,174,318	8,697,569	2,538,937				(\$35,293,010)	(35,293,010)
	\$142,580,403	\$55,474,121	\$34,474,296	\$20,904,213	(\$12,714,208)	\$19,211,712	(\$2,932,267)	(\$35,293,010)	(\$31,727,773)
General Revenues:									
Taxes									
Income (Loss) on Investments					\$8,495,475		\$9,889,824	\$47,440,622	\$65,825,921
Net Change in Fair Value of Investments					(1,647)	\$545,408	74,409	(33,530)	584,640
Gain on Sale of Capital Assets						(2,412,164)			(2,412,164)
Miscellaneous					97,500	986,577		9,910	9,910
Total General Revenues					8,591,328	(880,179)	9,964,233	47,345,360	65,020,742
Change in Net Position					(4,122,880)	18,331,533	7,031,966	12,052,350	33,292,969
Net Position, Ending					123,964,566	154,961,850	(40,177,827)	79,162,960	317,911,549
Net Position, Ending					\$119,841,686	\$173,293,383	(\$33,145,861)	\$91,215,310	\$351,204,518

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
INDEX

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	50
	A. Reporting Entity	50
	B. Related Organization	51
	C. Jointly Governed Organizations	52
	D. Basic Financial Statements	52
	E. Budgetary Control	55
	F. Assets, Liabilities, and Fund Equity	56
	G. Deferred Inflows of Resources and Deferred Outflows of Resources	59
	H. Net Position/Fund Balances	60
	I. Use of Estimates	61
	J. Revenues	62
	K. Pensions	62
	L. Postemployment Benefits Other Than Pensions (OPEB)	62
NOTE 2.	STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	62
	A. Compliance with Finance Related Legal and Contractual Provisions	62
	B. Excess of Expenditures over Appropriations	63
	C. Fund Deficits	63
NOTE 3.	DETAIL NOTES ON ALL FUNDS	63
	A. Cash, Investments, and Securities Lending	63
	B. Capital Assets	71
	C. Interfund Receivables, Payables, and Transfers	74
	D. Long-Term Debt	74
NOTE 4.	SELF-INSURANCE PROGRAM	84
	A. Health, Dental, and Vision Care	84
	B. Insurance and Risk Management	84
NOTE 5.	CONTINGENT LIABILITIES AND COMMITMENTS	86
	A. Litigation	86
	B. United States Environmental Protection Agency Consent Decree	86
	C. Federal and State Grants	86
	D. Lexington Center Corporation	86
	E. Lexington-Fayette Urban County Airport Corporation (Airport Corporation)	88
	F. Lexington Public Library	88
	G. Lexington Convention and Visitors Bureau	88
	H. Liens and Encumbrances	89
	I. Conduit Debt	89
	J. Encumbrances	89
	K. Tax Abatements	90
	L. Affordable Housing Loan Program	91
	M. Jobs Fund Loan Program	91
	N. Business Disruption	92
NOTE 6.	LEASES	92
	A. Lessee	92
	B. Lessor	92
NOTE 7.	THE SINGLE AUDIT ACT	93
NOTE 8.	SUBSEQUENT EVENTS	93
NOTE 9.	DEFINED BENEFIT PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS	93
	A. Plan Descriptions	93
	B. Summary of Significant Accounting Policies	95
	C. Contributions	95
	D. Net Pension Liability	95
	E. Other Post Employment Benefit (OPEB)	97
	F. Pension Plan Financial Statements	102
	G. The County Employees' Retirement System	104
	H. The County Employees' Retirement System Other Post Employment Benefit (OPEB)	106
NOTE 10.	RECENT GASB PRONOUNCEMENTS	110

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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 2022.

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, 2022

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

The Government reports the following major governmental funds:

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

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

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

The Government reports the following major proprietary funds:

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

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

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

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

Additionally, the Government reports the following fund types:

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 2022. The net effect of these supplemental appropriations was an increase \$9,928,876 in the General Fund and an increase of \$2,195,698 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, 2022, balances of interfund amounts receivable or payable

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2022 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	\$38,413,168
Federal Grants and Contracts	66,737,032
Debt Service on QECB Bond	1,694,835
Total restricted assets	<u>\$106,845,035</u>

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

Sanitary sewer reserve for construction and capital acquisition	\$8,173,134
Sanitary sewer and stormwater capital replacement account	3,226,825
Total restricted assets	<u>\$11,399,959</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, 2022

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 sworn employees). Employees are reimbursed for all accumulated unused sick leave upon retirement. All accumulated leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, compensated absences are not payable with available and spendable resources, and, therefore, are only recorded when they have matured, for example, as a result of employee resignations and retirements.

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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.
- Leases, which are assets in use by the Government 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.
- 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, GASB Statements 74 and 75, and GASB Statement 87, 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 assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. 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, 2021.

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. Lease related amounts are recognized at the inception of leases in which the Government is the lessor.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

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, 2022.

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, 2022.

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	\$5,620,729
Economic Stabilization	36,664,996
Chief Development Officer	2,221,947
Social Services	832,570
Special Programs	274,289
Committed Fund Balance	<u>\$45,614,531</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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

- 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 2022.
- 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, 2022 for approval through ordinance.

Assigned for:	General Fund	Non Major Funds
Budget Stabilization	\$32,839,184	\$0
Chief Development Officer	4,685,536	
Information Technology	100,000	
Environmental Quality & Public Works	1,325,000	
General Government	37,950,000	478,248
General Services	2,358,952	
Housing & Community Development	3,175,000	
Parks & Recreation	1,000,000	
Social Services	1,340,000	
Assigned Fund Balance	<u>\$84,773,672</u>	<u>\$478,248</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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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.

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, 2021. The total pension liability is defined as equal to the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee services.

The Government recognized aggregate Pension Expense of \$55,355,238 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, 2021. The total OPEB liability is defined as equal to the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee services.

The Government recognized aggregate OPEB Expense of \$1,860,195 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)
June 30, 2022

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, 2022:

	<u>Excess Expenditures</u>
General Fund:	
Accounting	\$17,561
Building Inspection	69,532
Central Purchasing	24,492
Circuit Judges	12,130
Coroner	107,797
Computer Services	2,733,848
Engineering	47,583
Enterprise Solutions	46,270
Environmental Quality & PW Admin	3,184
Finance Administration	12,576
Fire & Emergency Services	2,001,727
Fleet & Facilities Management	784,300
Human Resources	1,445,109
Internal Audit Office	6,884
Office of the CIO	48,326
Police	10,683
Public Safety Administration	604,970
Traffic Engineering	169,924
Urban Services Fund:	
Central Purchasing	\$2,660
Computer Services	69,098
Environmental Quality	16,653
Finance Administration	4,067
Fleet & Facilities Management	34,501
Indirect Cost Allocation	254,396

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.

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. Cash, Investments, and Securities Lending

Primary Government

The Government's bank balances at June 30, 2022 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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 Depository Receipts (ADR). Investments of the Government as of June 30, 2022 are summarized and categorized in the following table:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$49,834,948	\$49,834,948		
Money Market Mutual Funds	146,284,927		\$146,284,927	
Certificates of Deposit	545,086		545,086	
Commercial Paper	8,923,610	8,923,610		
U.S. Government Agency Obligations	58,913,766		58,913,766	
Total Investments	<u>\$264,502,337</u>	<u>\$58,758,558</u>	<u>\$205,743,779</u>	<u>\$0</u>

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

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. While the Government has adopted an investment policy that recommends controlling interest rate risk through maturity

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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	\$49,834,948	\$49,834,948				AA	\$54,541,846
Money Market Mutual Funds	146,284,927	146,284,927				NA	209,960,491
Certificates of Deposit	545,086	47,571		\$348,871	\$148,645		
Commercial Paper	8,923,610	8,923,610					
U.S. Government Agency Obligations	58,913,766	9,079,204	\$49,834,562				
Total Investments	\$264,502,337	\$214,170,260	\$49,834,562	\$348,871	\$148,645		

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

Investment Trust Fund

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

Sewer Investment Trust Fund				
Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Money Market Mutual Funds	\$39,452,345		\$39,452,345	

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

“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	\$39,452,345	\$39,452,345	\$0	\$0	\$0	NA	\$39,452,345

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, 2022 are summarized and categorized in the following table:

Policemen's and Firefighters' Retirement 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				
Bank Loans	\$1,975,459		\$1,975,459	
Corporate Debt	114,455,780		114,455,780	
Municipal Obligations	5,941,846		5,941,846	
SL Comingle Fund	68,352,727		68,352,727	
US Agencies	2,740,313		2,740,313	
US Government Obligations	74,947,035		74,947,035	
	<u>268,413,160</u>	<u>0</u>	<u>268,413,160</u>	<u>0</u>
Other Investments				
Equity Mutual Funds	375,043,395		375,043,395	
Equity Real Estate	97,627,921		97,627,921	
Equity Securities - Domestic	1,864,597	802,595	518,267	543,735
Equity Securities - International	162,582,888		162,582,888	
	<u>\$905,531,961</u>	<u>\$802,595</u>	<u>\$904,185,631</u>	<u>\$543,735</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 domestic and international equities are priced using the closing price from the applicable exchange as provided by industry standard vendors, such as Interactive Data Corporation (IDC), which prices to capture market movements between local stock exchange closing time and portfolio valuation time each day. Level 2 fixed income securities are priced by industry standard vendors, such as IDC, using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. IDC also monitors market indices and industry and economic events including credit rating agency actions. Level 3 inputs from Corporate Debt are primarily Exide which underwent bankruptcy reorganization in October, 2020. The private common stock was newly created by Energy

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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	Target Allocation
Passive Large Cap Core	10.00%
Active Large Cap Growth	7.50%
Active Large Cap Value	7.50%
Small Cap Equity	15.00%
International Growth Equities	9.25%
International Value Equities	9.25%
Emerging Markets	4.50%
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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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	\$67,324,885
Bank Loans	\$1,975,459	\$95,287	\$1,697,100	\$183,072		AA	56,723,001
Corporate Debt	114,455,780	5,518,679	60,964,701	34,074,226	\$13,898,174	AAA	7,964,978
International Bonds						B	19,405,027
Municipal Obligations	5,941,846		3,242,949	1,194,888	1,504,009	BB	28,729,024
SL Comingle Fund	68,352,727	44,542,727		23,627,282	182,717	BBB	27,021,806
US Agencies	2,740,313		321,770	2,318,890	99,653	CCC	3,305,481
US Government Obligations	74,947,035	7,900,690	16,981,071	4,437,424	45,627,850	D	312,263
	<u>\$268,413,160</u>	<u>\$58,057,383</u>	<u>\$83,207,591</u>	<u>\$65,835,782</u>	<u>\$61,312,403</u>	NR	694,745,497
Other Investments							
Equity Mutual Funds	375,043,395	375,043,395					
Equity Real Estate	97,627,921	97,627,921					
Equity Securities - Domestic	1,864,597	1,693,747			170,850		
Equity Securities - International	162,582,888	162,582,888					
	<u>\$905,531,961</u>	<u>\$695,005,334</u>	<u>\$83,207,591</u>	<u>\$65,835,782</u>	<u>\$61,483,253</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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

As of June 30, 2022, the securities loaned in the portfolio did not have credit risk, and the fair value of securities on loan is \$68,352,727. Investments of the CEPF as of June 30, 2022 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	\$3,910,484		\$3,910,484	
US Agencies				
US Government Obligations	3,683,643	\$3,683,643		
	7,594,127	3,683,643	3,910,484	0
Other Investments:				
Equity Mutual Funds	21,629,655		21,629,655	
	\$29,223,782	\$3,683,643	\$25,540,139	\$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%
	<u>100.00%</u>

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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	\$444,718
Corporate Debt	\$3,910,484	\$298,917	\$3,611,567			AA	4,118,249
US Agencies						A	2,185,496
US Government Obligations	3,683,643	740,345	170,964	\$1,638,382	\$1,133,951	BBB	845,665
	<u>\$7,594,127</u>	<u>\$1,039,262</u>	<u>\$3,782,531</u>	<u>\$1,638,382</u>	<u>\$1,133,951</u>	NR	21,629,655
Other Investments:							
Equity Mutual Funds	21,629,655	21,629,655					
	<u>\$29,223,782</u>	<u>\$22,668,917</u>	<u>\$3,782,531</u>	<u>\$1,638,382</u>	<u>\$1,133,951</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	\$49,051,632
Investments not subject to categorization:	
Certificates of Deposit	26,107,266
Money Market Funds	16,137,588
Total Investments	<u>\$91,296,486</u>

As of June 30, 2022, LCC had \$10,623,165 and \$3,913,592 in deposits and investments, respectively, which were uninsured and uncollateralized.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Primary Government		
	Beginning Balance	Increases	Decreases
Ending Balance			
Governmental Activities:			
Nondepreciable Assets:			
Land	\$62,895,468	\$0	\$0
Purchase of Development Rights	82,560,263		
Intangibles	10,604,582		
Construction in Progress	26,921,954	23,603,786	(12,601,414)
Developments in Progress	156,990	227,666	
Depreciable Assets:			
Buildings	201,342,973	1,186,672	(487,982)
Intangibles	21,264,213	336,300	(25,128)
Vehicles, Equipment, & Furniture	158,717,977	14,450,903	(10,872,479)
Land & Leasehold Improvements	60,920,263	918,985	
Infrastructure	1,068,432,749	12,287,893	(63,656)
Sewer Lines	11,749,467		
Sewer Plants	216,797		
Totals at Historical Cost	1,705,783,696	53,012,205	(24,050,659)
Less Accumulated Depreciation For:			
Buildings	(91,723,961)	(6,458,380)	254,091
Intangibles	(19,103,714)	(1,115,776)	25,127
Vehicles, Equipment, & Furniture	(112,695,384)	(11,612,688)	9,971,069
Land & Leasehold Improvements	(38,185,422)	(3,615,699)	
Infrastructure	(553,539,928)	(34,485,861)	34,789
Sewer Lines	(2,199,058)	(234,140)	
Sewer Plants	(28,506)	(4,336)	
Total Accumulated Depreciation	(817,475,973)	(57,526,880)	10,285,076
Intangible Right-to-Use Assets:			
Leased Equipment		3,167,600	(18,503)
Leased Buildings		4,616,027	
Less Accumulated Amortization		(1,704,520)	
Net Intangible Right-to-Use Assets		6,079,107	(18,503)
Governmental Activities Capital Assets, Net	\$888,307,723	\$1,564,433	(\$13,784,086)
	Beginning Balance	Increases	Decreases
Business-Type Activities:			
Nondepreciable Assets:			
Land	\$50,822,875	\$1,159,340	\$0
Construction in Progress	33,528,153	31,187,237	(19,297,219)
Intangibles	1,008,663	1,095,355	
Depreciable Assets:			
Buildings	120,944,944	12,000	(465,498)
Intangibles	9,224,526	31,695	
Vehicles, Equipment & Furniture	43,658,949	927,577	(1,763,189)
Land & Leasehold Improvements	43,318,087	378,195	
Infrastructure	22,992,231	446,567	
Sewer Lines	289,130,620	4,743,362	
Sewer Plants	304,339,475	14,147,517	
Totals at Historical Cost	918,968,523	54,128,845	(21,525,906)
Less Accumulated Depreciation For:			
Buildings	(99,590,716)	(3,520,750)	465,498
Intangibles	(8,328,384)	(799,619)	
Vehicles, Equipment & Furniture	(25,385,957)	(2,794,644)	1,722,455
Land & Leasehold Improvements	(37,443,742)	(486,121)	
Infrastructure	(3,021,053)	(496,589)	
Sewer Lines	(92,537,698)	(5,611,073)	
Sewer Plants	(121,005,664)	(8,191,072)	
Total Accumulated Depreciation	(387,313,213)	(21,899,868)	2,187,953
Intangible Right-to-Use Assets:			
Leased Equipment		277,294	
Leased Buildings		4,262,963	
Less Accumulated Amortization		(826,076)	
Net Intangible Right-to-Use Assets		3,714,181	
Business-Type Activities Capital Assets, Net	\$531,655,310	\$35,943,158	(\$19,337,952)

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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

Governmental Activities:

General Government	\$1,313,093
Computer Information Technology	1,991,468
Chief Development Officer	14,934
Administrative Services	440,490
Finance	393,743
Housing, Planning & Comm Dev	76,469
Public Safety	840,485
Environmental Quality & Public Works	37,310,914
Police	3,117,576
Fire and Emergency Services	2,246,901
Law	14,620
Community Corrections	2,356,237
Social Services	385,571
General Services	6,293,628
Parks and Recreation	1,797,549
Planning, Preservation, & Development	<u>322,971</u>
Total depreciation expense - Governmental Activities	<u><u>\$58,916,649</u></u>

Business-Type Activities:

Sanitary Sewer System	\$18,129,453
Public Facilities Corporation	3,286,513
Landfill	595,735
Right of Way	6,731
Extended School Program	4,106
Enhanced 911	119,627
Water Quality	<u>583,779</u>
Total depreciation expense - Business-Type Activities	<u><u>\$22,725,944</u></u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

	Discretely Presented Component Units		
	Beginning Balance	Increases	Decreases
Nondepreciable Assets:			
Land	\$40,660,245		
Construction in Progress *	84,409,948	\$54,710,729	(\$126,508,058)
Other *	517,239	3,450	
Depreciable Assets:			
Buildings & Improvements	493,499,755	107,508,612	(27,729)
Vehicles, Equipment, & Furniture *	103,329,577	4,740,393	(785,748)
Land & Leasehold Improvements	98,288,866	25,790,689	(191,910)
Intangibles	283,617	8,926	(21,955)
Totals at Historical Cost	820,989,247	192,762,799	(127,535,400)
Less Accumulated Depreciation	(284,362,271)	(27,400,023)	1,011,437
Net Assets	536,626,976	165,362,776	(126,523,963)
Intangible Right-to-Use Assets:			
Leased Assets		2,447,690	
Less Accumulated Amortization		(259,419)	
Net Intangible Right-to-Use Assets		2,188,271	
Component Unit Activities			
Capital Assets, Net	\$536,626,976	\$167,551,047	(\$126,523,963)

* Restated beginning balance due to prior period adjustment

Construction Commitments

The Government has active construction projects as of June 30, 2022. The projects include building improvements, capital repairs and maintenance, land improvements, sanitary sewer storm collection systems, storm drainage and major roadways. At June 30, 2022, the Government had the following commitments on construction contracts:

Project	Commitment
Buildings	\$4,636,069
Capital Repairs & Maintenance	7,131,959
Land Improvements	4,154,772
Leasehold Improvements	116,670
Sanitary Sewer Collection System	27,350,979
Sanitary Sewer Treatment System	10,223,165
Storm Drainage	1,322,088
Street Resurfacing Maintenance	7,376,559
Streets & Roadways	10,456,262
Street Lighting	208,973
Traffic Control & Markings	452,328
	\$73,429,824

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2022. In addition, Federal and State Grants revenues are based on reimbursable expenditures. The composition of interfund balances as of June 30, 2022, is as follows:

Fund Description	Due from (to) General Fund
Federal & State Grants	\$495,418
Other Governmental Funds	(2,426,710)
Total due from General Fund	<u>(\$1,931,292)</u>

Receivable Entity	Payable Entity	Amount
Component unit - Lexington Convention and Visitor's Bureau	Primary government - General fund	\$1,736,579
Component unit - Lexington Center Corporation	Primary government - General fund	886,784
Total		<u>\$2,623,363</u>

Interfund Transfers:

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

	General	Urban Services	Fed & State Grants	Nonmajor Governmental	Total Governmental	Sanitary Sewer	Public Facilities Corp	Landfill	Water Quality	Nonmajor Proprietary	Total Proprietary
General	\$0	\$2,725,000	\$796,179	(\$3,223,235)	\$297,944	\$0	\$400,131	\$0	\$0	\$1,147,212	\$1,547,343
Urban Services	(2,725,000)		25,793		(2,699,207)						
Fed & State Grants	(796,179)	(25,793)		(1,900,008)	(2,721,980)					(8,045)	(8,045)
Nonmajor Governmental	3,223,235		1,900,008		5,123,243						
Public Facilities Corp	(400,131)				(400,131)						
Nonmajor Proprietary	(1,147,212)		8,045		(1,139,167)						
Grand Total	<u>(\$1,845,287)</u>	<u>\$2,699,207</u>	<u>\$2,730,025</u>	<u>(\$5,123,243)</u>	<u>(\$1,539,298)</u>	<u>\$0</u>	<u>\$400,131</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,139,167</u>	<u>\$1,539,298</u>

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, 2022

Primary Government

Bonds payable, notes payable, compensated absences, landfill closure and postclosure care costs, and net pension liabilities at June 30, 2022 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	\$32,715,000	\$3,925,000
Pension Obligation, Series 2012A	Police/Fire Pension Fund	\$31,000,000	2.50% - 4.00%	1-Oct-2032	1,475,000	1,475,000
General Obligation, Series 2012B	Refunding of 2002C and 2004C	\$6,275,000	2.00% - 4.00%	1-Jul-2024	2,300,000	800,000
General Obligation, Series 2013A	Road Resurfacing	\$11,275,000	2.00% - 5.00%	1-Oct-2023	2,465,000	1,200,000
General Obligation, Series 2013B	Refunding of 2004,2005C,2006B	\$6,005,000	2.00% - 4.00%	1-Jul-2025	1,960,000	515,000
General Obligation, Series 2013C	CIP projects	\$17,035,000	3.00% - 4.00%	1-Oct-2037	1,605,000	785,000
General Obligation, Series 2014A	Refunding of 2010A	\$55,925,000	3.00% - 5.00%	1-Sep-2030	33,055,000	3,110,000
General Obligation, Series 2014B	CIP projects	\$24,245,000	3.25%-5.00%	1-Jan-2035	3,260,000	1,035,000
General Obligation, Series 2014C	QECB Detention Center	\$2,900,000	3.25%	1-Jun-2027	2,795,000	
General Obligation, Series 2015A	Refunding of 2006C,2009A,2010G	\$19,845,000	3.00% - 5.00%	1-Oct-2028	9,940,000	1,465,000
General Obligation, Series 2015B	CIP projects	\$24,860,000	2.00% - 5.00%	1-Oct-2035	14,255,000	1,515,000
General Obligation, Series 2016A	Historic Courthouse Renovation	\$22,450,000	.80%-3.00%	1-Aug-2036	17,770,000	990,000
General Obligation, Series 2016B	CIP projects	\$8,870,000	2.00% - 5.00%	1-Aug-2036	5,890,000	670,000
General Obligation, Series 2016C	CIP projects	\$37,555,000	2.00% - 5.00%	1-Oct-2036	23,505,000	2,445,000
General Obligation, Series 2016D	Refunding of 2006D Detention Center	\$28,495,000	4.00% - 5.00%	1-Nov-2024	8,200,000	4,020,000
General Obligation, Series 2017A	CIP projects	\$32,435,000	3.00% - 5.00%	1-Sep-2037	22,100,000	2,925,000
General Obligation, Series 2017B	Refunding of 2010D Police/Fire Pension	\$22,445,000	2.00% - 2.85%	1-Jun-2030	18,950,000	2,170,000
General Obligation, Series 2018A	CIP projects	\$42,055,000	3.00% - 5.00%	1-Oct-2038	34,555,000	2,760,000
General Obligation, Series 2019A	CIP projects	\$18,110,000	3.00% - 5.00%	1-Nov-2039	15,545,000	1,380,000
General Obligation, Series 2020A	CIP projects	\$6,800,000	2.00% - 5.00%	1-Nov-2030	6,255,000	580,000
General Obligation, Series 2020B	Refunding of 2012A Police/Fire Pension	\$19,645,000	.20%-1.58%	1-Oct-2032	19,320,000	325,000
General Obligation, Series 2020C	Refunding of 2013C	\$11,485,000	1.00%-1.25%	1-Nov-2033	11,290,000	195,000
General Obligation, Series 2020D	Refunding of 2014B	\$18,200,000	.28%-1.68%	1-Nov-2034	17,830,000	375,000
General Obligation, Series 2022A	CIP projects	\$27,200,000	2.65% - 5.00%	1-Nov-2041	27,200,000	1,675,000
Premiums and Discounts					23,373,798	
Total Bonds, Notes, and Loans Payable					357,608,798	36,335,000
Other Liabilities:						
Compensated Absences					30,922,697	4,329,178
Leases					5,537,567	
Net Other Post Employment Benefit Liability					353,434,103	
Net Pension Liability					385,049,650	
Total Other Liabilities					774,944,017	4,329,178
Total Governmental Activities					\$1,132,552,815	\$40,664,178
Business-Type Activities						
Bonds, Notes and Loans:						
Sanitary Sewer, Series 2014A Refunding	Refunding	\$24,190,000	3.00% - 5.00%	1-Sep-2030	\$15,850,000	\$1,490,000
Sanitary Sewer, Series 2019A	SWR CIP Projects	\$50,730,000	2.125% - 5.00%	1-Apr-2040	46,185,000	1,755,000
Public Facilities, Series 2016D Refunding	Refunding	\$42,590,000	2.65% - 5.00%	1-Oct-2031	31,200,000	2,640,000
Radcliffe road A209-09	SRF Loan	\$113,523	2.00%	1-Jun-2030	51,108	5,952
KIA Streetscape A209-8	SRF Loan	\$1,254,980	2.00%	1-Dec-2030	594,807	64,869
So. Elkhorn A09-01	SRF Loan	\$14,045,119	2.00%	1-Dec-2031	7,371,522	711,971
Wolf Run A10-08	SRF Loan	\$9,030,983	2.00%	1-Dec-2035	6,479,929	422,592
A13-002 Bob-O-Link	SRF Loan	\$2,711,427	1.75%	1-Dec-2038	2,181,705	123,677
A13-003 East Lake	SRF Loan	\$743,414	1.75%	1-Dec-2037	564,340	34,510
A13-003 Century Hills	SRF Loan	\$1,327,844	1.75%	1-Dec-2037	1,007,992	61,640
A13-003 West Hickman Trk A	SRF Loan	\$4,338,726	1.75%	1-Dec-2037	3,293,611	201,408
A13-003 Woodhill Trk	SRF Loan	\$3,588,635	1.75%	1-Dec-2037	2,724,203	166,588
A13-018 E2A	SRF Loan	\$5,264,306	1.75%	1-Dec-2037	4,114,909	242,142
A13-007 AW PH3	SRF Loan	\$1,154,472	1.75%	1-Dec-2037	750,654	45,910
A13-007 IDLHR N	SRF Loan	\$620,324	1.75%	1-Dec-2037	470,749	28,769
A13-002 Wolf Run Trk	SRF Loan	\$452,195	1.75%	1-Dec-2038	363,851	20,626
A13-002 Wolf Run WWS	SRF Loan	\$5,725,025	1.75%	1-Dec-2038	4,606,548	261,137
A12-016 Blue Sky	SRF Loan	\$1,594,026	2.00%	1-Dec-2036	1,180,491	73,852
A13-007 Wallhampton Rogers	SRF Loan	\$719,816	1.75%	1-Dec-2037	546,184	33,396
A13-007 Cardinal-Laramie PH1-3	SRF Loan	\$226,247	1.75%	1-Dec-2037	171,647	10,502
A13-015 Town Branch	SRF Loan	\$20,309,618	1.75%	1-Dec-2038	16,336,443	926,085
A14-001 Lower Cane Run WWS	SRF Loan	\$12,161,449	1.75%	1-Dec-2038	9,784,898	554,689
A13-015 Marquis Ave	SRF Loan	\$583,329	1.75%	1-Dec-2038	469,212	26,599
A13-015 UK Trunk	SRF Loan	\$3,009,695	1.75%	1-Dec-2038	2,420,907	137,237
A15-026 West Hickman WWS*	SRF Loan	\$64,446,961	1.75%	1-Dec-2038	54,673,876	2,988,869
A13-007 Rodgers Rd	SRF Loan	\$1,780,179	1.75%	1-Dec-2037	1,350,701	82,606
A17-003 Lower Griffin Gate Trunk	SRF Loan	\$1,286,628	1.75%	1-Dec-2037	1,063,867	58,159
A17-005 Town Branch PH 1*	SRF Loan	\$9,969,585	1.75%	1-Dec-2042	4,367,248	
Premiums and Discounts					9,776,548	
Total Bonds, Notes, and Loans Payable					229,952,950	13,168,785
Other Liabilities:						
Compensated Absences					2,975,882	1,098,487
Leases					3,492,042	
Landfill Closure & Postclosure Care Costs					12,578,844	644,471
Net Other Post Employment Benefit Liability					10,879,406	
Net Pension Liability					36,138,259	
Total Other Liabilities					66,064,433	1,742,958
Total Business-Type Activities					\$296,017,383	\$14,911,743

*Amounts represents draws as of 6/30/2022

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, 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	\$341,545,000	\$27,200,000	(\$34,510,000)	\$334,235,000	\$36,335,000
Net of Bond Premiums and Discounts	22,305,860	3,765,847	(2,697,909)	23,373,798	
Total Bonds, Notes, and Loans Payable	363,850,860	30,965,847	(37,207,909)	357,608,798	36,335,000
Other Liabilities:					
Compensated Absences	30,274,863	2,210,549	(1,562,715)	30,922,697	4,329,178
Leases		5,537,567		5,537,567	
Net Other Post Employment Benefit Liability	355,298,815	32,906,937	(34,771,648)	353,434,103	
Net Pension Liability	611,048,921	58,653,370	(284,652,841)	385,049,650	
Total Governmental Activities Long-Term Liabilities	\$1,360,473,459	\$130,274,470	(\$358,195,114)	\$1,132,552,815	\$40,664,178
Business-Type Activities					
Bonds, Notes, and Loans:					
Revenue Bonds	\$66,805,000	\$0	(\$4,770,000)	\$62,035,000	\$3,245,000
Mortgage Revenue Bonds	33,710,000		(2,510,000)	31,200,000	2,640,000
Notes and Loans	132,257,970	1,770,071	(7,086,639)	126,941,402	7,283,786
Bonds, Notes, and Loans Payable	232,772,970	1,770,071	(14,366,639)	220,176,402	13,168,786
Net of Bond Premiums and Discounts	10,676,479	0	(899,931)	9,776,548	
Total Bonds, Notes, and Loans Payable	243,449,449	1,770,071	(15,266,571)	229,952,949	13,168,786
Other Liabilities:					
Compensated Absences	2,776,726	328,131	(128,977)	2,975,882	1,098,487
Leases		3,492,042		3,492,042	
Landfill Closure and Postclosure Care Costs	12,722,165		(143,321)	12,578,844	1,098,487
Net Other Post Employment Benefit Liability	13,878,432	1,649,028	(4,648,054)	10,879,406	
Net Pension Liability	44,364,256	3,537,323	(11,763,320)	36,138,259	
Total Business-Type Activities Long-Term Liabilities	\$317,191,028	\$10,776,596	(\$31,950,242)	\$296,017,382	\$15,365,760

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
2023	\$12,100,630	\$36,335,000	\$4,475,356	\$10,528,785	\$1,316,431	\$2,640,000	\$17,892,417	\$49,503,785
2024	10,329,954	37,300,000	4,184,397	11,004,296	1,181,056	2,775,000	15,695,407	51,079,296
2025	8,690,680	32,710,000	3,883,349	11,301,145	1,038,806	2,915,000	13,612,835	46,926,145
2026	7,294,766	33,125,000	3,580,084	11,605,464	889,306	3,065,000	11,764,156	47,795,464
2027	5,940,852	36,100,000	3,276,994	11,907,300	732,056	3,225,000	9,949,902	51,232,300
2028-2032	14,083,345	111,405,000	11,510,721	61,777,489	1,450,641	16,580,000	27,044,707	189,762,489
2033-2037	3,749,353	39,545,000	5,067,804	54,406,762			8,817,157	93,951,762
2038-2043	384,663	7,715,000	693,012	16,445,162			1,077,675	24,160,162
Total	\$62,574,243	334,235,000	\$36,671,717	188,976,403	\$6,608,296	31,200,000	\$105,854,256	554,411,403
Less principal payable within one year		36,335,000		10,528,785		2,640,000		49,503,785
Long term principal due after one year		<u>\$297,900,000</u>		<u>\$178,447,618</u>		<u>\$28,560,000</u>		<u>\$504,907,618</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Component Units

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

Principal				
Fiscal Year	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2023	\$4,085,000	\$4,690,000	\$1,128,363	\$9,903,363
2024	4,350,000	4,740,000	1,504,181	10,594,181
2025	4,620,000	4,880,000	2,514,987	12,014,987
2026	4,910,000	5,105,000	1,138,213	11,153,213
2027	5,220,000	5,020,000	604,795	10,844,795
2028-2032	25,680,000	25,220,000	1,050,336	51,950,336
2033-2037	30,205,000	22,630,000	356,532	53,191,532
2038-2039	14,870,000	1,860,000		16,730,000
2040-2050	109,765,000		12,673,400	122,438,400
2051-2054	25,810,000			25,810,000
Total	229,515,000	74,145,000	20,970,807	324,630,807
Less payable within one year	(4,085,000)	(4,690,000)	(1,128,363)	(9,903,363)
Refinancing loss/premium-discount	10,017,449	568,571	0	10,586,020
Long term principal due after one year	<u>\$235,447,449</u>	<u>\$70,023,571</u>	<u>\$19,842,444</u>	<u>\$325,313,464</u>
Interest				
Fiscal Year	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2023	\$9,883,082	\$2,163,619	\$424,689	\$12,471,390
2024	9,672,208	2,042,547	397,012	12,111,767
2025	9,447,957	1,914,443	352,873	11,715,273
2026	9,209,708	1,772,420	311,646	11,293,774
2027	8,956,457	1,621,403	285,660	10,863,520
2028-2032	40,926,663	5,915,123	1,211,118	48,052,904
2033-2037	34,545,650	1,948,136	940,985	37,434,771
2038-2039	11,511,965	57,796	925,629	12,495,390
2040-2050	33,610,884		555,377	34,166,261
2051-2054	1,350,917			1,350,917
Total	<u>\$169,115,491</u>	<u>\$17,435,487</u>	<u>5,404,989</u>	<u>\$191,955,967</u>

General Description of the Government's Bonds and Notes Payable

Revenue and Mortgage Revenue Bonds

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

\$1,317,979 or 4.35% including the escrow of the partial BAB subsidy from the Sewer System Revenue Bonds, Series 2009A.

2. \$50,730,000 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.

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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

1. KIA Loan A209-09 Radcliffe Road issued in the amount of \$113,523, payable semi-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 semi-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 semi-annually in principal installments ranging from \$281,600 to \$423,693 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 \$9,030,983 payable semi-annually in principal installments ranging from \$184,734 to \$272,320 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 semi-annually in principal installments ranging from \$184,811 to \$262,124 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 semi-annually in principal installments ranging from \$205,263 to \$284,896 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 semi-annually in principal installments ranging from \$91,001 to \$127,822 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 semi-annually in principal installments ranging from \$110,486 to \$155,191 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 semi-annually in principal installments ranging from \$32,607 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 semi-annually in principal installments ranging from \$501,433 to \$704,653 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Town Branch Wastewater Treatment Facility, upgrades to Marquis Avenue, and the UK Trunk Line. The Capital Replacement Reserve Fund requirement is \$80,000 annually for 10 years.
11. KIA Loan A14-001 issued in the amount of \$12,161,449, payable semi-annually in principal installments ranging from \$252,568 to \$358,616 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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

12. KIA Loan A15-026 issued in the amount of \$83,732,326 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, 2022 the Government has received only a partial draw of \$64,446,961.20 with the remaining balance of \$19,285,364.80 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 \$209,000 annually for 10 years.
13. KIA Loan A17-003 issued in the amount of \$1,286,628, payable semi-annually in principal installments ranging from \$27,003 to \$37,930 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, 2022 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. \$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.
3. \$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.
4. \$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.
5. \$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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

-
- 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.
6. \$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.
 7. \$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
 8. \$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.
 9. \$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
 10. \$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.
 11. \$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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

- 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.
12. \$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 \$480,000 to \$2,015,000 plus interest over 20 years.
 13. \$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.
 14. \$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.
 15. \$37,555,000, Series 2016C, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) the construction, installation and equipping of a new fire station, software system upgrades, safety operations and other safety related projects, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and providing financial assistance to Lexington Center Corporation for the expansion and replacement of the Lexington Convention Center, and (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from \$975,000 to \$3,100,000 plus interest over 20 years.
 16. \$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.
 17. \$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,

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

- (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.
18. \$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.
19. \$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.
20. \$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.
21. 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.
22. \$19,645,000, 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 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.
23. \$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.
24. \$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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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.

25. \$27,200,000, Series 2022A 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, park playground equipment, 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 \$535,000 to \$2,505,000 plus interest over 20 years.

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, 2022 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, 2020	\$0
Claims and changes in estimates	35,517,122
Claims paid	(35,517,122)
Surplus at June 30, 2021	0
Claims and changes in estimates	37,282,939
Claims paid	(37,282,939)
Surplus at June 30, 2022	<u>\$0</u>

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

All assets and employees of the primary government are covered by the Fund. Premiums are paid into the Fund by the General Fund, the Urban Services Fund, and the Sanitary Sewer System Fund and are based on both exposure and experience factors. Premiums include amounts needed to pay prior and current-year claims and administrative costs. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2022 the undiscounted estimated liability was \$32,723,616. The discounted estimated liability as of June 30, 2022 was \$29,110,793. 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, 2020	\$1,413,912	\$3,760,322	\$181,751	\$22,100,628	\$27,456,613
Claims and changes in estimates FY21	(1,544,560)	(868,651)	(22,535,138)	17,426,023	(7,522,326)
Claims Incurred FY 2021	1,534,326	1,399,466	22,500,054	(16,421,169)	9,012,677
Liability at June 30, 2021	1,403,678	4,291,137	146,667	23,105,482	28,946,964
Claims and changes in estimates FY22	(1,654,934)	(1,214,865)	21,829,666	(29,348,046)	(10,388,179)
Claims Incurred FY 2022	3,249,357	1,372,919	(21,744,295)	27,674,027	10,552,008
Liability at June 30, 2022	\$2,998,101	\$4,449,191	\$232,038	\$21,431,463	\$29,110,793

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

The following schedule indicates the types of excess insurance purchased, the SIR (self-insured retention level) maintained by the Fund, limits and some of the sub-limits of the excess insurance coverage:

Line of coverage	Self-insured Retention Per Occurrence	Excess Reinsurance Annual Limit
Property - Replacement Cost	\$250,000	\$500,000,000 Per Occurrence - Blanket Basis
Flood Loss	250,000	\$50,000,000 per Occurrence
Flood-Specified 9 Locations	500,000	\$2,000,000 Annual Aggregate for 9 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
Excess Liability underlying: Auto Liab, Gen Liab, Pub Officials Liab, Employers Liab, Law Enforcement		\$3,000,000 Per Occurrence & Aggregate - Commercial Excess Liability Umbrella
Excess Liability underlying: Law Enforcement		\$5,000,000 Per Occurrence /\$5,000,000 per aggregate
Auto Liability	1,500,000	\$2,000,000 Combined Single Limit Per Occurrence/ included in \$3,000,000 Commercial Excess Liability Umbrella
General Liability	1,500,000	\$2,000,000 Per Occurrence with varying sublimits/\$4,000,000 per aggregate included in \$3,000,000 Commercial Excess Liability Umbrella
Public Officials Liability	1,500,000	\$2,000,000 Per Occurrence & Aggregate included in \$3,000,000 Commercial Excess Liability Umbrella
Law Enforcement Liability	1,500,000	\$2,000,000 Per Occurrence & Aggregate
Workers' Compensation	1,000,000	Statutory Per Occurrence
Employers' Liability	1,000,000	\$2,000,000 Per Occurrence & Aggregate
Cyber Liability	100,000	\$2,000,000 Aggregate w/ \$1.9M sublimit for Ransomware subject to 10% co-insurance
Pollution Liability	75,000	\$1,000,000 Aggregate
Aviation Liability	N/A	\$20,000,000 Per Occ.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2022 the Government has accrued approximately \$10,400,000 for potential liabilities for the cases covered by self-insurance (See Note 4.B.).

B. United States Environmental Protection Agency Consent Decree – The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with the EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement affords the Government up to 13 years to correct the problems. The Government has estimated that the cost of remedial measures would approach \$591 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and also adopted a storm water management fee.

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

D. Lexington Center Corporation – LCC is a non-profit, non-stock corporate agency and instrumentality of the Government. Under the terms of a Lease Agreement dated June 15, 1993 and Supplemental Lease Agreement (Agreement) dated September 18, 2008, LCC has leased the entire Project to the LFUCG on an annual basis. The annual rental to be paid by LFUCG to LCC shall be equal to interest and principal paid on the Series 2008A Bonds, less a credit for interest earned by investments in the Debt Service Reserve Account and Bonds Service Account, plus a credit for any revenues or assets of LCC constituting operational revenue. The Agreement grants LFUCG an exclusive option to renew the lease for any additional 1-year period 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 an additional 1-year period 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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 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 terminates 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 caused by Pandemic, Visit Lex and LCC have agreed to the deferral of a portion of the Visit Lex contribution to LCC for a three year period. Visit Lex will contribute \$97,000 annually, during the period 7/1/20 – 6/30/22, increasing \$405,000 annually through 7/1/22 – 6/30/23. Visit Lex will resume monthly installment of \$62,500 and begin to repay deferred amounts for 120 consecutive months.

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 September 27, 2019, LCC entered into a food and beverage agreement with Levy Premium Foodservices to manage catering and concessions effective October 1, 2019. Levy agrees to provide a capital investment of \$4,500,000 over all venues. LCC received all food and beverage revenue less authorized expenses. The initial term of the agreement expires 6/30/2026, but can be extended three additional years.

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, but can be extended 5 additional years. On August 31, 2022, LCC Board of Directors approved day-to-day operations of all LCC facilities on behalf of LCC. OVG is responsible for the marketing, sales, finance operation and generating new business opportunities and drive economic impact for Lexington. This contract ends June 30, 2026, which can be renewed 5 additional years. LCC payments to OVG totaled \$2,112,767; total liabilities due to OVG \$1,034,587 at June 30, 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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 Airport was the recipient of federal grant dollars that provided economic relief to commercial service airports as they responded to COVID-19. Grant dollars were determined by the Federal Aviation Administration based on various formulas. A combined total of approximately \$7,554,000 was rewarded to the Airport, which was then applied toward payroll 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.

In March 2022, the Library entered into a financing agreements in the amount of \$11,586,265 to fund construction of the new Marksburg Family Branch and retire debt related to the Eastside Branch. The debt bears interest at 3.13% and will mature in May 2042. The Library has entered into commitments related to the construction of the new branch totaling \$11,390,000. The Library's Foundation is conducting a capital campaign to raise \$5.3 million for the Marksburg Family branch.

In September 2008, the Library closed on financing for the Northside branch with Kentucky League of Cities. The total balance of both loans was \$1,913,407 at June 30, 2022.

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 \$447,500 at June 30, 2022.

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 \$1,556,513 as of June 30, 2022.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2021, 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, by paying an additional monthly amount of approximately \$16,333 for 120 consecutive months.

In August 2022, The Bureau received notice from the Kentucky Department of Tourism that they were eligible to receive approx. \$5,834,638 in ARPA funds. The money will be spent on meetings, conventions and for general marketing and advertising. All ARPA funds must be spent by December 31, 2026.

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, 2022, there were 13 series of Industrial Revenue Bonds outstanding with an aggregate amount payable of approximately \$41,105,327.

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 entered into a Forward Delivery Agreement with PNC Bank to fully refund the outstanding balance of \$98,995,000 2011A Eastern State Hospital Project. As of June 30, 2022 the outstanding balance of the bonds is \$91,920,000

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Outstanding encumbrances for the governmental funds at June 30, 2022 were as follows:

General Fund	\$12,778,093
Urban Service Fund	8,771,781
Nonmajor Governmental Funds	18,804,755

Encumbrances are not recorded in the financial statements for proprietary fund types and Pension Trust Funds. However, the purchase orders outstanding at June 30, 2022 for these funds are as follows:

Sanitary Sewer System	\$42,181,307
Public Facilities Corporatic	59,179
Water Quality	7,335,895
Landfill	742,521
Nonmajor Enterprise Funds	747,599

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, 2022, the Government has property tax abatement agreements through two programs available for specific projects designated to be within the blighted redevelopment areas as follows:

- *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 \$654,826 for tax credits related to fiscal year 2021 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, 2022, three state abatement agreements have been entered into with local businesses.
- *Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$39,116 for tax credits related to fiscal year 2021 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, 2022, four state abatement agreements have been entered into with local businesses.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

- *Commonwealth Participation Program for Signature Projects* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$220,294 for tax credits related to fiscal year 2021 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, 2022, 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, 2022, twenty-three (23) companies participated in that program at the local level. Payroll withholdings are reduced by an estimated amount of \$1,105,922.

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. In addition to loans, the program also provides assistance in the form of grants. 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 program funding as of June 30, 2022 of \$9,000,000. In addition to funding from the Government, loan repayments are rolled back into the program. As of June 30, 2022, there are \$5,372,442 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 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, 2022 of \$4,020,000. As of June 30, 2022, there are \$1,084,484 in outstanding loans for this program.

In addition, one loan recipient defaulted and the Government entered active negotiation for settlement, resulting in a settlement payment of \$175,000 received during fiscal year 2022. Prior to settlement, the outstanding loan amount was \$240,860. The remaining balance of \$64,405 was forgiven.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Small Business Economic Recovery Program – During fiscal year 2022, the Urban Council appropriated \$2,500,000 to small business recovery programs. This program was created in response to the economic turmoil created by the COVID-19 pandemic and resulting significant economic losses to local small businesses. The program is administered through a contract with Commerce Lexington, and provides forgivable loans up to \$25,000 with a primary goal of encouraging the retention or expansion of jobs and their related Lexington-Fayette County payroll base. This program requires compliance checks and is monitored by the program administrator. Businesses that do not meet their benchmarks will be required to pay back the forgivable loan based on a sliding scale of the proportion of the benchmarks achieved.

During fiscal year 2021, \$5,000,000 was appropriated to provide small business grants through the Small Business Economic Stimulus Program and the Small Business Economic Recovery Program.

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. LEASES

The Government implemented GASB 87 during the fiscal year ended June 30, 2022.

A. Lessee

The Government, as a lessee, has entered into lease agreements involving building space and equipment.

The total of the Governments leases assets are recorded at a cost of \$12,305,381 lease accumulated amortization of \$2,530,963. The incremental borrowing rate is 2%. The future lease payments under lease agreements are as follows (in thousands):

	Principal	Interest	Total
FY 2023	\$1,799,428	\$174,862	\$1,974,290
FY 2024	1,452,023	157,811	1,609,834
FY 2025	1,021,266	114,538	1,135,804
FY 2026	831,751	96,202	927,953
FY 2027 & thereafter	4,128,793	319,363	4,448,156
Totals	<u>\$9,233,261</u>	<u>\$862,776</u>	<u>\$10,096,037</u>

B. Lessor

The Government, as a lessor, has entered into lease agreements involving building space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$325,729. This total represents amounts not previously included in the measurement of the lease receivable.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

The future lease payments under lease agreements are as follows (in thousands):

	<u>Total</u>
FY 2023	\$154,669
FY 2024	14,700
FY 2025	14,700
FY 2026	14,700
FY 2027 & thereafter	<u>73,500</u>
	<u>\$272,269</u>

NOTE 7. 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 8. SUBSEQUENT EVENTS

Primary Government

The Government issued bonds in September 2022 with a par amount of \$43.46 million and a net premium of \$4.22 million. The bonds will fund various projects including infrastructure improvements, fleet replacement, public safety projects, and information technology improvements.

Component Unit

In August 2022, the Lexington Convention and Visitor's Bureau received notice from the Kentucky Department of Tourism that they were eligible to receive \$5,834,638 in American Rescue Plan Act (ARPA) funds allocated to the department by the 2022 Kentucky General Assembly. The Bureau is eligible for two pools of funds, one specific for meetings and conventions and one for general marketing and advertising. The funds will be remitted to the Bureau subsequent to the Kentucky Department of Travel's approval of the application. The funds are federal funds. As such, all spending must comply with the requirements set forth by the Kentucky Department of Travel for APRA funds and must be spent by December 31, 2026.

The Lexington Public Library entered into a financing agreements in the amount of \$11,586,265 to fund construction of the new Marksbury Family Branch and retire debt related to the Eastside Branch. The debt bears interest at 3.13% and will mature in May 2042. The Library has entered into commitments related to the construction of the new branch totaling \$11,390,000. The Library's Foundation is conducting a capital campaign to raise \$5.3 million for the Marksbury Family Branch.

NOTE 9. 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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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.

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, 2021:

	<u>PFRF Number</u>	<u>CEPF Number</u>
Inactive Plan Participants:		
Retirees and beneficiaries currently receiving benefits	1,301	47
Active Plan Participants:		
Active members	1,162	
Total	<u>2,463</u>	<u>47</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2021, 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, 2021	July 1, 2021
Actuarial cost method	Entry Age Normal Funding	Entry Age Normal Funding
Amortization method	Level Dollar - Closed	Level Dollar - Open
Remaining amortization period	23 years closed	15 years open
Asset valuation method	5 year smoothed market	Market
Actuarial assumptions:		
Investment rate of return	6.82%	5.07%
Projected salary increases	3.50% to 9.50%	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
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Changes in the Net Pension Liability (Asset)

	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 6/30/2020	\$1,140,037,006	\$790,402,157	\$349,634,849	\$8,498,944	\$31,958,104	(\$23,459,160)
Changes for the year:						
Service Cost	23,642,819		23,642,819			
Interest	74,554,683		74,554,683	382,057		382,057
Differences between expected and actual experience	7,350,061		7,350,061	(846,563)		(846,563)
Changes of assumptions	(10,438,501)		(10,438,501)	(112,589)		(112,589)
Contributions-employer		31,406,687	(31,406,687)			
Contributions-employee		10,985,494	(10,985,494)			
Net investment income		230,659,566	(230,659,566)		5,282,756	(5,282,756)
Benefit payments, including refunds of employee contributions	(67,768,892)	(67,768,892)		(978,736)	(978,736)	
Administrative expense		(483,915)	483,915		(783)	783
Other changes		69,240	(69,240)			
Net changes	27,340,170	204,868,180	(177,528,010)	(1,555,831)	4,303,237	(5,859,068)
Beginning of the Year Adj						
Balances at 6/30/2021	\$1,167,377,176	\$995,270,337	\$172,106,839	\$6,943,113	\$36,261,341	(\$29,318,228)
FNP % of the TPL/TPA		17.29%			-80.85%	

The following presents the net pension liability of the Government's CEPF pension plan, calculated using the discount rate of 5.07%, as well as what the CEPF's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.07%) or 1-percentage-point higher (6.07%) than the current rate:

	1% Decrease (4.07%)	Current Discount Rate (5.07%)	1% Increase (6.07%)
CEPF's net pension liability (asset)	(\$28,928,395)	(\$29,318,228)	(\$29,669,022)

The following presents the net pension liability of the Government's PFRF pension plan, calculated using the discount rate of 6.82%, 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 (5.82%) or 1-percentage-point higher (7.82%) than the current rate:

	1% Decrease (5.82%)	Current Discount Rate (6.82%)	1% Increase (7.82%)
PFRF's net pension liability	\$315,095,993	\$172,106,839	\$54,049,264

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

For the year ended June 30, 2021, the Government recognized PFRF pension expense of \$37,810,078 and CEPF pension expense of (\$2,752,183), respectively.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

At June 30, 2021, 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	\$3,398,709
Total	\$0	\$3,398,709

PFRF		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$25,620,802	\$0
Changes of assumptions	48,284,269	8,359,118
Difference between projected and actual earnings on pension plan investments		133,329,818
Employer contributions subsequent to the Measurement date	34,929,986	
Total	\$108,835,057	\$141,688,936

Employer contributions subsequent to the Measurement date above includes an “other changes” amount of \$69,240. 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:	
2023	\$(821,010)
2024	(959,599)
2025	(861,756)
2026	(756,344)
2027	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:	
2023	\$(4,641,864)
2024	(10,882,929)
2025	(17,906,702)
2026	(34,340,065)
2027	(12,305)
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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 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, 2021 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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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

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

RETIREE GROUP HEALTH INSURANCE PLAN OPTIONS:

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

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

CURRENT GROUP HEALTH MONTHLY INSURANCE PREMIUMS EFFECTIVE JANUARY 1, 2021:

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, 2022

Total OPEB Liability (TOL) of the Government

Total OPEB Liability	\$289,327,771
Fiduciary Net Position	0
Net OPEB Liability	<u>\$289,327,771</u>
FNP % of the TOPEBL	0%

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	2.75%
Real Wage growth	N/A
Wage Inflation	N/A
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.16%
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.

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 2.16%, 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 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Net OPEB Liability	\$343,769,462	\$289,327,771	\$246,765,054

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	\$245,893,373	\$289,327,771	\$346,913,548

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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

For the year ended June 30, 2021, the Government recognized OPEB expense of \$(6,253,778). At June 30, 2021 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	\$78,213,639
Changes of assumptions	42,869,574	12,623,965
Employer contributions subsequent to the Measurement date	5,744,265	
Total	<u>\$48,613,839</u>	<u>\$90,837,604</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:

2023	\$(27,063,593)
2024	(17,341,993)
2025	(2,081,292)
2026	(1,535,117)
2027	53,965
Thereafter	0

Payable to the OPEB Plan

At June 30, 2021, the Government had no payables for outstanding contributions to the Plan required for the year ended June 30, 2021.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

F. Pension Plan Financial Statements

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
June 30, 2022**

	PFRF	CEPF	Pension (and Other Employee Benefit) Trust Funds
ASSETS			
Cash and Cash Equivalents	\$864,714	\$1,795,298	\$2,660,012
Interest Receivable	3,957,332	33,250	3,990,582
Investments, at Fair Value:			
Debt Securities:			
Bank Loans	1,975,459		1,975,459
Corporate Debt	114,455,780	3,910,484	118,366,264
Municipal Obligations	5,941,846		5,941,846
SL Comingled Funds	68,352,727		68,352,727
US Agencies	2,740,313		2,740,313
US Government Obligations	74,947,035	3,683,643	78,630,678
Other Investments:			
Equity Mutual Funds	375,043,395	21,629,655	396,673,050
Equity Real Estate	97,627,921		97,627,921
Equity Securities - Domestic	1,864,597		1,864,597
Equity Securities - International	162,582,888		162,582,888
Total Investments	<u>905,531,961</u>	<u>29,223,782</u>	<u>934,755,743</u>
Total Assets	<u><u>\$910,354,007</u></u>	<u><u>\$31,052,330</u></u>	<u><u>\$941,406,337</u></u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$12,799	\$73	\$12,872
Securities Lending Transactions	68,352,727		68,352,727
Total Liabilities	<u><u>\$68,365,526</u></u>	<u><u>\$73</u></u>	<u><u>\$68,365,599</u></u>
NET POSITION			
Net position restricted for pensions	<u><u>\$841,988,481</u></u>	<u><u>\$31,052,257</u></u>	<u><u>\$873,040,738</u></u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

STATEMENT OF CHANGES IN NET POSITION
June 30, 2022

	<u>PFRF</u>	<u>CEPF</u>	<u>Pension (and Other Employee Benefit) Trust Funds</u>
ADDITIONS			
Contributions:			
Employer	\$34,819,073	\$0	\$34,819,073
Employer - Administration	5,719,247	25,018	5,744,265
Plan Members	12,100,331		12,100,331
Other	41,673	1,464	43,137
Total Contributions	<u>52,680,324</u>	<u>26,482</u>	<u>52,706,806</u>
Investment Income (Loss):			
Net Change in Fair Value of Investments	(138,105,736)	(4,864,445)	(142,970,181)
Interest	11,108,340	238,870	11,347,210
Dividends	1,024,087	399,351	1,423,438
Total Investment Income (Loss)	<u>(125,973,309)</u>	<u>(4,226,224)</u>	<u>(130,199,533)</u>
Less Investment Expense	2,381,334	76,928	2,458,262
Net Investment Income (Loss)	<u>(128,354,643)</u>	<u>(4,303,152)</u>	<u>(132,657,795)</u>
Income from Securities Lending Activities:			
Securities Lending Income	142,582		142,582
Securities Lending Expenses:			
Borrower Rebates	(119,037)		(119,037)
Management Fees	51,485		51,485
Total Securities Lending Expenses	<u>(67,552)</u>	<u>0</u>	<u>(67,552)</u>
Net Income on Securities Lending Activities	<u>210,134</u>	<u>0</u>	<u>210,134</u>
Total Additions, Net	<u>(75,464,185)</u>	<u>(4,276,670)</u>	<u>(79,740,855)</u>
DEDUCTIONS			
Benefit Payments	77,358,176	932,167	78,290,343
Administrative Expense	459,495	247	459,742
Total Deductions	<u>77,817,671</u>	<u>932,414</u>	<u>78,750,085</u>
Net Decrease	(153,281,856)	(5,209,084)	(158,490,940)
Net Position, Beginning	<u>995,270,337</u>	<u>36,261,341</u>	<u>1,031,531,678</u>
Net Position, Ending	<u>\$841,988,481</u>	<u>\$31,052,257</u>	<u>\$873,040,738</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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 21.17%. 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 33.86%.

The amounts contributed to CERS were \$23,713,304, \$19,311,623, and \$20,050,133, respectively, for the years ended June 30, 2022, 2021, and 2020. The contractually required contribution amounts to CERS were \$22,697,391, \$21,851,163, and \$20,990,058, respectively, for the years ended June 30, 2022, 2021, and 2020.

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, 2021, the Government reported a liability of \$249,081,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022

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, 2021, the Government's portion of nonhazardous and hazardous was 2.96% and 2.26%, respectively.

At June 30, 2021, the Government reported pension expense of \$20,297,343. At June 30, 2021, 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	\$3,828,213	\$1,833,723
Difference between projected and actual earnings on pension plan investments	9,250,016	40,888,641
Change of assumptions	3,286,944	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	10,231	7,284,172
Government contributions subsequent to the measurement date	23,713,304	
Total	<u>\$40,088,708</u>	<u>\$50,006,536</u>

The \$23,713,304 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:

2022	\$(6,288,763)
2023	(9,819,621)
2024	(7,499,995)
2025	(10,022,753)
2026	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, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes and it is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 67.

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. The amortization period was changed to 30 years, closed and the Gain/Loss incurring after 2019 will be amortized over a separate 20 year amortization base.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

The total pension liability in the June 30, 2021 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	\$242,315,593	\$188,933,045	\$144,760,240
Hazardous	76,667,008	60,148,028	46,685,126
CERS's net pension liability	\$318,982,601	\$249,081,073	\$191,445,366

Payable to the Pension Plan

At June 30, 2022, the CERS reported there were no payables due from the Government for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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.

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.

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, 2021, 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, 2021, includes the 401(h) asset balance.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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, 2021, 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, 2021. 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, 2021. 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.

The components of the net OPEB liability of CERS for the Government as of June 30, 2021, calculated in accordance with GASB Statement No. 74, are as follows (dollars in thousands):

	CERS Non-Hazardous	CERS Hazardous
Total OPEB Liability	\$152,907,073	\$55,046,760
Fiduciary Net Position	96,189,629	36,778,469
Net OPEB Liability	\$56,717,444	\$18,268,291
FNP % of TOPEBL	62.91%	66.81%

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, 2021, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using the generally accepted actuarial principles. The following actuarial valuation as of June 30, 2021:

Inflation	2.3%
Payroll Growth Rate	2.0% for CERS nonhazardous and hazardous
Salary Increase	3.3% to 10.30% nonhazardous; 3.55% to 19.05% hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

Pre-65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually increasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, 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

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

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

Discount Rate

In accordance with paragraph 48 of GASB Statement No. 74, a single discount rate of 5.20% CERS Non-hazardous and 5.05% for Hazardous was used for the reporting and disclosure of the insurance plan. Note, this is the equivalent discount rate that produces the same total OPEB liability as the individual single discount rate assumptions used by each individual fund to measure the total OPEB liability for the fiscal year ending June 30, 2021. The single discount rates for each individual fund are provided in Exhibit 1 of this report and are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. 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 ACFR.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

The following presents the net OPEB liability of the Government's CERS OPEB Nonhazardous plan, calculated using the discount rate of 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Nonhazardous	\$77,872,614	\$56,717,437	\$39,356,107
Hazardous	26,485,566	18,268,298	11,666,199
	<u>\$104,358,180</u>	<u>\$74,985,735</u>	<u>\$51,022,306</u>

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:

	1% Decrease	Current Discount Rate	1% Increase
Nonhazardous	\$40,829,815	\$56,717,437	\$75,894,047
Hazardous	11,970,385	18,268,298	25,981,742
CERS's net OPEB liability	<u>\$52,800,200</u>	<u>\$74,985,735</u>	<u>\$101,875,789</u>

Contributions

The Government's non-hazardous contribution rate was 5.78%. 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 10.47%.

The contribution amounts to CERS were \$6,654,076, \$5,053,403, and \$5,238,327, respectively, for the years ended June 30, 2022, 2021, and 2020. The contractually required contribution amounts to CERS were \$5,582,061, \$5,153,353, and \$5,487,323, respectively, for the years ended June 30, 2022, 2021, and 2020.

Pension Expense, Deferred Inflows and Outflows of Resources

At June 30, 2021, the Government reported OPEB expense of \$8,113,873. At June 30, 2021, 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	\$9,489,690	\$18,899,312
Difference between projected and actual earnings on pension plan investments	4,009,969	16,321,132
Change of assumptions	19,618,144	59,565
Changes in proportion and differences between Employer contributions and proportionate share of contributions		4,131,713
Government contributions subsequent to the measurement date	8,650,412	
Total	<u>\$41,768,215</u>	<u>\$39,411,722</u>

The \$6,654,076 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. The implicit subsidy amount of \$1,996,336 has been added to the Government contributions subsequent to the measurement date in the table above.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

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:	
2022	\$(133,752)
2023	(1,027,479)
2024	(1,044,508)
2025	(4,363,763)
2026	275,582
Thereafter	0

Payable to the OPEB Plan

At June 30, 2022, the CERS reported there were no payables due from the Government for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

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 10. RECENT GASB PRONOUNCEMENTS

The following Accounting Pronouncements will become effective for fiscal year 2023 and thereafter.

Statement No. 91, *Conduit Debt Obligations*, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice association with (1) commitments extended by issuers, (2) arrangement 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.

GASB Statement No. 94, *Public-Private and Private-Public Partnerships and Availability Payment Arrangements*, whose primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

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

Statement No. 101, *Compensated Absences*, this Statement updates the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

REQUIRED SUPPLEMENTARY INFORMATION

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
REVENUES				
Licenses and Permits:				
Employee Withholdings	\$210,250,000	\$229,350,000	\$236,607,000	\$7,257,000 a
Business Returns	43,100,000	43,100,000	61,579,175	18,479,175 a
Insurance Premiums	36,100,000	36,100,000	38,094,555	1,994,555 a
Regulated License Fee	910,000	910,000	867,468	(42,532)
Franchise Fee	25,532,710	25,532,710	27,495,755	1,963,045 a
Bank Franchise Fee	2,176,752	2,176,752	2,479,110	302,358
Vehicle License	230,000	230,000	254,489	24,489
Deed Tax Fee	2,100,000	2,100,000	2,951,527	851,527
Registration Fee	390,000	416,979	429,808	12,829
Filing Fee - Planning & Zoning	80,000	80,000	95,000	15,000
Animal License	35,000	35,000	40,391	5,391
Certificates of Occupancy	6,000	6,000	7,530	1,530
Hotel - Motel License Fee	20,000	20,000	46,688	26,688
Total Licenses and Permits	320,930,462	340,057,441	370,948,496	30,891,055
Taxes:				
Realty Taxes	23,939,000	24,342,000	24,327,844	(14,156)
Personal Taxes	1,660,000	1,606,000	1,573,913	(32,087)
PSC Taxes	1,042,000	969,000	981,118	12,118
Property Tax Discount	(460,000)	(460,000)	(473,552)	(13,552)
Property Tax Commission	(1,090,000)	(1,103,000)	(1,133,514)	(30,514)
Delinquent - Realty & Personal	100,000	100,000	102,020	2,020
Motor Vehicle Ad Valorem Tax	2,117,000	2,092,000	2,585,408	493,408
County Clerk Com - Motor Vehicle	(80,000)	(84,000)	(95,916)	(11,916)
Supplementary Tax Bills	10,000	10,000	40,194	30,194
Omitted Tax	80,000	80,000	104,970	24,970
Total Taxes	27,318,000	27,552,000	28,012,485	460,485
Charges for Services:				
Accident Report Sales	75,000	75,000	125,506	50,506
Administrative Collection Fees	42,275	42,275	25,723	(16,552)
Adult Probation Fees	41,725	41,725	51,283	9,558
Animal Shelter Collections	18,000	18,000	15,375	(2,625)
Building Permits	2,102,000	2,102,000	1,980,417	(121,583)
Computer Services Fees	2,600	2,600	4,888	2,288
Detention Center	6,933,609	6,933,609	5,539,114	(1,394,495)
Developer Landscape Fees	5,600	5,600	6,560	960
District Court Jail Fees	56,000	56,000	71,830	15,830
Downtown Arts Center	33,400	33,400	37,836	4,436
EMS	8,750,000	11,585,851	12,715,775	1,129,924
Excess Fees and Collections	3,050,000	3,050,000	3,552,053	502,053
Golf Course Collections	3,025,000	3,025,000	3,539,943	514,943
Park Land Acquisition	301,000	301,000	287,556	(13,444)
Parks & Recreation Programs	904,557	904,557	1,045,835	141,278
Rent or Lease Income	596,912	596,912	675,799	78,887
Total Charges for Services	25,937,678	28,773,529	29,675,493	901,964
Fines and Forfeitures	254,000	254,000	230,555	(23,445)
Intergovernmental	894,031	894,031	741,745	(152,286)
Property Sales	100,000	182,900	339,718	156,818
Investments	211,100	211,100	(1,367,202)	(1,578,302)
Other Income:				
Contributions		86,368	97,949	11,581
Other Income	303,600	308,690	913,544	604,854
Penalties & Interest	601,000	601,000	1,596,947	995,947 a
School Board Tax Fee	15,000	15,000	15,000	
Tourist Commission Fee			215	215
Payment in Lieu of Taxes	93,000	93,000	60,146	(32,854)
Miscellaneous	1,271,766	1,729,452	1,918,781	189,329
Total Other Income	2,284,366	2,833,510	4,602,582	1,769,072
Total Revenues	377,929,637	400,758,511	433,183,872	32,425,361
				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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
EXPENDITURES				
General Government:				
Council Office	3,075,819	3,152,745	3,085,440	(67,305)
Office of the Mayor	2,299,924	2,424,076	2,311,426	(112,650)
Special Programs	200,710	204,944	204,944	
Board of Elections	607,887	645,858	515,083	(130,775)
Clerk of the Urban County Council	519,775	524,982	483,663	(41,319)
County Attorney	1,041,842	1,041,851	1,041,448	(403)
Coroner	1,261,751	1,222,227	1,330,024	107,797
Property Valuation Administrator	320,715	320,715	320,715	
Contingency	9,457,775	2,323,579		(2,323,579)
Circuit Judges	475,845	482,220	494,350	12,130
County Court Clerk	106,500	122,720	74,055	(48,665)
Citizens' Advocate	61,070	61,795	57,169	(4,626)
Commonwealth Attorney	261,928	261,928	240,436	(21,492)
County Judge Executive	19,420	19,420	14,305	(5,115)
Indirect Cost Allocation	(6,050,596)	(6,050,596)	(6,412,429)	(361,833)
Total General Government	13,660,365	6,758,464	3,760,629	(2,997,835) b
Administrative Services:				
Office of the Chief Administrative Officer	4,329,176	4,851,407	4,439,972	(411,435)
Government Communications	885,598	894,064	857,284	(36,780)
Human Resources	3,872,386	3,781,598	5,226,707	1,445,109
Internal Audit Office	663,752	674,691	681,575	6,884
Lex Call	135,678	135,678	105,270	(30,408)
Neighborhood Programs	100,000	82,530	23,624	(58,906)
Purchase of Development Rights	216,670	188,686	183,085	(5,601)
Total Administrative Services	10,203,260	10,608,654	11,517,517	908,863
Chief Development Officer:				
Chief Development Officer	1,605,199	3,849,770	3,744,999	(104,771)
Planning	2,377,487	2,618,581	2,238,292	(380,289)
Total Chief Development Officer	3,982,686	6,468,351	5,983,291	(485,060)
Housing Advocacy and Community Development:				
Housing Advocacy and Community Dev Comm Office	244,862	246,988	140,115	(106,873)
Code Enforcement	2,297,371	2,477,153	2,421,162	(55,991)
Community Res Services	1,134,168	1,161,807	1,074,892	(86,915)
Grants & Special Projects	675,079	707,146	701,420	(5,726)
Historic Preservation	400,843	405,172	381,366	(23,806)
Homelessness Intervention	120,049	432,292	268,221	(164,071)
Racial Justice and Equity Comm	138,668	139,426	107,547	(31,879)
Total Housing Advocacy and Community Development	5,011,040	5,569,984	5,094,723	(475,261)
Department of Information Technology:				
Office of the CIO	1,071,056	1,039,934	1,088,260	48,326
Computer Services	7,972,290	7,996,852	10,730,700	2,733,848
Enterprise Solutions	1,202,463	1,207,558	1,253,828	46,270
Total Information Technology	10,245,809	10,244,344	13,072,788	2,828,444
Department of Finance:				
Accounting	1,620,124	1,639,305	1,656,866	17,561
Budgeting	539,032	548,335	515,219	(33,116)
Central Purchasing	529,462	926,421	950,913	24,492
Revenue	2,672,157	2,926,318	2,801,607	(124,711)
Finance Administration	870,182	894,489	907,065	12,576
Total Finance	6,230,957	6,934,868	6,831,670	(103,198)
Division of Environmental Quality & Public Works:				
Building Inspection	2,901,122	2,941,333	3,010,865	69,532
Engineering	1,679,507	1,936,459	1,984,042	47,583
Environmental Quality & PW Admin	248,759	259,566	262,750	3,184
Division of Environmental Services	2,237,213	2,414,153	2,228,734	(185,419)
Streets & Roads	3,850,929	5,183,511	5,004,762	(178,749)
Traffic Engineering	4,797,429	5,007,421	5,177,345	169,924
Total Environmental Quality & Public Works	15,714,959	17,742,443	17,668,498	(73,945)
Department of Planning, Preservation, & Development:				
Planning, Preservation, & Development Admin		2,130		(2,130)
Total Planning, Preservation, & Development	0	2,130	0	(2,130)
Department of Public Safety:				
Police	81,478,341	83,415,091	83,425,774	10,683
Fire & Emergency Services	81,539,755	86,588,785	88,590,512	2,001,727
Community Corrections	40,387,014	39,487,576	36,836,257	(2,651,319) b
Public Safety Administration	7,836,540	7,899,597	8,504,567	604,970
Emergency Management	839,398	909,121	824,784	(84,337)
Enhanced 911	1,809,169	1,778,876	1,529,498	(249,378)
Security	899,998	967,031	840,919	(126,112)
Total Public Safety	214,790,215	221,046,077	220,552,311	(493,766)
Department of Social Services:				
Youth Services	2,406,091	2,679,083	2,565,269	(113,814)
Family Services	2,968,610	3,063,480	2,350,164	(713,316)
Social Services Administration	4,005,278	4,178,602	4,134,450	(44,152)
Total Social Services	9,379,979	9,921,165	9,049,883	(871,282)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
EXPENDITURES, continued				
Department of General Services:				
Parks & Recreation	22,083,243	23,479,685	21,767,634	(1,712,051) b
Fleet & Facilities Management	6,349,424	6,467,569	7,251,869	784,300
General Services Administration	1,329,306	1,316,406	1,230,231	(86,175)
Total General Services	<u>29,761,973</u>	<u>31,263,660</u>	<u>30,249,734</u>	<u>(1,013,926)</u>
Department of Law:				
Law	2,346,642	2,293,531	2,117,848	(175,683)
Total Law	<u>2,346,642</u>	<u>2,293,531</u>	<u>2,117,848</u>	<u>(175,683)</u>
Outside Agencies:				
Commerce Lexington		100,716	100,716	
Downtown Lexington Partnership		21,851		(21,851)
Grants & Special Projects Agencies		982,369	968,619	(13,750)
Social Service Agencies	232,210	3,017,507	3,017,507	
Euphrates International Invest		44,642	44,642	
Lexington Public Library	17,775,000	17,766,970	17,766,970	
Carnegie Literacy Center	33,300	153,300	120,000	(33,300)
Total Outside Agencies	<u>18,040,510</u>	<u>22,087,355</u>	<u>22,018,454</u>	<u>(68,901)</u>
Debt Service:				
Principal	34,510,000	34,510,000	34,510,000	
Interest	13,888,871	12,245,116	12,210,615	(34,501)
Other Debt Service			34,500	34,500
Total Debt Service	<u>48,398,871</u>	<u>46,755,116</u>	<u>46,755,115</u>	<u>(1)</u>
Total Expenditures	<u>387,767,266</u>	<u>397,696,142</u>	<u>394,672,461</u>	<u>(3,023,681)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (9,837,629)	 3,062,369	 38,511,411	 35,449,042
 OTHER FINANCING SOURCES (USES)				
Lease (as lessee)			8,107,907	8,107,907.00
Transfers In	6,498,165	15,605,653	15,605,653	
Transfers Out	(5,286,151)	(20,406,234)	(17,450,940)	2,955,294
Total Other Financing Sources	<u>1,212,014</u>	<u>(4,800,581)</u>	<u>6,262,620</u>	<u>11,063,201</u>
 Net Change in Fund Balance	 (8,625,615)	 (1,738,212)	 44,774,031	 46,512,243
 Fund Balance, Beginning	 150,000	 150,000	 105,486,932	 105,336,932
 Fund Balance, Ending	 <u>(\$8,475,615)</u>	 <u>(\$1,588,212)</u>	 <u>\$150,260,963</u>	 <u>\$151,849,175</u>

a-revenue estimates for payroll withholdings were positively impacted by the COVID-19 recovery
b-budget savings in personnel of \$2.50 million and operating expenditures of \$0.5 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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget-Positive (Negative)
REVENUES				
Licenses and Permits:				
Bank Franchise Fee	2,176,752	2,176,752	2,479,110	\$302,358
Total Licenses and Permits	2,176,752	2,176,752	2,479,110	302,358
Taxes:				
Realty Taxes	43,481,000	44,100,000	44,394,307	294,307
PSC Taxes	400,000	399,000	273,844	(125,156)
Property Tax Discount	(780,000)	(780,000)	(800,635)	(20,635)
Property Tax Commission	(351,000)	(351,000)	(350,000)	1,000
Delinquent - Realty & Personal	175,000	175,000	294,902	119,902
Supplementary Tax Bills	2,500	2,500	41,603	39,103
Total Taxes	42,927,500	43,545,500	43,854,021	308,521
Charges for Services:				
Rent or Lease Income			1,443	1,443
Commodities	1,812,200	1,812,200	4,270,328	2,458,128
Dumpster Permit Fees	10,800	10,800	12,800	2,000
Total Charges for Services	1,823,000	1,823,000	4,284,571	2,461,571
Property Sales	250,000	250,000	445,042	195,042
Fines and Forfeitures	250	250		(250)
Investments	58,000	58,000	(80,134)	(138,134)
Other Income:				
Penalties & Interest			56,060	56,060
Miscellaneous	10,450	10,450	15,090	4,640
Total Other Income	10,450	10,450	71,150	60,700
Total Revenues	47,245,952	47,863,952	51,053,760	3,189,808
EXPENDITURES				
General Government:				
Property Valuation Administrator	186,335	186,335	186,335	
Contingency	219,624			
Indirect Cost Allocation	2,720,160	2,720,160	2,974,556	254,396
Total General Government	3,126,119	2,906,495	3,160,891	254,396
Administrative Services:				
Human Resources	16,324	16,324	5,884	(10,440)
Lex Call	563,047	572,803	461,047	(111,756)
Total Administrative Services	579,371	589,127	466,931	(122,196)
Department of Information Technology:				
Computer Services	1,061,430	917,216	986,314	69,098
Office of the CIO	200,000	220,500	220,500	
Enterprise Solutions	87,093	87,093	86,560	(533)
Total Information Technology	1,348,523	1,224,809	1,293,374	68,565
Department of Finance:				
Central Purchasing	51,896	53,334	55,994	2,660
Budget	15,248	15,248	5,875	(9,373)
Finance	20,545	16,345	20,412	4,067
Total Finance	87,689	84,927	82,281	(2,646)
Division of Environmental Quality & Public Works:				
Waste Management	28,637,245	32,598,383	30,769,060	(1,829,323) a
Division of Environmental Services	915,865	944,146	887,553	(56,593)
Environmental Quality	754,949	855,682	872,335	16,653
Streets & Roads	3,321,559	3,326,359	2,904,697	(421,662)
Traffic Engineering	7,119,505	7,058,602	6,757,039	(301,563) a
Total Environmental Quality & Public Works	40,749,123	44,783,172	42,190,684	(2,592,488)
Department of General Services:				
Fleet & Facilities Management	5,887,532	4,385,525	4,420,026	34,501
Total General Services	5,887,532	4,385,525	4,420,026	34,501
				continued

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual	
EXPENDITURES, continued				
Department of Law:				
Law	86,964	86,964	82,199	(4,765)
Total Law	86,964	86,964	82,199	(4,765)
Total Expenditures	51,865,321	54,061,019	51,696,386	(2,364,633)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(4,619,369)	(6,197,067)	(642,626)	5,554,441
OTHER FINANCING SOURCES (USES)				
Lease (as lessee)			213,015	213,015
Transfers In		2,775,000	2,775,000	
Transfers Out	8,157	(48,912)	(75,793)	(26,881)
Total Other Financing Sources (Uses)	8,157	2,726,088	2,912,222	186,134
Net Change in Fund Balance	(4,611,212)	(3,470,979)	2,269,596	5,740,575
Fund Balance, Beginning	12,000,000	12,000,000	26,777,911	14,777,911
Fund Balance, Ending	\$7,388,788	\$8,529,021	\$29,047,507	\$20,518,486

a-primarily operating savings of \$1.62 million and personnel savings of \$0.51 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		Fiscal Year 2021	
	Police & Fire	City	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	\$82,811	\$15,682,920	\$0	\$15,445,613	\$0	\$15,766,332	\$0	\$19,289,452	\$0	\$20,001,501	\$0	\$21,523,014	\$0	\$23,642,819	\$0
Interest	\$3,365,849		\$4,617,104		\$6,566,064	736,800	\$8,934,015	712,234	\$6,525,538	618,238	\$6,508,916	569,079	\$7,218,815	442,128	\$7,454,683	382,057
Changes of benefit terms																
Differences between expected and actual experience																
Changes of assumptions																
Net change in plan fiduciary net position	(53,897,521)	(1,574,594)	(69,314,377)	(1,470,392)	(33,340,681)	(1,475,893)	(89,452,786)	(1,376,720)	(59,080,010)	(1,264,311)	(56,233,059)	(1,307,153)	(62,209,519)	(1,045,500)	(73,550,061)	(846,563)
Net change in total pension liability	(53,897,521)	(1,574,594)	(69,314,377)	(1,470,392)	(33,340,681)	(1,475,893)	(89,452,786)	(1,376,720)	(59,080,010)	(1,264,311)	(56,233,059)	(1,307,153)	(62,209,519)	(1,045,500)	(73,550,061)	(846,563)
Total pension liability—beginning	\$78,948,245	\$12,970,312	\$12,348,530	\$0	\$90,844,527	\$1,238,700	\$14,446,141	\$0,841,652	\$98,238,047	\$6,444,532	\$95,530,257	\$8,747,108	\$103,492,266	\$9,056,261	\$140,037,066	\$8,988,941
Total pension liability—ending (a)	\$25,050,724	\$11,395,718	\$11,034,158	\$0	\$57,503,846	\$1,004,652	\$9,998,941	\$27,664,932	\$39,672,927	\$8,174,108	\$1,033,492,256	\$39,240,921	\$11,600,786	\$8,496,764	\$1,057,271,176	\$8,943,113
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	\$32,549,217	\$0	\$31,406,687	\$0
Contributions—member	9,730,115		9,881,338		9,493,378		11,186,704		10,750,008		10,353,613		10,875,896		10,985,494	
Net investment income	96,386,238	4,356,048	16,827,276		4,396,040	1,365,187	91,231,469	1,329,650	71,009,316	1,369,465	42,194,879	2,000,058	40,611,737	2,111,700	230,659,566	5,382,756
Benefit payments, including refunds of member contributions	(53,597,523)	(1,574,594)	(50,144,338)	(1,470,392)	(33,340,681)	(1,475,893)	(86,718,845)	(1,332,557)	(59,080,010)	(1,264,311)	(56,233,059)	(1,307,153)	(62,209,519)	(1,045,500)	(73,550,061)	(846,563)
Administrative expenses	(396,523)	(27,176)	(665,175)	(242,560)	(80,010)	(163,639)	(141,051)	(7,400,000)	(3,896,435)	(4,994)	(7,216)	(1,230)	(3,784,346)	(692,400)	(6,240,000)	(783)
Other	79,557,071	2,754,276	(1,565,163)	(600,686)	(14,814,579)	(764,335)	75,382,074	(10,149)	49,987,706	99,660	21,609,706	788,039	23,621,277	974,157	204,868,100	4,303,237
Net change in plan fiduciary net position	\$56,723,010	28,029,242	636,380,881	30,782,518	634,715,718	30,182,832	619,901,142	30,106,397	685,182,216	30,096,248	745,170,974	30,185,908	766,780,680	30,093,947	790,402,157	31,858,104
Plan fiduciary net position—beginning	\$6,062,800,881	\$30,783,513	\$6,347,515,718	\$30,823,832	\$6,192,901,143	\$30,106,397	\$6,095,183,216	\$30,096,248	\$7,551,109,741	\$30,145,908	\$7,662,780,680	\$30,083,267	\$7,904,402,157	\$31,958,104	\$892,270,317	\$36,261,341
Plan fiduciary net position—ending (b)	\$117,104,344	(\$18,534,988)	\$146,787,809	(\$18,944,127)	\$194,244,999	(\$19,265,345)	\$208,015,631	(\$20,631,916)	\$231,588,253	(\$21,448,800)	\$266,711,586	(\$21,929,686)	\$359,634,449	(\$21,459,160)	\$172,106,839	(\$29,318,228)
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%	85.26%	522.26%
Covered payroll	\$63,248,485	\$0	\$62,102,632	\$0	\$65,934,339	\$0	\$73,360,313	\$0	\$73,131,137	\$0	\$76,794,393	\$0	\$77,788,609	\$0	\$73,342,623	\$0
Net pension liability as a percentage of covered payroll	185.15%	0.00%	235.38%	0.00%	294.60%	0.00%	283.45%	0.00%	316.08%	0.00%	347.31%	0.00%	449.47%	0.00%	228.43%	0.00%
*In 1971 the City of Lexington froze new entrants into the CERP. 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	7/1/2021	7/1/2021
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	Entry age normal	Entry age normal
Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding	Level of funding
Amortization period	30 years	15 years	29 years	29 years	15 years	28 years	15 years	25 years	25 years	25 years	25 years	25 years	24 years	24 years	23 years	15 years
Actuarial asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Investment rate of return	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.26%	7.26%	6.74%	6.74%	6.82%	5.07%
Cost of living benefit increases (maximum)	NA	3.00%	NA	NA	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	5.21%, including inflation	5.21%, including inflation	4.77%, including inflation	4.77%, including inflation	5.07%, including inflation	5.07%, including inflation
Inflation	4% to 10.50%	3.00%	4% to 10.50%	4% to 10.50%	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	7%, including inflation	5.21%, including inflation	5.21%, including inflation	4.77%, including inflation	4.77%, including inflation	5.07%, including inflation	5.07%, including inflation
Projected salary increase	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Monthly table	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019	RP-2019
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	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 AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA	Table projected to the valuation date using scale AA

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

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

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

	Fiscal Year											
	2012		2013		2014		2015		2016		2017	
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	Police & Fire \$29,808,757	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		29,808,757	
Contribution deficiency (excess)	\$0	\$0	\$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	\$73,360,313	\$0
Contributions as a percentage of covered payroll	56.17%	NA	35.74%	NA	36.71%	NA	36.56%	NA	37.55%	NA	40.63%	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									
	2018		2019		2020		2021		2022	
Actuarially determined contribution	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
	\$27,585,160	\$0	\$30,277,170	\$0	\$32,549,517	\$0	\$31,475,926	\$0	\$34,860,746	\$0
Contributions in relation to the actuarially determined contribution	27,585,160		30,277,170		32,549,517		31,475,926		34,860,746	
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$73,131,137	\$0	\$76,974,393	\$0	\$77,788,689	\$0	\$75,342,623	\$0	\$75,342,623	\$0
Contributions as a percentage of covered payroll	37.72%	NA	39.33%	NA	41.84%	NA	41.78%	NA	46.27%	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%.									
	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		2022			
	Police & Fire	City	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%	25.24%	11.92%		

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 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Police & Fire and City	Police & Fire and City	Police & Fire and City	Police & Fire and City	Police & Fire and City
Total OPEB liability					
Service cost	\$18,518,517	\$16,561,150	\$11,572,432	\$12,871,670	\$14,827,473
Interest	10,445,265	12,078,465	9,470,049	9,615,077	5,982,342
Changes of benefit terms					
Differences between expected and actual experience	(1,289,809)	(103,220,151)	(1,982,714)	(72,950,809)	(1,698,819)
Changes of assumptions	(30,781,223)	(16,252,771)	17,430,462	51,980,631	2,380,314
Benefit payments, including refunds of member contributions	(5,638,286)	(4,952,442)	(5,059,394)	(5,378,078)	(5,684,418)
Net change in total OPEB liability	(8,745,536)	(95,785,749)	31,430,835	(3,861,509)	15,806,892
Total OPEB liability-beginning	350,482,838	341,737,302	245,951,553	277,382,388	273,520,879
Total OPEB liability-ending	341,737,302	245,951,553	277,382,388	273,520,879	289,327,771
Covered employee payroll*	\$79,939,225	\$87,792,646	\$84,480,894	\$85,180,749	\$85,266,166
Net OPEB liability as a percentage of covered payroll	427.50%	280.15%	328.34%	321.11%	339.32%

*Corrected

<p>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.</p> <p>There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.</p>

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	2021
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	\$249,081,073
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%	2.96%
Hazardous	2.28%	2.39%	2.41%	2.44%	2.41%	2.41%	2.34%	2.26%
Covered payroll	\$72,558,727	\$74,948,371	\$84,194,948	\$88,823,610	\$89,177,740	\$88,234,162	\$88,620,733	\$85,434,765
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%	291.55%
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%	56.21%
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	7/1/2019
Actuarial cost method	Entry Age	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	Level percentage of payroll, closed
	30 years	28 years	28 years	28 years	27 years	26 years	25 years	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization period	5-year smoothed market 7.75%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	separate 20 yr amortization bases
Actuarial asset valuation method	4.5%, average, including inflation	4%, average, including inflation	4%, average, including inflation	4%, average, including inflation	4%, average, including inflation	4%, average, including inflation	4%, average, including inflation	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	2.30%
Cost of living benefit increases (maximum)	including inflation	including inflation	including inflation	including inflation	including inflation	including inflation	including inflation	varies by service
Inflation	1983 Group Annuity	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	Pub-2010 General
Projected salary increase	Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity	Table projected to the valuation date using scale BB (set back 1 year for females)	Table projected to the valuation date using scale BB (set back 1 year for females)	Table projected to the valuation date using scale BB (set back 1 year for females)	Table projected to the valuation date using scale BB (set back 1 year for females)	Table projected to the valuation date using scale BB (set back 1 year for females)	Table projected to the valuation date using scale BB (set back 1 year for females)	Mortality Table - Non hazardous and Pub-2010 Public Safety
Mortality table	Mortality Table for all other members.							Mortality table for Hazardous plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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 System

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	2022	
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	\$22,697,391	
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	19,311,623 **	23,713,304	
Contribution deficiency (excess)	(\$309,023)	(\$5,517,688)	(\$6,002,593)	(\$379,403)	(\$75,277)	\$4,402,128	\$939,925	\$2,539,540	(\$1,015,913)	
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	\$108,580,370	
Contributions as a percentage of covered payroll	22.27%	21.82%	20.14%	15.50%	15.88%	18.95%	19.94%	20.19%	21.84%	

Changes in Assumption:

2015

The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 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

** corrected in fiscal year 2022

2021

Change in amortization period to 30 years, closed-Gain/Loss incurring after 2019 amortized over separate 20 yr amortization bases

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	2021
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	\$74,985,735
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	56,717,444
Hazardous	12,057,148	20,178,094	17,190,600	17,833,956	21,624,242	18,268,291
Covered payroll	84,194,948	88,823,610	89,177,740	\$88,234,162	\$88,620,733	\$85,434,765
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%	87.77%
Plan fiduciary net position as a percentage of the total OPEB liability	368.55% *	317.27% *	317.54% *	412.31% *	283.52% *	426.31%

* Corrected in 2022

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 System

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	2021
Contractually required contribution	\$5,205,891	\$5,090,084	\$6,655,493	\$5,487,323	\$5,153,353
Contribution in relation to the contractually required contribution	4,934,657	4,885,000	* 5,762,562	5,238,327	5,053,403
Contribution deficiency	<u>\$271,234</u>	<u>\$205,084</u>	<u>\$892,931</u>	<u>\$248,996</u>	<u>\$99,950</u>
Government's covered payroll	\$88,823,610	\$89,177,740	\$88,234,162	\$100,537,948	\$95,652,350
Contributions as a percentage of covered payroll	5.56%	5.48%	6.53%	5.21%	5.28%
					6.13%
					<u>\$1,072,015</u>
					\$108,580,370

* 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 **2022 Bond Projects** will fund projects for infrastructure improvements, fleet replacement, public safety projects, and information technology 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, 2022

	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	\$3,293,349	\$4,895,737	\$65,725	\$478,248	\$305,370	\$1,150,737	\$856,355	\$370,570	\$11,416,091	\$0	\$35,864	\$259,396	\$44,888	\$95,545	
Current Investments									0	43,851					
Other						230			230						
Restricted Investments									0			(258,451)	199,004	497,344	
Total Assets	\$3,293,349	\$4,895,737	\$65,725	\$478,248	\$305,370	\$1,150,967	\$856,355	\$370,570	\$11,416,321	\$43,851	\$35,864	\$945	\$243,892	\$592,889	
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts and Contracts Payable	\$12,984	\$257,645	\$0	\$0	\$0	\$23,618	\$4,530	\$0	\$298,777	\$0	\$0	\$0	\$0	\$0	
Unearned Revenue & Other						1,127,349			1,127,349						
Total Liabilities	12,984	257,645	0	0	0	1,150,967	4,530	0	1,426,126	0	0	0	0	0	
Fund Balances:															
Restricted for:															
Public Works	3,280,365	4,638,092	65,725		305,370				8,289,552						
Public Safety							851,825	370,570	1,222,395						
Capital Projects									0	43,851	35,864	945	243,892	592,889	
Assigned				478,248					478,248						
Total Fund Balances	3,280,365	4,638,092	65,725	478,248	305,370	0	851,825	370,570	9,990,195	43,851	35,864	945	243,892	592,889	
Total Liabilities and Fund Balances	\$3,293,349	\$4,895,737	\$65,725	\$478,248	\$305,370	\$1,150,967	\$856,355	\$370,570	\$11,416,321	\$43,851	\$35,864	\$945	\$243,892	\$592,889	

Continued

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

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	2022 Bond Projects	2023 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	Total	Total Nonmajor Governmental Funds
ASSETS															
Current Cash	\$8,191	\$2,818	\$132,137	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$493,302	\$4,813,346	\$5,885,487	\$17,301,578
Current Investments												329,008		372,859	372,859
Other				(1)									300	575,667	575,897
Restricted Investments	12,089	332,271	478,348	656,165	2,451,597	4,347,058	1,809,213	3,933,087	233,468	23,717,031	0			38,408,224	38,408,224
Total Assets	\$20,280	\$335,089	\$610,485	\$656,164	\$2,451,597	\$4,347,058	\$1,809,213	\$4,508,455	\$233,468	\$23,717,031	\$0	\$822,310	\$4,813,646	\$45,242,237	\$56,658,558
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts and Contracts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$191,994	\$0	\$0	\$2,145,248	\$588,963	\$0	\$27,643	\$2,953,848	\$3,252,625
Due to Other Funds				257,660	66,798	553,693					1,548,559			2,426,710	2,426,710
Unearned Revenue & Other														0	1,127,349
Total Liabilities	0	0	0	257,660	66,798	553,693	191,994	0	0	2,145,248	2,137,522	0	27,643	5,380,558	6,806,684
Fund Balances:															
Restricted for:															
Public Works														0	8,289,552
Public Safety														0	1,222,395
Capital Projects	20,280	335,089	610,485	398,504	2,384,799	3,793,365	1,617,219	4,508,455	233,468	21,571,783	(2,137,522)	822,310	4,786,003	39,861,679	39,861,679
Assigned														0	478,248
Total Fund Balances	20,280	335,089	610,485	398,504	2,384,799	3,793,365	1,617,219	4,508,455	233,468	21,571,783	(2,137,522)	822,310	4,786,003	39,861,679	49,851,874
Total Liabilities and Fund Balances	\$20,280	\$335,089	\$610,485	\$656,164	\$2,451,597	\$4,347,058	\$1,809,213	\$4,508,455	\$233,468	\$23,717,031	\$0	\$822,310	\$4,813,646	\$45,242,237	\$56,658,558

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue Funds						Capital Projects Funds							
	County Aid Program	Municipal Aid Program	Industrial Revenue Bond	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
				Mineral Severance	Coal Severance									
REVENUES														
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	602,564	5,327,115		292,797		269,387	244,710	233,858	6,970,431					91
Other									0					
Income on Investments	70	100		23					193					(87)
Total Revenues	602,634	5,327,215	0	292,820	0	269,387	244,710	233,858	6,970,624	0	0	0	154	4
EXPENDITURES														
Current:														
Environmental Quality & Public Works		595,468		235,948						831,416				
Police						208,365	154,882			363,247				
Equipment						74,050	21,256					2		
Acquisitions and Construction	644,976	2,740,051		479						3,385,506				
Total Expenditures	644,976	3,335,519	0	236,427	0	282,415	176,138	0	4,675,475	0	0	2	0	0
Excess (Deficiency) of Revenues over (under) Expenditures	(42,342)	1,991,696		56,393	0	(13,028)	68,572	233,858	2,295,149	0	0	(2)	154	4
OTHER FINANCING SOURCES (USES)														
Transfers Out		(3,312,092)	(70,000)						(3,382,092)					
Lease (as lessee)	0	(3,312,092)	(70,000)	0	0	0	21,256	0	21,256	0	0	0	0	0
Total Other Financing Sources (Uses)														
Net Change in Fund Balances	(42,342)	(1,320,396)	(70,000)	56,393	0	(13,028)	89,828	233,858	(1,065,687)	0	0	(2)	154	4
Fund Balances (Deficits), Beginning	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
Fund Balances (Deficits), Ending	\$3,280,365	\$4,638,092	\$65,725	\$478,248	\$305,370	\$0	\$851,825	\$370,570	\$9,990,195	\$43,851	\$35,864	\$945	\$243,892	\$592,889
														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, 2022

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	2022 Bond Projects	2023 Bond Projects	Total
REVENUES												
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental				52,873								52,873
Exactions												133,187
Other	(138)	158	227	401	1,182	17,582	2,900	575,370	0	0	0	593,043
Income on Investments		158	227	53,274	1,182	20,482	1,217	2,911	600	6,187	0	19,820
Total Revenues	(138)	158	227	53,274	1,182	20,482	1,217	578,281	600	6,187	0	798,730
EXPENDITURES												
Current:												
General Government						29,896						28,476
Finance												386
Information Technology										49,348		49,348
Environmental Quality & Public Works						11,386	1,031					12,417
Police						95,114				127,200		95,114
Community Corrections												127,200
Debt Service:												
Other Debt Service										165,750		165,750
Capital:												
Equipment							14,703	260,142	245,096	5,608,967	2,137,522	8,266,432
Acquisitions and Construction		247	(130,450)	546,245	34,396	420,130	975,616	2,694,783	1,010,758	3,448,986		9,000,711
Total Expenditures	0	247	(130,450)	546,245	34,396	556,526	991,350	2,954,925	1,255,854	9,400,251	2,137,522	17,745,834
Excess (Deficiency) of Revenues over (under) Expenditures	(138)	(89)	130,677	(492,971)	(33,214)	(556,044)	(990,133)	(2,376,644)	(1,255,254)	(9,394,064)	(2,137,522)	(16,947,104)
OTHER FINANCING SOURCES (USES)												
Transfers Out												(1,741,151)
Issuance of Debt				(11,999)						27,200,000		27,200,000
Premium on Bonds										3,806,399		3,806,399
Discount on Bonds										(40,552)		(40,552)
Total Other Financing Sources (Uses)	0	0	0	(11,999)	0	(1,729,152)	0	0	0	30,965,847	0	29,224,696
Net Change in Fund Balances	(138)	(89)	130,677	(504,970)	(33,214)	(2,265,196)	(990,133)	(2,376,644)	(1,255,254)	21,571,783	(2,137,522)	12,277,592
Fund Balances (Deficits), Beginning	20,418	335,178	479,808	903,474	2,418,013	6,058,561	2,607,352	6,885,099	1,488,722	0	0	822,129
Fund Balances (Deficits), Ending	\$20,280	\$335,089	\$610,485	\$398,504	\$2,384,799	\$3,793,365	\$1,617,219	\$4,508,455	\$233,468	\$21,571,783	(\$2,137,522)	\$39,861,679
												\$49,851,874

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/22

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2022
US Department of Agriculture:							
Direct Programs:							
Child Care Food Program	10.558	11475	\$6,759	\$19,235		\$12,476	\$0
Child Care Food Program	10.558	11475		30,644		38,786	8,142
Child/Adult Care Food Program EOC	10.558	11475		6,228			(6,228)
American Farmland Soil Health Stewards Program	10.913	NR203A750013G023		3,000			(3,000)
Total US Department of Agriculture			<u>6,759</u>	<u>59,107</u>		<u>51,262</u>	<u>(1,086)</u>
US Department of Housing and Urban Development:							
Direct Programs:							
Community Dev Block Grant	14.218	B14MC210004	67,393	67,393			
Community Dev Block Grant	14.218	B15MC210004		886		886	
Community Dev Block Grant	14.218	B16MC210004		12,054		12,054	
Community Dev Block Grant	14.218	B17MC210004	4,284	37,853		33,569	
Community Dev Block Grant	14.218	B18MC210004	359	22,721	2,172	27,890	7,700
Community Dev Block Grant	14.218	B19MC210004	6,856	370,751	41,290	388,004	65,399
Community Dev Block Grant	14.218	B20MC210004	15,540	703,991	99,681	655,004	66,234
Community Dev Block Grant	14.218	B21MC210004		192,992	19,177	328,149	154,334
Community Dev Block Grant CARES ACT	14.218	B20MW210004	434	168,212	167,118	9,915	9,255
Community Dev Block Grant CARES ACT	14.218	B20MW210004		752,786	782,598		29,812
Emergency Solutions	14.231	E19MC210004	4,894	43,396	30,622	7,880	
Emergency Solutions	14.231	E20MC210004		93,131	59,930	33,738	537
Emergency Solutions	14.231	E21MC210004		2,587			
Emergency Solutions CARES ACT	14.231	E20MW210004	910	123,124	99,153	23,883	822
Emergency Solutions CARES ACT	14.231	E20MW210004	158,080	688,155	528,915	1,160	
HOME	14.239	M15MC210201		56,813		56,813	
HOME	14.239	M16MC210201		2,317		2,317	
HOME	14.239	M17MC210201		90,700		90,816	116
HOME	14.239	M18MC210201	13,386	138,637	80,118	45,133	
HOME	14.239	M19MC210201	4,178	413,478	378,242	31,058	
HOME	14.239	M20MC210201		113,083	31,000	83,612	1,529
HOME	14.239	M21MC210201		21,632	5,447	22,086	5,901
HOME-ARP	14.239	M21MP210201		2,726		3,480	754
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H17-0017-00	40,242	40,242			
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H200017	46,596	439,028	477,525	6,883	91,976
HOPWA CARES ACT	14.241	KY-H2001W057	9,863	56,164	44,484	1,868	51
Continuum of Care	14.267	KY0233L4I021900	3,761	26,246		22,485	
Continuum of Care	14.267	KY0240L4I022000		10,686		13,723	3,037
Total US Department of Housing and Urban Development			<u>376,776</u>	<u>4,691,784</u>	<u>2,850,059</u>	<u>1,902,406</u>	<u>437,457</u>
US Department of Justice:							
Direct Programs:							
Police Confiscated Funds	16.001	NA	(1,335,012)	74,752		282,415	(1,127,349)
Coronavirus Emergency Supplemental Fund.Prog.	16.034	2020-VD-BX-1279	(265,571)			15,773	(249,798)
SCAAP	16.606	2019-AP-BX-0086	(21,549)			9,463	(12,086)
SCAAP	16.606	2019-AP-BX-0789	(71)				(71)
SCAAP	16.606	2020-AP-BX-1189	(31,567)				(31,567)
Justice Assistance Grant	16.738	2018-DJ-BX-0168	(801)			801	
Justice Assistance Grant	16.738	2019-DJ-BX-0499	(25,011)			24,123	(888)
Justice Assistance Grant	16.738	2020-DJ-BX-0873	(1,275)				(1,275)
Justice Assistance Grant	16.738	15PBJA-21-GG-01493-JAGX		153,791		95,000	(58,791)
Comprehensive Opioid Abuse Program (COAP)	16.838	2018-AR-BX-K059	79,348	194,663		115,315	
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838	2020-AR-BX-0079	8,103	62,471		128,675	74,307
Passed through Commonwealth of Kentucky:							
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2020-LFUCG-STRE-00008	20,110	27,551		7,441	
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2021-LFUCG-STRE-00018				18,480	18,480
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2020-LFUCG-STRE-00136	20,806	39,559		18,753	
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2021-LFUCG-STRE-00075		47,208		69,899	22,691
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2020-LFUCG-ST-00719	16,619	41,974		25,355	
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2021-LEXINGTO-00006		5,846		16,038	10,192
Project Safe Neighborhood	16.609	DG-PRJSAEAST-2018-LFUCG ST-00001	57,586	112,886		108,899	53,599
Project Safe Neighborhood	16.609	DG-PRJSAEAST-2019-LFUCG ST-00001		25,849		25,849	
Street Sales (Confiscated Funds)	16.738	2020-JAG-LFUCG-STRE-01223		5,590		5,590	
Street Sales	16.738	2020-JAG-LFUCG-STRE-01223	8,496	29,921		21,425	
Street Sales	16.738	JAG-2021-LEXINGTO-00033		9,868		30,000	20,132
Total US Department of Justice			<u>(1,469,789)</u>	<u>831,929</u>		<u>1,019,294</u>	<u>(1,282,424)</u>
US Department of Transportation:							
Passed through Commonwealth of Kentucky:							
Air Quality Planning	20.205	2000001997	41,055	41,055			
Armstrong Mill Sidewalks	20.205	PO2-628-1700004143		3,425		3,425	
Bicycle and Pedestrian Planning	20.205	2000001997	24,513	24,513			
Brighton Trail Pedestrian Bridge	20.205	PO2-628-1700002505	1,118,319	1,514,938		507,888	111,269
Citation Trail	20.205	PO2-628-1700004156	214,751	214,751			
Clays Mill Road	20.205	PO2-625-1500002693	200,547	3,631,478		4,741,048	1,310,117
Congestion Management/Bottleneck Study	20.205	2000001666	67,000	194,000		127,000	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/22

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2022
East Lexington Trail Connectivity/Traffic Safety Study	20.205	STPM-3003360		22,080		46,200	24,120
Federal Highway Planning	20.205	2000001393	77,658	77,658			
Federal Highway Planning		2000001226		243,037		373,561	130,524
Forbes Road	20.205	PO2-628-1700002506	1,553	597,065		595,512	
Four Side	20.205	PO2-628-1600005725		144,893		144,893	
Intelligent Transpor. System (ITS)	20.205	SC-625-21-00000781	28,011	153,008		194,981	69,984
Intelligent Transpor. System (ITS)	20.205	SC-625-2200000042		671		171,402	170,731
W. Loudon Avenue Streetscape	20.205	PO2-628-1800002729	6,547	6,547			
Mercer Rd/Greendale Rd Turn lanes	20.205	PO2-628-1800001345	8,964	8,964			
Mobility Office	20.205	2000001997	56,561	56,561			
New Circle Road Study	20.205	2200000418		4,737		73,443	68,706
Newtown Pike Supplement #2	20.205	C-00343167	(138,743)	446,463	200,000	88,188	(297,018)
Nicholasville Road Corridor Land Use Study	20.205	SC-625-1900002248	30,594	30,594			
Old Frankfort Pike Scenic Byway Viewing Area	20.205	PO2-628-1500003392	6,180	6,180			
Rosemont Garden Sidewalks	20.205	PO2-628-1700004171	2,866	14,249		11,383	
Surface Transportation Block	20.205	2100001580		152,618		240,571	87,953
Todds Road Sidewalks	20.205	PO2-628-1700004177		13,566		13,566	
Town Branch	20.205	PO2-628-1200004353	40	10,175		10,175	40
Town Branch Commons Corridor-Zone 2	20.205	PO2-628-1600003719	1,165,045	1,863,716		829,422	130,751
Town Branch Trail Commons-Midland Section	20.205	PO2-628-1600005544	1,027,783	2,950,080		3,510,112	1,587,815
Town Branch Trail Crossing	20.205	PO2-628-1500004792		11,540		11,540	
Town Branch Trail Phase IV, V, VI	20.205	PO2-628-1500003706	28,053	70,290		51,797	9,560
MCSAP (Motor Carrier Safety Asst.Prog.)	20.218	No Number	20,540	36,324		15,784	
MCSAP (Motor Carrier Safety Asst.Prog.)	20.218	No Number		41,093		67,081	25,988
Fed Transit Admin Section 5303	20.505	PO30217442	194,324	194,324			
Fed Transit Admin Section 5303	20.505	PO30217442	46,571	46,571			
Fed Transit Admin Section 5303	20.505	PO33021442		960	111,193	46,879	157,112
Traffic Safety	20.600	SC-625-2100000400-1	9,631	38,448		28,817	
Traffic Safety	20.600	SC-625-2100001519-1		31,214		47,616	16,402
Traffic Safety Occupant Protection Prog.	20.616	SC-625-2100000458-1	4,666	10,274		5,608	
Traffic Safety Occupant Protection Prog.	20.600	SC-625-2200000202-1		8,854		20,105	11,251
Traffic Safety Impaired Driving Enforcement	20.616	SC-625-2100000493-1	1,446	9,293		7,847	
Traffic Safety Impaired Driving Enforcement	20.600	SC-625-2200000182-1		5,264		8,036	2,772
Town Branch Tiger	20.933	SC-628-1800005041	4,204,705	4,165,078		2,577,306	2,616,933
Total US Department of Transportation			8,449,180	17,082,983	311,193	14,571,186	6,248,576
US Environmental Protection Agency							
Passed through Commonwealth of Kentucky:							
West Hickman Wet Weather Storage	66.458	A15-026 SWR		1,770,071		1,770,071	
Total US Environmental Protection Agency				1,770,071		1,770,071	
US Department of Health and Human Services:							
Direct Programs:							
SAMHSA (Substance Abuse Mental Health Serv)	93.243	5H79SP080309-02	2,466	2,800		334	
SAMHSA (Substance Abuse Mental Health Serv)	93.243	5H79SP080309-03	38,944	412,160		395,145	21,929
SAMHSA (Substance Abuse Mental Health Serv)	93.243	5H79SP080309-04				286,197	286,197
Passed through Commonwealth of Kentucky:							
Senior Citizens	93.044	AS-2020-2021	35,139	35,139			
Senior Citizens	93.044	AS-2021-2022		70,589		79,589	9,000
Senior Citizens CARES ACT	93.044	AS-2019-2020	(41,483)			9,533	(31,950)
Child Care and Development Block Grant	93.575	No Number	(325,843)			85,132	(240,711)
Child Care and Development Block Grant	93.575	No Number	(327,080)	137,540		407,798	(56,822)
Family Care Center Cares Act Stipend	93.575	No Number	(18,840)			18,840	
Family Care Center Cares Act Stipend	93.575	No Number	(168,000)	156,000		324,000	
Home Network	93.597	2019-2020-PUBLIC-R	(315,670)			363,362	47,692
Home Network	93.597	2020-2021-PUBLIC-R	(282,369)	54,640		11,247	(325,762)
Home Network	93.597	2021-2022-PUBLIC-R		287,490			(287,490)
Head Start Program	93.600	No Number	15,777	15,777			
Head Start Program	93.600	No Number		23,253		29,030	5,777
Head Start Program/Summer	93.600	No Number		15,000		13,118	(1,882)
Quick Response Team	93.788	PON2-729-2200000256-1		50,256		98,806	48,550
Maternal, Infant, Early Childhood Visiting (MIECHV)	93.870	2021-2022-PUBLIC-R		41,131		41,131	
Total US Department of Health and Human Services			(1,386,959)	1,301,775		2,163,262	(525,472)

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending 6/30/22

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2022
US Department of Homeland Security Office of Domestic Preparedness:							
Direct Programs:							
Fire Prevention	97.044	EMW-2017-FP-00614	23,806	23,811		5	
Passed through Commonwealth of Kentucky:							
Hazard Mitigation Grant Program (HMGP)	97.039	PON2-095-2000003849				61,574	61,574
Hazard Mitigation Grant Program (HMGP)	97.039	PON2-095-1700001334				1,687	1,687
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-17000054303	330,252	508,800		178,548	
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-1900001734	223,213	270,872		47,581	(78)
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2000001643	301,837	640,997		366,668	27,508
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2100001500	11,000	149,145		699,387	561,242
Emergency Management Assistance	97.042	EMA-2019-EP-00008-S01	24,916	24,712			204
Emergency Management Assistance	97.042	SC-095-2100000605	62,446	81,934		29,863	10,375
Emergency Management Assistance	97.042	SC-095-2200000589				49,767	49,767
State Homeland Bomb Squad	97.067	SC-094-2100000991-1	8,865	8,865			
State Homeland Bomb Squad	97.067	SC-094-2100001267-1		6,265		179,425	173,160
State Homeland Bomb Squad	97.067	SC-094-2200000946-1				29,050	29,050
State Homeland Police	97.067	SC-094-2100000985-1		201,500		201,500	
Total US Dept. of Homeland Security Office of Domestic Preparedness			<u>986,335</u>	<u>1,916,901</u>		<u>1,845,055</u>	<u>914,489</u>
US Department of Treasury							
Passed through Commonwealth of Kentucky:							
Extended School Program ARPA	21.019			332,603		65,810	(266,793)
Jail Payments House Bill 556	21.019	PON3-527-2200000001		119,830		119,830	
Housing Stabilization Program (ERAP 1.0)	21.023			11,700,000	10,530,000		(1,170,000)
Emergency Rent Assistance Program (ERAP 1.0)	21.023	ERA-2101080903	(4,388,939)	11,700,000	6,644,483	4,261,268	(5,183,188)
Emergency Rent Assistance Program (ERAP 2.0)	21.023	ERA2-0245	(3,058,580)	2,293,935	3,000,000	2,247,835	(104,680)
American Rescue Plan Act	21.027		(60,589,029)	29,204,785	1,553,123	22,541,260	(65,699,431)
Family Care Center Childcare Prgram ARPA	21.027	KY 0240L41022000		377,243		285,801	(91,442)
Total US Department of Treasury			<u>(68,036,548)</u>	<u>55,728,396</u>	<u>21,727,606</u>	<u>29,521,804</u>	<u>(72,515,534)</u>
US Small Business Administration							
Shuttered Venues-Recreation Programs	59.075	SBAHQ21SV010691.2		142,228		33,648	(108,580)
Shuttered Venues-Kentucky Theatre	59.075	SBAHQ21SV011731.2		491,117		38,103	(453,014)
				<u>633,345</u>		<u>71,751</u>	<u>(561,594)</u>
Total Federal Financial Assistance			<u>(\$61,074,246)</u>	<u>\$84,016,291</u>	<u>\$24,888,858</u>	<u>\$52,916,091</u>	<u>(\$67,285,588)</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, 2022**

Grantor/Program Title	Grantor's Number	Grantor	Accrued or (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Expenditures	Accrued or (Deferred) Revenue at June 30, 2022
Area Development Fund Jacobson	22-BG-01	Bluegrass Area Development District	\$0	\$30,000		\$0	(\$30,000)
Coldstream State Economic Development	N/A	Kentucky Cabinet Economic Development		500,000		500,000	
Day Treatment	PON25232000003019	Kentucky Dept. of Juvenile Justice		100,000		100,000	
Economic Development-Ashland	N/A	Kentucky Cabinet Economic Development	(450,000)	401,820		851,820	
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)			6,613	(3,387)
Federal Highway Planning	2000001393	Kentucky Transportation Cabinet	4,854	4,854			
Federal Highway Planning		Kentucky Transportation Cabinet		15,190		23,348	8,158
Fire Training Incentive	155	Kentucky Fire Commission		3,276,026		3,276,026	
Fire Training Administration	155	Kentucky Fire Commission	(7,822)			7,646	(176)
Fire Training Administration	155	Kentucky Fire Commission	(11,827)			6,941	(4,886)
Fire Training Administration	155	Kentucky Fire Commission	(35,185)			16,029	(19,156)
Fire Training Administration	155	Kentucky Fire Commission		36,860		181	(36,679)
Hazard Mitigation Grant Program (HMGP)	PON2-095-1700001354	Kentucky Emergency Management				270	270
Home Network	2019-2020-PUBLIC-R	Lexington Fayette County Health Dept	(36,535)			36,535	
Home Network	2020-2021-PUBLIC-R	Lexington Fayette County Health Dept	(17,530)	12,921		30,451	
Home Network	2021-2022-PUBLIC-R	Lexington Fayette County Health Dept		19,470			
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(24,925)	(24,925)			(19,470)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(75,914)			75,914	
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet		178,909		38,598	(140,311)
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		102,000		102,000	
Local Records Grant Project	SY1903LR16	Kentucky Dept. for Libraries & Archives	(625)	(625)			
Paula Nye Memorial Education	2019-07	Kentucky Bicycle and Bikeway Commission	(1,376)			1,376	
Paula Nye Memorial Education	2021-07	Kentucky Bicycle and Bikeway Commission		13,500		9,291	(4,209)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(38,499)			662	(37,837)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(40,357)			267	(40,090)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation	252,360	252,360			
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(35,925)	3,158			(39,083)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation		2,701,212		2,939,836	238,624
Police Training Administration	N/A	Kentucky Law Enforcement Foundation		33,647			(33,647)
SANE3 (Sexual Assault Treatment Project)	VAWA-2019-LFUCG-ST-00645	Kentucky Justice Cabinet	2,400	3,200		800	
SANE3 (Sexual Assault Treatment Project)	VAWA-2020-LFUCG-ST-00719	Kentucky Justice Cabinet	5,000	11,200		6,200	
SANE3 (Sexual Assault Treatment Project)	VAWA-2021-Lexingro-00006	Kentucky Justice Cabinet		1,400		3,200	1,800
Senior Citizens	AS-2020-2021	Bluegrass Area Development District	16,313	16,313			
Senior Citizens	AS-2021-2022	Bluegrass Area Development District		104,571		104,651	80
State Homeland Commercial Mobile Radio (2)	PO2 094 1800001195 1	Kentucky Office Homeland Security		2,377		2,377	
State Homeland Commercial Mobile Radio (2)	SC 094 2100000228 1	Kentucky Office Homeland Security		17,910		17,910	
State Homeland Commercial Mobile Radio	SC 094 2100000225 1	Kentucky Office Homeland Security	37,113	37,113			
State Homeland Commercial Mobile Radio	SC 094 2100001120 1	Kentucky Office Homeland Security		72,409		72,409	
Thermal Imaging Camera Grant	N/A	Kentucky Fire Commission		3,200		3,200	
Waste Tire	PO2-625-2100003752	Kentucky Energy & Environmental Cabinet		4,000		4,000	
Total State Financial Assistance			(\$743,777)	\$7,930,070		\$8,239,048	(\$434,799)

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, 2022

	Right of Way	Extended School Program	Enhanced 911	CKY Network	Small Business Development	Public Parking Corporation	Total
ASSETS							
Current Assets:							
Cash	\$2,724,438	\$1,742,248	\$5,235,221	\$503,300	\$154,640	\$503	\$10,360,350
Investments					18,169		18,169
Receivables:							
Other Receivables	65,352		182,305	20,969	35,867		304,493
Less Allowance for Uncollectible Accounts					(35,867)		(35,867)
Inventories and Prepaid Expenses		819	81,789	7,033			89,641
Total Current Assets	2,789,790	1,743,067	5,499,315	531,302	172,809	503	10,736,786
Noncurrent Assets:							
Land Improvements		10,000					10,000
Buildings			7,514				7,514
Vehicles, Equipment, and Furniture	69,477	103,481	2,819,977				2,992,935
Intangibles			1,532,086				1,532,086
Leased Assets	2,330	5,141	4,593				12,064
Less Accumulated Depreciation	(49,272)	(111,926)	(4,184,040)				(4,345,238)
Less Accumulated Depreciation - Leases	(407)	(995)	(1,621)				(3,023)
Construction in Progress			46,422				46,422
Total Noncurrent Assets	22,128	5,701	224,931	0	0	0	252,760
Total Assets	\$2,811,918	\$1,748,768	\$5,724,246	\$531,302	\$172,809	\$503	\$10,989,546
Deferred outflows of resources:							
Deferred Pension Amounts	83,819	124,045	867,617				1,075,481
Deferred Other Post Employment Benefit Amounts	95,104	214,984	734,046				1,044,134
Total Deferred Outflows of Resources	178,923	339,029	1,601,663	0	0	0	2,119,615
Total Assets & Deferred Outflows of Resources	\$2,990,841	\$2,087,797	\$7,325,909	\$531,302	\$172,809	\$503	\$13,109,161
LIABILITIES							
Current Liabilities:							
Accounts, Contracts, and Retainage Payable	\$1,847	\$4,437	\$22,507	\$40,348	\$0	\$0	\$69,139
Accrued Payroll	9,348	11,661	137,838				158,847
Compensated Absences	9,058	1,002	315,600				325,660
Total Current Liabilities	20,253	17,100	475,945	40,348	0	0	553,646
Noncurrent Liabilities:							
Compensated Absences	9,058	32,391	315,600				357,049
Lease Liability	1,575	3,098	1,302				5,975
Net Other Post Employment Benefit Liability	176,724	443,203	1,216,585				1,836,512
Net Pension Liability	587,026	1,472,192	4,041,147				6,100,365
Total Noncurrent Liabilities	774,383	1,950,884	5,574,634	0	0	0	8,299,901
Total Liabilities	\$794,636	\$1,967,984	\$6,050,579	\$40,348	\$0	\$0	\$8,853,547
Deferred inflows of resources:							
Deferred Pension Amounts	\$117,854	\$295,563	\$811,317	\$0	\$0	\$0	\$1,224,734
Deferred Other Post Employment Benefit Amounts	92,884	232,943	639,425				965,252
Total Deferred Inflows of Resources	210,738	528,506	1,450,742	0	0	0	2,189,986
Total Liabilities & Deferred Inflows of Resources	\$1,005,374	\$2,496,490	\$7,501,321	\$40,348	\$0	\$0	\$11,043,533
NET POSITION							
Net Investment in Capital Assets	\$22,128	\$5,701	\$224,931	\$0	\$0	\$0	\$252,760
Unrestricted (Deficits)	1,963,339	(414,394)	(400,343)	490,954	172,809	503	1,812,868
Total Net Position	\$1,985,467	(\$408,693)	(\$175,412)	\$490,954	\$172,809	\$503	\$2,065,628

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2022

	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		1,019,162	4,337,563	505,556			5,862,281
License Fees and Permits	656,568						656,568
Other	2,330	5,141	12,378				19,849
Total Operating Revenues	<u>658,898</u>	<u>1,024,303</u>	<u>4,349,941</u>	<u>505,556</u>	<u>0</u>	<u>0</u>	<u>6,538,698</u>
Operating Expenses							
Right of Way	464,504						464,504
Extended School Program		510,127					510,127
Enhanced 911			5,358,997				5,358,997
CKY Network				415,707			415,707
Administration		38,389					38,389
Depreciation	6,731	4,106	119,627				130,464
Total Operating Expenses	<u>471,235</u>	<u>552,622</u>	<u>5,478,624</u>	<u>415,707</u>	<u>0</u>	<u>0</u>	<u>6,918,188</u>
Operating Income (Loss)	187,663	471,681	(1,128,683)	89,849	0	0	(379,490)
Nonoperating Revenues (Expenses)							
Income on Investments			520		486		1,006
Total Nonoperating Revenues	<u>0</u>	<u>0</u>	<u>520</u>	<u>0</u>	<u>486</u>	<u>0</u>	<u>1,006</u>
Income (Loss) Before Transfers	187,663	471,681	(1,128,163)	89,849	486	0	(378,484)
Transfers In		836,227		310,986			1,147,213
Transfers Out			(8,045)				(8,045)
Change in Net Position	<u>187,663</u>	<u>1,307,908</u>	<u>(1,136,208)</u>	<u>400,835</u>	<u>486</u>	<u>0</u>	<u>760,684</u>
Net Position, Beginning	<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>
Net Position, Ending	<u>\$1,985,467</u>	<u>(\$408,693)</u>	<u>(\$175,412)</u>	<u>\$490,954</u>	<u>\$172,809</u>	<u>\$503</u>	<u>\$2,065,628</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2022

	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	\$657,576	\$1,024,303	\$4,418,352	\$540,006	\$0	\$0	\$6,640,237
Payments to Suppliers	(116,608)	(12,086)	(1,107,458)	(376,186)			(1,612,338)
Payments to Employees	(323,911)	(417,731)	(4,310,444)				(5,052,086)
Payments for Interfund Services Used	(5,481)	(38,389)	(9,094)				(52,964)
Net Cash Provided by (Used in) Operating Activities	211,576	\$556,097	(1,008,644)	163,820	0	0	(77,151)
Cash Flows from Noncapital Financing Activities:							
Transfers In		836,227	(8,045)	310,986			1,147,213
Transfers Out							(8,045)
Net Cash Flows Provided by (Used in) Noncapital Financing Activities	0	836,227	(8,045)	310,986	0	0	1,139,168
Cash Flows from Capital and Related Financing Activities:							
Purchases of Capital Assets	(2,330)	(5,141)	(60,513)	0	0	0	(67,984)
Net Cash Flows Used in Capital and Related Financing Activities	(2,330)	(5,141)	(60,513)	0	0	0	(67,984)
Cash Flows Provided by Investing Activities:							
Purchases of Investments			1,476,185		(486)		1,475,699
Income on Investments		0	520	0	486	0	1,006
Net Cash Flows Provided by (Used in) Investing Activities	0	0	1,476,705	0	0	0	1,476,705
Net Increase (Decrease)	209,246	1,387,183	399,503	474,806	0	0	2,470,738
Cash at Beginning of Year	2,515,192	355,065	4,835,718	28,494	154,640	503	7,889,612
Cash at End of Year	\$2,724,438	\$1,742,248	\$5,235,221	\$503,300	\$154,640	\$503	\$10,360,350
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:							
Operating Income (Loss)	\$187,663	\$471,681	(\$1,128,683)	\$89,849	\$0	\$0	(\$379,490)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Depreciation	6,731	4,106	119,627				130,464
(Increase) Decrease in Assets:							
Other Receivables	(1,322)		68,411	34,450			101,539
Inventories and Prepaid Expenses	13,750	176	(36,261)	(480)			(22,815)
(Increase) Decrease in Deferred Outflows:							
Deferred Other Post Employment Benefit Amounts	23,319	22,369	7,381				32,069
Deferred Pension Amounts	34,904	145,431	236,587				416,922
Increase (Decrease) in Liabilities:							
Accounts Payable	(3,742)	198	(7,488)	40,001			28,969
Accrued Payroll	(412)	(4,393)	11,131				6,326
Compensated Absences	6,220	3,986	(32,076)				(21,870)
Lease Liability	1,575	3,098	1,302				5,975
Net Other Post Employment Benefit Liability	(48,716)	(122,173)	(335,365)				(506,254)
Increase (Decrease) in Deferred Inflows:	(133,623)	(335,108)	(919,868)				(1,388,599)
Net Pension Liability							
Deferred Other Post Employment Benefit Amounts	47,521	119,179	327,144				493,844
Deferred Pension Amounts	98,708	247,547	679,514				1,025,769
Total Adjustments	23,913	84,416	120,039	73,971	0	0	302,339
Net Cash Provided by (Used In) Operating Activities	\$211,576	\$556,097	(\$1,008,644)	\$163,820	\$0	\$0	(\$77,151)

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, 2022

	Health, Dental, and Vision Care	Insurance and Risk Management	Total
ASSETS			
Current Assets:			
Cash	\$1,877,006	\$36,735,643	\$38,612,649
Receivables	9,140	26,896	36,036
Inventories and Prepaid Expenses	498,591		498,591
Total Current Assets	<u><u>\$2,384,737</u></u>	<u><u>\$36,762,539</u></u>	<u><u>\$39,147,276</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$1,309,690	\$185,840	\$1,495,530
Claims Payable:			
Reported		13,174,445	13,174,445
Incurred But Not Reported	1,075,047	15,936,348	17,011,395
Total Current Liabilities	<u><u>2,384,737</u></u>	<u><u>29,296,633</u></u>	<u><u>31,681,370</u></u>
Total Liabilities	<u><u>\$2,384,737</u></u>	<u><u>\$29,296,633</u></u>	<u><u>\$31,681,370</u></u>
NET POSITION			
Unrestricted	<u><u>\$0</u></u>	<u><u>\$7,465,906</u></u>	<u><u>\$7,465,906</u></u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES, & CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2022

	Health, Dental, and Vision Care Insurance				Insurance and Risk Management	
	Health	Dental	Vision Care	Total		Total
Operating Revenues						
Premiums	\$34,446,316	\$2,365,394	\$471,229	\$37,282,939	\$10,117,683	\$47,400,622
Total Operating Revenues	<u>34,446,316</u>	<u>2,365,394</u>	<u>471,229</u>	<u>37,282,939</u>	<u>10,117,683</u>	<u>47,400,622</u>
Operating Expenses						
Claims and Benefit Payments	30,723,761	2,396,399	479,091	33,599,251	10,891,926	44,491,177
Operating Supplies and Expense	3,683,688			3,683,688		3,683,688
Total Operating Expenses	<u>34,407,449</u>	<u>2,396,399</u>	<u>479,091</u>	<u>37,282,939</u>	<u>10,891,926</u>	<u>48,174,865</u>
Operating Income (Loss)	38,867	(31,005)	(7,862)	0	(774,243)	(774,243)
Change in Net Position	<u>38,867</u>	<u>(31,005)</u>	<u>(7,862)</u>	<u>0</u>	<u>(774,243)</u>	<u>(774,243)</u>
Net Position, Beginning	<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>
Net Position, Ending	<u>\$294,301</u>	<u>(\$284,392)</u>	<u>(\$9,909)</u>	<u>\$0</u>	<u>\$7,465,906</u>	<u>\$7,465,906</u>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2022

	<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	37,282,939		\$37,282,939
Receipts from Interfund Services Provided	(104)	10,117,684	10,117,580
Refunds from/(Payments to) Suppliers	(3,396,113)	(45,891)	(3,442,004)
Payments for Claims	(33,604,984)	(10,728,102)	(44,333,086)
Net Cash Provided by (Used in) Operating Activities	<u>281,738</u>	<u>(656,309)</u>	<u>(374,571)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 281,738	 (656,309)	 (374,571)
 Cash at Beginning of Year	 <u>1,595,268</u>	 <u>37,391,952</u>	 <u>38,987,220</u>
 Cash at End of Year	 <u><u>\$1,877,006</u></u>	 <u><u>\$36,735,643</u></u>	 <u><u>\$38,612,649</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
 Operating Income (Loss)	 \$0	 (\$774,243)	 (\$774,243)
 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Decrease in Assets:			
Other Receivables	(104)	1	(103)
Inventories and Prepaid Expenses	(70,040)		(70,040)
Increase in Liabilities:			
Accounts Payable	357,615	(45,891)	311,724
Claims Payable	(5,733)	163,824	158,091
Total Adjustments	<u>281,738</u>	<u>117,934</u>	<u>399,672</u>
 Net Cash Provided by (Used in) Operating Activities	 <u><u>\$281,738</u></u>	 <u><u>(\$656,309)</u></u>	 <u><u>(\$374,571)</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
June 30, 2022

	<u>Sewer</u>
ASSETS	
Cash and Cash Equivalents	\$39,452,345
Inventories and Prepaid Expenses	
Total Assets	<u><u>\$39,452,345</u></u>
NET POSITION	
Net position restricted for pool participants	<u><u>\$39,452,345</u></u>

STATEMENT OF CHANGES IN NET POSITION
Investment Trust Funds
For the Year Ended June 30, 2022

	<u>Sewer</u>
ADDITIONS	
Contributions:	
Employer	\$19,463,793
Total Contributions	<u>19,463,793</u>
Investment Income:	
Net Change in Fair Value of Investments	
Interest	35,267
Total Investment Income	<u>35,267</u>
Total Additions	<u>19,499,060</u>
DEDUCTIONS	
Benefit Payments	7,212,075
Total Deductions	<u>7,212,075</u>
Net Decrease	12,286,985
Net Position, Beginning	27,165,360
Net Position, Ending	<u><u>\$39,452,345</u></u>

STATEMENT OF CHANGES IN NET POSITION
Custodial Funds
June 30, 2022

	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	\$335,508	\$714	\$11,839	\$2,186,172	\$1,541,559	\$4,390,019
Interest Receivable	50						50
Total Assets	<u>\$314,277</u>	<u>\$335,508</u>	<u>\$714</u>	<u>\$11,839</u>	<u>\$2,186,172</u>	<u>\$1,541,559</u>	<u>\$4,390,069</u>
LIABILITIES							
Accounts Payable and Accrued Expenses	\$0	\$0	\$0	\$0	\$2,065	\$322,280	\$324,345
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,065</u>	<u>\$322,280</u>	<u>\$324,345</u>
NET POSITION							
Individuals, organizations, and Other Governments	<u>\$314,277</u>	<u>\$335,508</u>	<u>\$714</u>	<u>\$11,839</u>	<u>\$2,184,107</u>	<u>\$1,219,279</u>	<u>\$4,065,724</u>

STATEMENT OF CHANGES IN NET POSITION
Custodial Funds
For the Year Ended June 30, 2022

	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		41,120			840,633	2,163,113	3,044,866
Other Governments				156,960		152,325	309,285
Total Contributions	0	41,120	0	156,960	840,633	2,315,438	3,354,151
Total Additions	0	41,120	0	156,960	840,633	2,315,438	3,354,151
DEDUCTIONS							
Benefit Payments		39,185		216,924	382,519	2,011	640,639
Administrative Expense						2,252,606	2,252,606
Total Deductions	0	39,185	0	216,924	382,519	2,254,617	2,893,245
Net Increase (Decrease)	0	1,935	0	(59,964)	458,114	60,821	460,906
Net Position, Beginning	314,277	333,573	714	71,803	1,725,993	1,158,458	3,604,818
Net Position, Ending	<u>\$314,277</u>	<u>\$335,508</u>	<u>\$714</u>	<u>\$11,839</u>	<u>\$2,184,107</u>	<u>\$1,219,279</u>	<u>\$4,065,724</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, 2022			
	Lexington Transit Authority	Lexington Public Library	Lexington Convention and Visitors Bureau	Total Nonmajor Component Units
ASSETS				
Cash	\$24,385,715	\$12,820,283	\$5,283,457	\$42,489,455
Investments	8,355,000	5,340,230		13,695,230
Receivables:				
Accounts Receivable	400,293		223,565	623,858
Other	181,375	19,797		201,172
Due from Primary Government			1,736,579	1,736,579
Due from Other Governments	1,583,522			1,583,522
Inventories and Prepaid Expenses	842,690	44,300	367,399	1,254,389
Restricted Current Assets:				
Cash	697,608	642,137	553,622	1,893,367
Investments		176,266	2,601,090	2,777,356
Pension Assets	3,753,766			3,753,766
Capital Assets:				
Non-depreciable	4,981,242	8,725,864	29,778	13,736,884
Depreciable (Net)	32,988,211	19,491,108	1,419,921	53,899,240
Leased Assets (Net)		487,054	1,084,990	1,572,044
Total Assets	\$78,169,422	\$47,747,039	\$13,300,401	\$139,216,862
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Amounts	\$1,576,384	\$1,905,452	\$574,499	\$4,056,335
Deferred Other Post Employment Benefit Amounts on Pension Plan Investments		2,188,048	732,905	2,920,953
Deferred Amount on Note Payable			2,430,000	2,430,000
Total Deferred Outflows of Resources	1,576,384	4,093,500	3,737,404	9,407,288
Total Assets and Deferred Outflows of Resources	\$79,745,806	\$51,840,539	\$17,037,805	\$148,624,150
LIABILITIES				
Accounts, Contracts Payable and Accrued Liabilities	\$959,412	\$581,361	\$207,665	\$1,748,438
Interest Payable		138		138
Unearned Revenue and Other		2,000	744,545	746,545
Non-Current Liabilities:				
Due Within One Year:				
Compensated Absences	133,672	349,226	121,256	604,154
Bonds and Notes Payable		723,363	405,000	1,128,363
Lease Liability		93,504	54,268	147,772
Due in More Than One Year:				
Compensated Absences	277,888			277,888
Bonds and Notes Payable	12,673,400	5,144,044	2,025,000	19,842,444
Lease Liability		400,277	1,059,170	1,459,447
Net Other Post Retirement Benefit Liability		3,725,079	1,079,463	4,804,542
Net Pension Liability		12,408,742	3,595,815	16,004,557
Total Liabilities	\$14,044,372	\$23,427,734	\$9,292,182	\$46,764,288
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Amounts	\$3,832,257	\$2,953,843	\$943,849	\$7,729,949
Deferred Other Post Employment Benefit Amounts		2,245,967	668,636	2,914,603
Total Deferred Inflows of Resources	3,832,257	5,199,810	1,612,485	10,644,552
Total Liabilities and Deferred Inflows of Resources	\$17,876,629	\$28,627,544	\$10,904,667	\$57,408,840
NET POSITION				
Net Investment in Capital Assets	\$25,993,661	\$22,349,565	\$1,449,699	\$49,792,925
Restricted for:				
Governmental and Program Funds		580,042		580,042
Unrestricted	35,875,516	283,388	4,683,439	40,842,343
Total Net Position	\$61,869,177	\$23,212,995	\$6,133,138	\$91,215,310

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
For the Year Ended June 30, 2022

	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	\$26,171,389	\$6,899,087	\$2,233,937	(\$13,211,590)			(\$13,211,590)
Depreciation and Amortization	3,029,140			(3,029,140)			(3,029,140)
Total Lexington Transit Authority	<u>3,826,775</u>	<u>6,899,087</u>	<u>2,233,937</u>				<u>(16,240,730)</u>
Lexington Public Library							
Library Operations	13,095,751	584,919	305,000		(\$11,858,289)		(11,858,289)
Depreciation and Amortization	1,665,503				(1,665,503)		(1,665,503)
Interest on Long-Term Debt	272,972				(272,972)		(272,972)
Total Lexington Public Library	<u>347,543</u>	<u>584,919</u>	<u>305,000</u>				<u>(13,796,764)</u>
Lexington Convention and Visitors Bureau							
Convention and Tourism Operations	6,018,943	1,213,563				(\$4,805,380)	(4,805,380)
Depreciation and Amortization	416,197					(416,197)	(416,197)
Interest on Long-Term Debt	33,939					(33,939)	(33,939)
Total Lexington Convention and Visitors Bureau	<u>6,469,079</u>	<u>1,213,563</u>	<u>0</u>				<u>(5,235,516)</u>
Total Nonmajor Component Units	<u>\$50,703,834</u>	<u>\$8,697,569</u>	<u>\$2,538,937</u>	<u>(\$16,240,730)</u>	<u>(\$13,796,764)</u>	<u>(\$5,255,516)</u>	<u>(\$35,293,010)</u>
General Revenues:							
Taxes							
Income (Loss) on Investments				\$21,029,258	\$17,766,972	\$8,644,392	\$47,440,622
Gain on Sale of Capital Assets					(63,653)	30,123	(33,530)
Miscellaneous				9,910			9,910
				(215,665)	127,983	16,040	(71,642)
Total General Revenues				<u>20,823,503</u>	<u>17,831,302</u>	<u>8,690,555</u>	<u>47,345,360</u>
Change in Net Position				<u>4,582,773</u>	<u>4,034,538</u>	<u>3,435,039</u>	<u>12,052,350</u>
Net Position, Ending				<u>57,286,404</u>	<u>19,178,457</u>	<u>2,698,099</u>	<u>79,162,960</u>
Net Position, Ending				<u>\$61,869,177</u>	<u>\$23,212,995</u>	<u>\$6,133,138</u>	<u>\$91,215,310</u>

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$250,000	\$250,000	\$269,387	\$19,387
Total Revenues	250,000	250,000	269,387	19,387
EXPENDITURES				
Current:				
Police		497,477	208,365	(289,112)
Capital:				
Equipment		557,541	74,050	(483,491)
Total Expenditures	<u>0</u>	<u>1,055,018</u>	<u>282,415</u>	<u>(772,603)</u>
Excess (Deficiency) of Revenues Over Expenditures	250,000	(805,018)	(13,028)	791,990
OTHER FINANCING SOURCES (USES)				
Transfers Out		47,260		(47,260)
Total Other Financing Sources (Uses)	<u>0</u>	<u>47,260</u>	<u>0</u>	<u>(47,260)</u>
Net Change in Fund Balance	<u>\$250,000</u>	<u>(\$757,758)</u>	<u>(\$13,028)</u>	<u>\$744,730</u>
Fund Balance, Beginning			13,028	
Fund Balance, Ending			<u>\$0</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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$600,000	\$600,000	\$244,710	(\$355,290)
Total Revenues	600,000	600,000	244,710	(355,290)
EXPENDITURES				
Current:				
Police	265,000	261,215	154,882	(106,333)
Capital:				
Equipment			21,256	21,256
Total Expenditures	265,000	261,215	176,138	(85,077)
Excess (Deficiency) of Revenues Over Expenditures	335,000	338,785	68,572	(270,213)
OTHER FINANCING SOURCES (USES)				
Lease (as Lessee)			21,256	21,256
Total Other Financing Sources (Uses)	0	0	21,256	21,256
Net Change in Fund Balance	<u>\$335,000</u>	<u>\$338,785</u>	\$89,828	<u>(\$248,957)</u>
Fund Balance, Beginning			761,997	
Fund Balance, Ending			<u>\$851,825</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-Positive (Negative)
REVENUES				
Intergovernmental	\$250,000	\$250,000	\$233,858	(\$16,142)
Total Revenues	250,000	250,000	233,858	(16,142)
Excess (Deficiency) of Revenues (Under) Expenditures	250,000	250,000	233,858	(16,142)
Net Change in Fund Balance	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$233,858</u>	<u>(\$16,142)</u>
Fund Balance, Beginning			136,712	
Fund Balance, Ending			<u>\$370,570</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers Out	(\$70,000)	(\$70,000)	(\$70,000)	
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	
Net Change in Fund Balance	<u>(\$70,000)</u>	<u>(\$70,000)</u>	<u>(\$70,000)</u>	<u>\$0</u>
Fund Balance, Beginning			135,725	
Fund Balance, Ending			<u>\$65,725</u>	

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
MUNICIPAL AID FUND
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$5,823,617	\$5,823,617	\$5,327,115	(\$496,502)
Income on Investments	100	100	100	
Total Revenues	<u>5,823,717</u>	<u>5,823,717</u>	<u>5,327,215</u>	<u>(496,502)</u>
EXPENDITURES				
Current:				
Environmental Quality & Public Works	371,178	542,943	595,468	52,525
Capital:				
Acquisitions and Construction	<u>3,591,947</u>	<u>3,287,350</u>	<u>2,740,051</u>	<u>(547,299)</u>
Total Expenditures	<u>3,963,125</u>	<u>3,830,293</u>	<u>3,335,519</u>	<u>(494,774)</u>
Excess (Deficiency) of Revenues Over Expenditures	1,860,592	1,993,424	1,991,696	(1,728)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,603,235)	(5,208,155)	(3,312,092)	1,896,063
Total Other Financing Sources (Uses)	<u>(3,603,235)</u>	<u>(5,208,155)</u>	<u>(3,312,092)</u>	<u>1,896,063</u>
Net Change in Fund Balance	<u>(\$1,742,643)</u>	<u>(\$3,214,731)</u>	<u>(\$1,320,396)</u>	<u>\$1,894,335</u>
Fund Balance, Beginning			5,958,488	
Fund Balance, Ending			<u>\$4,638,092</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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$761,090	\$761,090	\$602,564	(\$158,526)
Income on Investments	50	50	70	20
Total Revenues	761,140	761,140	602,634	(158,506)
EXPENDITURES				
Current:				
Capital:				
Acquisitions and Construction	761,000	829,082	644,976	(184,106)
Total Expenditures	761,000	829,082	644,976	(184,106)
Excess (Deficiency) of Revenues (Under) Expenditures	140	(67,942)	(42,342)	25,600
Net Change in Fund Balance	\$140	(\$67,942)	(\$42,342)	\$25,600
Fund Balance, Beginning			3,322,707	
Fund Balance, Ending			\$3,280,365	

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Intergovernmental	\$300,000	\$300,000	\$292,797	(\$7,203)
Income on Investments	25	25	23	(2)
Total Revenues	<u>300,025</u>	<u>300,025</u>	<u>292,820</u>	<u>(7,205)</u>
EXPENDITURES				
Current:				
Environmental Quality & Public Works	250,000	363,392	235,948	(127,444)
Capital:				
Acquisitions and Construction		479	479	
Total Expenditures	<u>250,000</u>	<u>363,871</u>	<u>236,427</u>	<u>(127,444)</u>
Excess (Deficiency) of Revenues (Under) Expenditures	<u>50,025</u>	<u>(63,846)</u>	<u>56,393</u>	<u>120,239</u>
Net Change in Fund Balance	<u>\$50,025</u>	<u>(\$63,846)</u>	<u>\$56,393</u>	<u>\$120,239</u>
Fund Balance, Beginning			421,855	
Fund Balance, Ending			<u>\$478,248</u>	

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
2022 BOND PROJECTS
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget-Positi (Negative)
REVENUES	Original	Final	Actual	
Other	\$0	\$0	\$0	\$0
Income on Investments			6,187	6,187
Total Revenues	0	0	6,187	6,187
EXPENDITURES				
Current:				
01 Information Technology	93,960	49,348	49,348	
01 Public Safety	45,000			
Community Corrections	450,000	101,760	127,200	25,440
Debt Service:				
Other Debt Service		165,750	165,750	
Capital:				
Equipment	9,432,836	5,608,228	5,608,967	739
Acquisitions and Construction	19,021,500	1,482,570	3,448,986	1,966,416
Total Expenditures	29,043,296	7,407,656	9,400,251	1,992,595
Excess (Deficiency) of Revenues (Under) Expenditures	(29,043,296)	(7,407,656)	(9,394,064)	(1,986,408)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt		27,200,000	27,200,000	
Premium on Bonds		3,806,399	3,806,399	
Discount on Bonds		(40,552)	(40,552)	
Total Other Financing Sources (Uses)	0	30,965,847	30,965,847	0
Net Change in Fund Balance	(\$29,043,296)	\$23,558,191	\$21,571,783	(\$1,986,408)
Fund Balance, Beginning			0	
Fund Balance, Ending			\$21,571,783	

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
User Charges	\$68,500,000	\$68,500,000	\$71,830,495	\$3,330,495
Fees	2,075,000	2,075,000	2,905,617	830,617
Exactions			156,380	156,380
Property Sales	45,000	45,000	61,766	16,766
Other	17,569,060	17,569,060	13,722,741	(3,846,319)
Income on Investments	66,100	66,100	(950,879)	(1,016,979)
Total Revenues	88,255,160	88,255,160	87,726,120	(529,040)
EXPENDITURES				
Current:				
General Government	2,442,681	2,107,909	2,335,280	227,371
Administrative Services	45,557	62,339	58,090	(4,249)
Chief Development Officer	48,176	51,153	46,311	(4,842)
Environmental Quality & Public Works	44,631,840	50,563,637	62,192,653	11,629,016
Finance	2,580,115	2,593,507	2,146,460	(447,047)
Housing Advocacy and Community Development	375,230	380,699	244,892	(135,807)
Information Technology	857,564	854,402	818,484	(35,918)
General Services	62,256	67,613	1,006,172	938,559
Law and Risk Management	155,337	155,337	144,934	(10,403)
Debt Service:				
Principal	11,747,294	11,747,294		(11,747,294)
Interest	4,702,753	4,702,483	4,617,502	(84,981)
Other Debt Service	253,574	253,574	(137,886)	(391,460)
Capital:				
Equipment	787,500	694,039	5,912,596	5,218,557
Acquisitions and Construction	23,542,750	29,453,658	6,142,385	(23,311,273)
Total Expenditures	92,232,627	103,687,644	85,527,873	(18,159,771)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,977,467)	(15,432,484)	2,198,247	17,630,731
OTHER FINANCING SOURCES (USES)				
Transfers Out	26,341	(84,179)	(25,469)	58,710
Total Other Financing Sources (Uses)	26,341	(84,179)	(25,469)	58,710
Net Change in Fund Balance	(\$3,951,126)	(\$15,516,663)	\$2,172,778	\$17,689,441
Fund Balance, Beginning			<u>277,687,339</u>	
Fund Balance, Ending			<u><u>\$279,860,117</u></u>	

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, 2022

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget-Positive (Negative)
	Original	Final		
Fees	\$340,000	\$340,000	\$344,325	\$4,325
Rental Income	5,526,626	5,526,626	5,004,491	(522,135)
Property Sales		20,980	100,000	79,020
Other			119,955	119,955
Theatre Revenues		200,000	204,278	4,278
Income on Investments			43	43
Total Revenues	5,866,626	6,087,606	5,773,092	(314,514)
EXPENDITURES				
Current:				
General Government			2,427,885	2,427,885
Environmental Quality & Public Works			5,509	5,509
Finance	792	792	792	
Housing Advocacy and Community Development			16,267	16,267
Public Safety			5,345	5,345
Police			44,395	44,395
Fire and Emergency Services			94,178	94,178
General Services	2,001,156	2,128,132	2,389,857	261,725
Parks and Recreation			104,079	104,079
Outside Agencies		200,000	184,944	(15,056)
Debt Service:				
Principal	2,510,000	2,510,000		(2,510,000)
Interest	1,445,181	1,445,181	1,413,978	(31,203)
Other Debt Service			(261,141)	(261,141)
Capital:				
Equipment		55,255	29,000	(26,255)
Acquisitions and Construction	451,000	1,658,716	(18,340)	(1,677,056)
Total Expenditures	6,408,129	7,998,076	6,436,748	(1,561,328)
Excess (Deficiency) of Revenues (Under) Expenditures	(541,503)	(1,910,470)	(663,656)	1,246,814
OTHER FINANCING SOURCES (USES)				
Transfers In			400,131	400,131
Transfers Out			25,469	25,469
Total Other Financing Sources (Uses)	0	0	425,600	425,600
Net Change in Fund Balance	(\$541,503)	(\$1,910,470)	(\$238,056)	\$1,672,414
Fund Balance, Beginning			22,979,036	
Fund Balance, Ending			<u>\$22,740,980</u>	

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
User Charges	\$6,878,000	\$6,878,000	\$7,008,538	\$130,538
Fees	260,000	260,000	293,245	33,245
Other	115,000	115,000	69,090	(45,910)
Income on Investments	71,700	71,700	39,112	(32,588)
Total Revenues	7,324,700	7,324,700	7,409,985	85,285
EXPENDITURES				
Current:				
General Government	237,939	224,937	260,901	35,964
Environmental Quality & Public Works	3,728,956	4,705,549	5,260,657	555,108
Finance	644,324	644,098	557,719	(86,379)
Housing Advocacy and Community Development	101,372	108,143	86,685	(21,458)
Information Technology	105,165	98,774	72,040	(26,734)
Law and Risk Management	70,173	67,868	63,092	(4,776)
Capital:				
Equipment			1,416	1,416
Acquisitions and Construction	850,000	249,571	(181,668)	(431,239)
Total Expenditures	5,737,929	6,098,940	6,120,842	21,902
Excess (Deficiency) of Revenues Over Expenditures	1,586,771	1,225,760	1,289,143	63,383
Net Change in Fund Balance	\$1,586,771	\$1,225,760	\$1,289,143	\$63,383
Fund Balance, Beginning			44,985,162	
Fund Balance, Ending			<u>\$46,274,305</u>	

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
User Charges	\$15,250,000	\$15,250,000	\$16,137,153	\$887,153
Other	175,000	175,000	225,985	50,985
Income on Investments	55,000	55,000	(239,693)	(294,693)
Total Revenues	15,480,000	15,480,000	16,123,445	643,445
EXPENDITURES				
Current:				
General Government	938,558	894,125	1,006,258	112,133
Administrative Services	6,771	6,771	5,155	(1,616)
Environmental Quality & Public Works	10,294,432	9,339,025	9,429,882	90,857
Finance	865,667	877,522	823,738	(53,784)
Housing Advocacy and Community Development	129,871	130,873	107,637	(23,236)
Information Technology	367,010	361,549	364,199	2,650
General Services			16,438	16,438
Parks and Recreation	66,937	66,937	67,613	676
Law and Risk Management	108,705	108,705	104,365	(4,340)
Debt Service:				
Principal	267,134	267,134		(267,134)
Interest	74,134	74,134	73,737	(397)
Other Debt Service	8,273	8,273	8,273	
Capital:				
Equipment	9,900	9,900	89,496	79,596
Acquisitions and Construction	2,825,000	10,167,771	583,520	(9,584,251)
Total Expenditures	15,962,392	22,312,719	12,680,311	(9,632,408)
Excess (Deficiency) of Revenues Over Expenditures	(482,392)	(6,832,719)	3,443,134	10,275,853
Net Change in Fund Balance	(\$482,392)	(\$6,832,719)	\$3,443,134	\$10,275,853
Fund Balance, Beginning			24,092,797	
Fund Balance, Ending			\$27,535,931	

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$489,800	\$489,800	\$656,568	\$166,768
Other			2,330	2,330
Total Revenues	489,800	489,800	658,898	169,098
EXPENDITURES				
Current:				
Environmental Quality & Public Works	482,363	508,811	379,023	(129,788)
Information Technology	85,441	85,441	83,558	(1,883)
General Services			6,324	6,324
Capital:				
Equipment			2,330	2,330
Total Expenditures	567,804	594,252	471,235	(123,017)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,004)	(104,452)	187,663	292,115
Net Change in Fund Balance	(\$78,004)	(\$104,452)	\$187,663	\$292,115
Fund Balance, Beginning			1,797,804	
Fund Balance, Ending			\$1,985,467	

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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$2,025,150	\$2,025,150	\$1,019,162	(\$1,005,988)
Other			5,141	5,141
Total Revenues	2,025,150	2,025,150	1,024,303	(1,000,847)
EXPENDITURES				
Current:				
General Government	202,302	197,848	38,389	(159,459)
Parks and Recreation	1,665,505	1,474,915	509,092	(965,823)
Capital:				
Equipment			5,141	5,141
Total Expenditures	1,867,807	1,672,763	552,622	(1,120,141)
Excess (Deficiency) of Revenues Over (Under) Expenditures	157,343	352,387	471,681	119,294
OTHER FINANCING SOURCES (USES)				
Transfers In			836,227	836,227
Total Other Financing Sources (Uses)	0	0	836,227	836,227
Net Change in Fund Balance	<u>\$157,343</u>	<u>\$352,387</u>	<u>\$1,307,908</u>	<u>\$955,521</u>
Fund Balance, Beginning			(1,716,601)	
Fund Balance, Ending			<u>(\$408,693)</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, 2022

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
REVENUES	Original	Final	Actual	
Fees	\$4,779,810	\$4,779,810	\$4,337,563	(\$442,247)
Other	7,230	7,230	12,378	5,148
Income on Investments	1,000	1,000	520	(480)
Total Revenues	4,788,040	4,788,040	4,350,461	(437,579)
EXPENDITURES				
Current:				
General Government	55,858			
Information Technology	2,100	2,100	1,614	(486)
Public Safety	6,306,049	6,422,468	5,494,591	(927,877)
General Services			8,661	8,661
Parks and Recreation			594	594
Law and Risk Management	21,741	24,576	23,072	(1,504)
Capital:				
Equipment	142,247	63,147	6,014	(57,133)
Acquisitions and Construction			(55,922)	(55,922)
Total Expenditures	6,527,995	6,512,291	5,478,624	(1,033,667)
Excess (Deficiency) of Revenues (Under) Expenditures	(1,739,955)	(1,724,251)	(1,128,163)	596,088
OTHER FINANCING SOURCES (USES)				
Transfers Out	(40,000)	(62,896)	(8,045)	54,851
Total Other Financing Sources (Uses)	(40,000)	(62,896)	(8,045)	54,851
Net Change in Fund Balance	(\$1,779,955)	(\$1,787,147)	(\$1,136,208)	\$650,939
Fund Balance, Beginning			960,796	
Fund Balance, Ending			(\$175,412)	

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget-Positive
REVENUES				(Negative)
Fees	\$379,266	\$552,266	\$505,556	(\$46,710)
Total Revenues	379,266	552,266	505,556	(46,710)
EXPENDITURES				
Current:				
Public Safety	365,400	360,494	382,015	21,521
Capital:				
Equipment	25,507	59,199	33,692	(25,507)
Total Expenditures	390,907	419,693	415,707	(3,986)
Excess (Deficiency) of Revenues Over Expenditures	(11,641)	132,573	89,849	(42,724)
Net Change in Fund Balance	<u>(\$11,641)</u>	<u>\$132,573</u>	\$400,835	<u>\$268,262</u>
Fund Balance, Beginning			90,119	
Fund Balance, Ending			<u>\$490,954</u>	

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$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	\$632,033,984
Restricted	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	71,227,610
Unrestricted (Deficit)	(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)	(770,655,462)
Total governmental activities net position	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)	(67,393,868)
Business-type Activities										
Net Investment in Capital Assets	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	328,250,051
Restricted	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	17,540,483
Unrestricted (Deficit)	27,429,362	33,237,351	36,179,971	38,061,916	41,169,488	39,300,274	54,867,555	43,004,483	38,537,875	34,380,254
Total business-type activities net position	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	380,170,788
Primary Government										
Net Investment in Capital Assets	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	960,284,035
Restricted	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	88,768,093
Unrestricted (Deficit)	(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)	(736,275,208)
Total primary government net position	\$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	\$312,776,920

* In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions.

** In 2018, the Government implemented GASB Statement No. 74 which revised the reporting for its liability related to other paid employee benefits (OPEB).

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

TABLE 2

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Administrative Services:										
Chief Development Officer	\$11,761,053	\$5,342,699	\$7,433,487	\$7,809,854	\$9,578,189	\$10,332,453	\$10,124,062	\$11,693,590	\$14,349,559	\$7,851,910
Community Corrections	620,665	192,555	513,854	2,074,348	207,793	263,297	1,207,709	4,475,178	9,246,711	8,528,500
Housing Advocacy and Community Development****	32,631,937	34,000,337	30,066,104	30,814,432	33,771,433	40,748,826	42,468,842	40,829,856	39,571,500	39,045,784
Environmental Quality & Public Works										18,617,726
Finance	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	105,784,998
Fire & Emergency Services	14,744,087	16,726,346	14,049,319	39,135,165	49,393,398	36,669,013	36,311,239	38,586,921	33,442,989	9,428,927
General Government	62,781,239	67,689,682	56,832,342	66,853,053	84,838,719	92,898,310	89,329,598	97,423,698	105,140,016	93,232,755
General Services**	23,692,990	26,973,537	25,480,664	30,189,917	45,598,791	24,040,021	45,808,696	32,298,976	35,042,036	49,902,225
Health, Dental and Vision Insurance	10,898,533	10,551,162	11,827,132	12,486,401	22,964,722	13,442,525	12,376,066	13,771,668	14,409,495	29,080,358
Information Technology**	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355	29,080,692
Law	4,006,240	3,811,867	8,401,242	9,464,131	11,174,379	11,011,888	12,247,559	11,932,762	11,754,934	15,030,888
Parks & Recreation	19,653,677	19,693,483	2,650,481	2,109,025	5,652,482	2,602,304	2,886,923	2,276,542	2,310,561	2,202,220
Planning, Preservation, & Development*	3,767,295	47,343,980	18,854,526	21,010,506	23,375,486	24,127,163	24,799,178	21,973,908	20,251,657	24,502,130
Police	69,945,322	69,822,219	56,418,416	64,145,155	46,217,442	46,359,659	46,217,442	98,572,293	97,958,013	90,670,091
Public Safety**	14,666,437	10,776,283	12,593,479	12,560,199	14,759,943	14,913,489	14,632,438	15,881,668	15,536,244	14,107,303
Social Services	10,194,745	10,478,516	10,964,083	11,754,471	13,035,311	14,222,704	15,086,794	14,413,447	14,282,123	15,089,641
Interest on Long-Term Debt	13,116,205	13,053,635	13,116,151	13,722,941	15,336,458	15,273,176	16,044,874	15,587,055	13,486,302	11,430,061
Total governmental activities	401,365,596	413,673,093	391,551,819	460,655,538	537,647,840	534,867,022	550,346,772	548,538,910	552,113,702	550,356,488
Business-Type Activities:										
Sanitary Sewer System	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	85,466,107
Public Facilities	9,419,886	8,895,507	8,829,979	9,596,104	8,666,540	8,049,921	6,915,288	6,898,732	6,519,030	6,336,747
Public Parking	84,866	265,226	66,994	66,987	1,965,274	3,962,016	4,799,382	4,677,693	6,096,303	6,120,842
Landfill	4,099,770	6,060,197	4,426,038	5,542,566	3,962,016	4,071,987	4,799,382	4,677,693	593,476	471,235
Right of Way	284,470	308,683	280,214	336,415	493,872	529,580	593,476	626,891	552,084	552,622
Extended School Program	2,198,555	1,977,394	1,951,359	2,262,605	2,023,018	2,137,227	2,152,127	1,802,941	960,424	
Prisoners' Account System	1,393,543	1,844,393	1,253,423	1,716,855	3,002,164	2,930,224	4,797,403	5,074,477	5,985,370	5,478,624
Enhanced 911	2,930,379	2,384,796	2,638,373	3,940,313	4,170,674	4,701,497	4,797,403	5,074,477	299,418	415,707
CKY Network	10,668	450,919	1,307,829	879,328	412,763	266,242	421,115	417,102	12,930,972	12,680,311
Water Quality	8,308,501	9,139,302	8,618,921	11,290,945	12,062,937	13,618,632	13,628,042	14,744,923	104,388,610	117,522,195
Total Business-Type Activities	67,744,654	74,990,804	70,580,846	79,903,243	86,838,220	89,659,549	96,413,084	99,913,011	104,388,610	117,522,195
Total Primary Government	\$469,110,250	\$488,663,897	\$462,132,665	\$540,558,681	\$624,486,060	\$624,526,571	\$646,759,856	\$648,451,921	\$656,502,312	\$667,878,683

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues										
Governmental Activities:										
Administrative Services****	\$559,050	\$367,363	\$351,158	\$498,615	\$769,505	\$2,123,003	\$395,756	\$480,879	\$567,300	\$1,537,635
Chief Development Officer***		6,281	76,504	2,500	6,569	9,159	40,428	190,118	134,655	202,945
Community Corrections	8,286,565	9,161,315	8,574,892	9,330,723	9,263,554	9,309,583	10,424,478	9,225,735	7,770,541	6,223,554
Housing Advocacy and Community Development****										1,160,962
Environmental Quality & Public Works***										7,521,956
Finance	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	399,959
Fire & Emergency Services	2,413,363	3,358,781	1,912,603	472,126	55,401	462,509	459,930	399,959	181,688	147,191
General Government	6,952,934	7,036,029	8,211,753	9,210,668	6,422,785	6,817,192	8,178,353	8,724,174	10,212,082	13,120,893
General Services**	23,141,015	17,046,655	19,035,778	19,035,469	18,642,898	19,438,510	21,877,626	17,275,262	17,505,729	18,405,702
Health, Dental, and Vision	28,827	4,155	97,971	18,346	1,700	16,548	4,139	7,724	96,112	18,653
Information Technology**	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355	29,080,692
Law		4,271	213	3,096	981	1,087	3,376	598	8	3,057,996
Parks & Recreation	36,944	49,006	15,013	31,416	17,700	2,638	20,731	344	12,497	34
Planning, Preservation, & Development* ***	41,56,325	3,869,900	4,327,985	4,403,431	4,333,455	4,325,061	4,483,856	3,418,739	3,980,164	5,393,945
Police	240,168	2,245,238	2,709,381	3,119,669	3,114,354	3,134,064	3,100,837	(651)		
Police Safety** ***	1,942,297	2,032,209	1,640,754	1,513,686	1,717,739	2,068,459	1,987,333	1,889,897	1,613,296	4,648,353
Public Services	1,857,059	64,898	247,994	69,522	73,187	69,023	73,867	792,741	570,258	359,006
Operating Grants & Contributions	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	2,452,012
Capital Grants & Contributions	13,065,758	15,108,425	15,087,470	13,383,964	13,146,822	10,617,000	11,596,202	34,183,724	24,469,743	66,533,588
Total Governmental Activities	6,272,539	9,200,572	8,191,685	8,319,315	6,269,038	5,718,463	5,188,577	9,710,448	16,406,353	14,905,729
Business-Type Activities:										
Charges for Services	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	174,963,309
Sanitary Sewer System	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	88,445,752
Public Facilities	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	5,673,049
Public Parking	4,560			705						
Landfill	6,845,329	7,064,989	7,211,864	7,050,937	7,060,342	7,028,050	7,173,603	7,217,572	7,062,426	7,370,873
Right of Way	392,466	520,812	475,126	495,490	656,344	682,221	773,172	759,809	658,898	759,809
Extended School Program	2,379,751	2,202,171	2,229,896	2,280,089	1,904,620	2,060,463	2,126,102	1,500,645	183,657	1,024,303
Prisoners' Account System	1,619,626	1,272,285	1,227,415	1,621,110	3,146,187	3,165,206				
Enhanced 911	3,517,634	4,273,106	3,810,087	4,126,861	4,429,699	4,542,449	4,176,602	4,470,178	4,116,670	4,349,941
CKY Network	25,738	111,576	1,269,890	815,110	400,735	319,414	408,913	458,376	374,504	505,556
Water Quality	12,296,476	13,119,524	13,341,889	13,661,911	13,565,209	14,082,286	14,428,064	15,343,166	15,444,468	16,362,286
Total Business-Type Activities	85,859,645	86,520,306	87,579,682	95,443,490	102,494,830	104,450,861	111,353,185	131,199,933	111,689,209	124,390,658
Total Primary Government	184,433,111	185,361,301	188,409,464	191,636,879	197,836,055	199,193,948	212,986,228	234,996,870	229,507,455	299,353,967
Net (Expense)/Revenue										
Governmental Activities	(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)	(375,393,179)
Business-Type Activities	18,094,991	11,529,802	17,398,836	15,540,247	15,566,610	12,791,312	14,940,101	13,286,922	6,660,599	6,868,463
Total Primary Government	(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)	(368,524,716)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	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	71,866,506
Licenses and Permits	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	364,643,953
Grants & Contributions Not Restricted to Specific Programs:										
Community Development Block Grant	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	2,567,507
Income on Investments	(509,890)	263,242	1,941,282	1,341,333	602,208	1,029,385	2,733,573	1,974,061	(276,837)	(1,411,662)
Sale of Assets	283,406			413,379	1,144,379	149,226	421,745	564,725	211,600	211,600
Transfers	(1,106,585)	(871,447)	(2,546)	(313,102)	1,210,302	(800,072)	14,725	(349,759)	(160,156)	(1,539,298)
Total Governmental Activities	293,364,435	304,431,384	324,496,198	341,790,628	331,520,137	369,027,899	375,209,550	375,170,611	390,974,947	436,338,606
Business-Type Activities:										
Income on Investments	(215,314)	1,021,558	(604,800)	547,366	159,737	962,755	1,730,075	1,652,479	775,068	(1,150,411)
Sale of Assets		10,168			536,905	19,254				
Transfers	(11,902,981)	871,447	2,546	313,102	(2,120,302)	800,072	(564,725)	349,759	160,156	1,539,298
Total Business-Type activities	(12,118,295)	1,893,005	(592,086)	860,468	(513,660)	1,791,468	2,002,238	935,224	388,887	388,887
Total Primary Government	281,246,140	306,324,389	323,904,112	342,611,096	331,006,477	370,819,367	376,394,154	377,172,849	391,910,171	436,727,493
Change in Net Position										
Governmental activities	(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)	60,945,427
Business-type activities	5,976,696	13,422,507	16,806,750	16,400,715	15,052,950	14,582,780	16,124,705	15,289,160	7,595,823	7,257,350
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)	(690,596)		(8,215,642)	(31,421,064)		3,968,279	
Total Primary Government	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)	(34,000,000)
***In FY 20 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. 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.										
****In FY22 the Department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The Division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was moved from Public Safety. Adult Services was renamed Community Residential Services and moved from Social Services										
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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nonspendable	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	2,082,387
Restricted for:										
Public Safety			198,175	397,688	602,807	812,350	1,026,212	1,222,654	1,419,095	1,615,537
Energy Improvement Projects	408,227	636,874	552,989	552,011	676,218	595,075	628,995	261,950	221,462	110,368
Committed for:										
General Government	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	8,949,535
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	36,664,996
Assigned to:										
Capital Projects	8,060,560	8,137,251	20,449,635	13,924,969	4,913,896	1,660,938	2,318,361	28,197,020	999,854	47,248,952
General Government	10,325,000	12,700,000	14,500,000	21,200,000	14,000,000	15,400,000	16,145,000		43,894,927	32,839,184
Budget Stabilization										16,064,468
Unassigned	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	145,575,427
Total	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	175	11,112	2,735	2,603	22,900	62,543	94,468	78,519	32,783	23,991
Restricted for:										
Urban Service Projects	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	28,973,516
Energy Improvement Projects	10,383	13,314	2,930	2,930	5,860	11,720	2,930	2,930	50,860	50,000
Total	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	29,047,507
All Other Governmental Funds										
Reserved										
Undesignated, reported in:										
Nonspendable	22,376	77,859	106,066	2,680					13,028	
Restricted for:										
Public Works	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	8,289,552
Public Safety	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	1,222,395
Capital Projects	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	39,861,679
Grants Projects	1,262,100	1,262,100	210,880	232,138	241,043	250,200	259,010	266,013	269,294	271,798
Committed for:										
General Government										
Assigned to:										
General Government	445,690	1,721,084	1,327,774	720,741	457,767	390,941	244,977	238,234	421,855	478,248
Unassigned				(82,433)		(36,392)				
Total	\$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	\$50,123,672

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Licenses and Permits	\$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	\$373,427,606
Taxes	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	71,866,506
Charges for Services	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	33,960,064
Fines and Forfeitures	311,930	258,112	235,626	222,201	234,820	185,061	231,863	182,230	182,939	230,555
Intergovernmental	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	91,771,875
Exactions	532,410	486,643	2,074,477	317,370	514,337	148,447	243,198	79,066	347,624	133,187
Property Sales	462,570	181,052	529,770	585,626	1,766,593	332,635	582,862	599,831	763,263	784,760
Income on Investments	(509,785)	263,298	1,941,301	1,341,478	602,208	1,029,385	2,733,373	1,974,061	(276,837)	(1,411,662)
Other	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	6,139,275
Total Revenues	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	576,902,166
Expenditures										
Administrative Services***	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	7,279,353
Chief Development Officer***	613,743	190,339	537,986	1,107,841	963,105	1,322,146	1,305,739	4,187,070	9,273,861	8,618,036
Environmental Quality & Public Works***	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	58,565,417
Housing Advocacy and Community Development*****										19,515,399
Finance	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	8,094,061
General Government	5,647,407	5,678,539	6,306,980	6,542,424	6,556,907	6,354,511	7,962,989	5,152,565	6,018,206	7,234,011
General Services**	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	31,996,746
Information Technology**		6,018,607	7,513,809	9,187,214	9,964,616	13,127,259	12,010,209	10,550,550	10,597,824	11,603,708
Law	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	2,285,425
Outside Agencies	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	46,962,203
Planning, Preservation, & Development* ***	3,659,901	8,670,017	10,436,351	12,486,736	14,614,512	14,506,605	13,339,484	97,481	29,594	0
Public Safety** ***	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	236,110,500
Social Services	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	12,116,655
Debt Service:										
Principal	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	34,510,000
Interest and Other	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	12,410,865
Capital	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	59,110,478
Total Expenditures	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	556,412,857
Excess (Deficiency) of Revenues over (under) Expenditures	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	20,489,309
Other Financing Sources (Uses)										
Transfers In										
Transfers Out	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	21,417,397
Debt Proceeds (net of bond refunding)	(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)	(22,956,695)
Issuance of Refunding Debt, par	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	27,200,000
Payment to Refunded Debt Escrow Agent									49,330,000	0
Premium (Discount) on Bonds Issued	(4,549,025)	(60,617,275)	(19,150,513)	3,362,960	(27,626,773)	(15,467,353)	2,804,065	2,174,949	(48,867,263)	0
Leases (as lessee)									616,374	3,765,847
Total Other Financing Sources (Uses)	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	37,768,727
Net Change in Fund Balances	\$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	\$58,258,036
Debt Service as a Percentage of Noncapital Expenditures	9.1%	10.1%	9.1%	9.0%	7.8%	9.7%	9.9%	10.8%	10.8%	9.1%

*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 Lexall 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

*****In FY22 the Department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was renamed Community Residential Services and

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Licenses and Permits	\$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	\$370,948,496
Taxes	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	28,012,485
Charges for Services	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	29,675,493
Fines and Forfeitures	309,442	257,039	234,615	220,612	234,363	184,729	230,914	182,230	182,915	230,555
Intergovernmental	1,978,891	1,720,761	797,537	858,600	546,939	775,621	975,875	857,714	800,012	741,745
Property Sales	137,719	56,688	318,536	205,560	1,265,147	248,629	236,248	379,746	217,207	339,718
Income on Investments	(556,777)	432,454	1,564,895	775,012	339,889	556,641	1,604,513	1,282,752	165,279	(1,367,202)
Other	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	4,602,582
Total Revenues	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	433,183,872
Expenditures and Other										
Financing Sources (Uses)										
Administrative Services****	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	11,517,517
Chief Development Officer***	163,743	182,074	267,683	1,001,763	845,523	1,288,532	1,305,739	3,141,622	8,001,842	5,983,291
Environmental Quality & Public Works***	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	17,668,498
Finance	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	6,831,670
General Government	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	3,760,629
General Services**	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	30,249,734
Housing Advocacy and Community Development****										5,094,723
Information Technology**										13,072,788
Law	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	2,117,848
Outside Agencies	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	22,018,454
Planning, Preservation, & Development* ***	2,738,011	7,742,329	9,540,472	11,872,258	13,588,891	13,399,720	12,365,983	195,419,594	203,443,509	220,552,311
Public Safety** ***	167,821,104	165,631,441	172,810,800	186,461,715	206,803,147	203,622,135	207,963,308	8,802,817	9,423,574	9,049,883
Social Services	6,566,634	6,633,883	6,821,502	7,870,878	9,209,025	9,262,532	9,067,801	46,781,637	47,577,951	46,755,115
Debt Service	29,748,196	34,160,768	31,970,746	34,481,109	35,216,103	41,330,879	44,051,251	79,306	1,488,614	(6,262,620)
Other Financing (Sources) Uses	2,332,547	2,541,672	643,862	1,181,014	694,993	366,171	(2,874,377)	348,306,317	364,273,158	388,409,841
Financing Sources (Uses)	281,986,485	294,377,138	304,923,098	333,240,985	368,587,574	363,742,003	366,387,641			
Net Change in Fund Balance	\$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	\$44,774,031

*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.

****In FY22 the Department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was moved from Public Safety. Adult Services was renamed Community Residential Services and moved from Social Services.

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

TABLE 6

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SANITARY SEWER SYSTEM
SUMMARY OF REVENUES AND EXPENSES

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Sewer Service Charges	\$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	\$71,830,495
Sewer Tap on Fees	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	2,905,617
Exactions	4,002,945	801,569	426,085	411,513	294,332	329,120	273,763	131,575	58,727	156,380
Rental Income							358,303			
Other Income	609,021	1,155,128	2,297,116	1,127,145	912,835	82,988	12,257,683	11,013,992	7,351,626	13,722,741
Total Revenues	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	88,615,233
Operating Expenses										
Treatment Plant	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	7,896,840
Collection System	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	3,012,837
Administration	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	52,038,987
Depreciation	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	18,129,453
Total Operating Expenses	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	81,078,117
Operating Income	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	7,537,116
Net Nonoperating Revenues/(Expenses)	(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)	(5,338,869)
Transfers In	1,208,935	88,369,088	6,230			150,000	172,823,976	280,000		
Transfers Out	(1,039,194)	(88,351,969)	354	(4,236)	(185,026)	56,435	(187,703)		(120,000)	(25,469)
Net Income/Change in Net Position	\$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	\$2,172,778

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)
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
2022	20,413,121	802,162	9,302,533	410	6,051,875		36,570,101		36,570,101	0.2531

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
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	54,771,225	100.0%
2016	55,935,427	54,402,567	97.3%	1,383,963	55,786,530	99.7%
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%
2022	71,748,516	70,546,231	98.3%		70,546,231	98.3%

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							
	Urban Services				Fayette County School	Commonwealth of Kentucky	Extension Services	Soil &		Health Department	Lextran	Total
	General	Refuse	Street Lights	Street Cleaning				Water Conservation				
									Total Direct			
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	* 0.1426	* 0.0213	* 0.0097	* 0.2536	* 0.8100	* 0.1220	* 0.0035	* 0.0006	* 0.0280	* 0.0600	1.2777
2022	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.

* Updated rate in 2022

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	2022			2014		
	Taxable Assessed		% of Total City	Taxable Assessed		% of Total City
	Value	Rank	Value	Value	Rank	Value
Fayette Mall SPE LLC	\$201,573,200	1	0.55%	\$50,468,800	3	0.24%
Hap Property Owner, LP	106,974,900	2	0.29%	74,562,600	1	0.35%
Fritz Farm Retail Company LLC	84,450,000	3	0.23%			
Sreit Racquet Club LLC	71,810,000	4	0.20%			
Passco Fritz Farm Mngr LLC Ttee	64,157,000	5	0.18%			
Healthsouth Ky. Real Estate LLC	56,446,100	6	0.15%			
War Admiral Place LLC	56,058,900	7	0.15%			
Newtown Crossing II LLC	53,000,000	9	0.14%			
Mid American Apts L P	52,426,800	8	0.14%			
Sir Forty 57 LLC	50,000,000	10	0.14%			
Lexmark International Inc.				56,151,400	2	0.27%
Ball Realty Inc.				38,137,100	4	0.18%
Meijer Stores Ltd				35,879,400	5	0.17%
W T Young Inc.				34,999,100	6	0.17%
MCV Venture				27,200,000	7	0.13%
Griffin Gate Association				26,700,000	8	0.13%
Bluegrass Building Partners				25,100,000	9	0.12%
Lexington Financial				25,000,000	10	0.12%
Total	\$796,896,900		2.17%	\$394,198,400		1.88%

*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
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%
2022	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	2022 Rank	2014 Rank
University of Kentucky	1	1
Fayette County Board of Education	2	2
Baptist Healthcare	3	5
Amazon.com	4	
Lexington-Fayette Urban County Government	5	4
Defense Finance & Acctg System (formerly Dept of Veterans Affairs)	6	6
Lexmark International	7	3
St. Joseph Hospital	8	7
Valvoline formerly Ashland, Inc.	9	8
Lockheed Martin	10	10
Lexington Clinic		9

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

TABLE 13

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	% of Personal Income	Primary Government Debt Per Capita
	General Obligation Bonds	QEGB Bond	Bond		Revenue Bonds	Mortgage Revenue Bonds	Notes Payable				
			Lease Revenue Notes Payable	Anticipation Notes							
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	3.6%	2,004	
2021	361,055,860	2,795,000			72,801,603	38,409,948	132,237,000	607,299,411	na	1,887	
2022	354,813,798	2,795,000			67,610,000	35,451,950	126,891,000	587,561,748	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 for 2021 & 2022 not available at time of publication.

Population data for 2022 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		
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%	1,131
2022	357,608,798	0.98%	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 2022 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	\$107,830,000	3.87%	\$4,177,340
Mortgage Revenue Bonds, Series 2018A	79,720,000	3.87%	3,088,357
Mortgage Revenue Bonds, Series 2018B	10,100,000	3.87%	391,275
Mortgage Revenue Bonds, Series 2020	31,865,000	3.87%	1,234,452
Lexington Public Library			
Variable Rate, Revenue Bonds Series 2014A	447,500	1.43%	6,384
Lexington-Fayette Urban County Government Airport Corporation			
Variable Rate General Airport, Revenue, and Refunding Bond 2009B (AMT)	5,400,000	3.60%	194,251
Fixed Rate General Airport, Revenue, and Refunding Bond 2016C (Fed Taxable)	29,310,000	3.60%	1,054,351
Fixed Rate General Airport, Revenue, and Refunding Bond 2016D (non-AMT)	4,690,000	3.60%	168,710
Fixed Rate General Airport, Revenue, and Refunding Bond 2016E (AMT)	3,230,000	3.60%	116,191
Fixed Rate General Airport, Revenue, and Refunding Bond 2019A (Fed Taxable)	31,515,000	3.60%	1,133,670
Fayette County School & Kentucky School Commission Bonds	486,545,000	100.00%	486,545,000
Subtotal, Overlapping Debt			498,109,981
LFUCG, Direct Debt			357,608,798
Total Direct and Overlapping Indebtedness			<u>\$855,718,779</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value	\$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	\$36,570,101
Debt limit (10% of Assessed Value)	\$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	\$3,657,010
Total net debt applicable to limit	194,414	200,820	171,917	162,861	184,801	183,990	362,029	362,797	324,130	311,860
Legal debt margin	\$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	\$3,345,150
Total net debt applicable to the limit as a percentage of debt limit	6.95%	7.08%	5.80%	5.64%	6.04%	5.72%	11.25%	10.47%	9.20%	8.53%
Source: Department of Finance, Lexington-Fayette Urban County Government										

TABLE 17

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(In Thousands)

Public Facilities Corporation												
Fiscal Year	Sanitary Sewer System					Less: Net						
	Gross Revenue	Operating Expenses	Net Available Revenue		Debt Service Interest	Coverage	Gross Revenue	Operating Expenses	Net Available Revenue			
			Principal	Interest						Principal	Interest	Coverage
2013	\$52,769	\$28,839	\$23,930	\$3,413	\$2,400	4.12	\$5,830	\$2,305	\$3,525	\$2,050	\$2,416	0.79
2014	51,542	33,170	18,372	3,505	2,348	3.14	6,376	2,111	4,265	2,130	2,334	0.96
2015	51,440	31,626	19,814	2,067	1,917	4.97	6,406	2,436	3,970	2,215	2,247	0.89
2016	58,234	32,694	25,540	3,094	2,536	4.54	6,988	2,708	4,280	2,310	2,646	0.86
2017	63,289	35,664	27,625	3,688	2,644	4.36	7,305	2,625	4,680	2,405	2,274	1.00
2018	64,355	38,253	26,102	5,220	3,039	3.16	6,149	2,960	3,189	2,055	1,875	0.81
2019	77,698	47,961	29,737	7,922	2,673	2.81	5,956	2,158	3,798	2,165	1,673	0.99
2020	78,210	47,389	30,821	10,483	4,127	2.11	5,988	2,285	3,703	2,270	1,567	0.97
2021	77,948	49,360	28,588	11,213	5,042	1.76	5,717	1,944	3,773	2,390	1,538	0.96
2022	87,664	62,949	24,715	11,590	4,699	1.52	5,673	1,997	3,676	2,510	1,414	0.94

Public Parking Corporation										
Fiscal Year	Public Parking Corporation					Special Assessment Bonds				
	Gross Revenue	Operating Expenses	Net Available Revenue		Debt Service Interest	Coverage	Special Assessment Collections		Debt Service Interest	
			Principal	Coverage			Principal	Coverage		
2013	\$5	\$4	\$1	\$0	\$0	0.00	\$0	\$0	\$0	0.00
2014										
2015										
2016	1		1							
2017										
2018										
2019										
2020										
2021										
2022										

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
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	*** 17,803,115	58,954	162,405	9,879	5.7%
2021	321,793	na	na	148,127	12,778	4.7%
2022	na	na	na	153,279	9,828	3.5%

* Updated in 2018

** Updated in 2019

*** Updated in 2022

Note:

Personal Income and Per Capita Personal Income data for 2021 & 2022 not available at time of publication.

Population data for 2022 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	2022			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Kentucky	24,849	1	16.21%	12,430	1	8.35%
Amazon.com	5,727	2	3.74%	1,100	10	0.74%
Fayette County Public Schools	5,057	3	3.30%	5,427	2	3.65%
Baptist Healthcare	3,108	4	2.03%	1,924	8	1.29%
Lexington-Fayette Urban County Government	2,784	5	1.82%	2,821	5	1.90%
CHI St. Joseph	2,754	6	1.80%			
Conduent	2,500	7	1.63%			
Veterans Medical Center	2,000	8	1.30%			
Lockheed Martin	1,500	9	0.98%	1,470	9	0.99%
Lexmark International	1,433	10	0.93%	2,154	6	1.45%
KentuckyOne Health				3,000	3	2.02%
Xerox				3,000	4	2.02%
Wal-Mart				2,027	7	1.36%
	<u>51,712</u>		<u>33.74%</u>	<u>35,353</u>		<u>23.77%</u>

Source: Lexington Chamber of Commerce

TABLE 20

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
EMPLOYMENT BY INDUSTRY, FAYETTE COUNTY
Reflects Current Industry Standards

Year	Construction	Education and Health Services	Financial Activities	Information	Leisure and Hospitality	Manufacturing	Natural Resources and Mining	Other Services	Professional and Business Services	Trade, Transportation, and Utilities	Others	Total Employment by Place of Work
2001 *	9,331	20,008	8,367	4,593	18,194	15,185	2,028	4,819	19,241	33,600	77	135,443
2002 *	8,249	20,919	8,330	4,670	17,756	14,703	1,959	4,786	20,866	33,424	71	135,733
2003 *	8,727	21,100	8,359	4,365	18,199	13,874	1,890	4,746	21,765	34,276	135	137,436
2004 *	8,451	21,377	8,822	3,833	18,109	14,133	1,959	4,848	22,944	34,208	200	138,884
2005 *	8,568	21,728	8,901	3,803	18,360	14,703	2,056	4,727	23,644	34,567	274	141,331
2006 *	8,291	21,980	9,222	3,743	19,572	14,878	2,552	4,718	25,608	34,416	228	145,208
2007 *	8,628	20,919	8,811	3,600	19,626	15,299	2,473	4,696	25,352	34,347	304	144,055
2008 *	7,723	21,035	8,583	5,086	19,427	14,929	2,260	4,941	23,700	34,320	229	142,233
2009 *	7,109	21,603	7,921	4,403	19,455	13,194	2,043	5,138	23,745	32,697	24	137,332
2010 *	6,491	21,983	8,226	5,711	19,930	12,632	1,881	5,444	25,106	33,256	54	140,714
2011 *	6,790	23,640	8,266	5,680	19,495	11,962	2,088	5,383	25,988	33,620	40	142,952
2012 *	6,733	24,230	8,000	5,396	20,318	12,226	2,010	5,347	27,515	34,619	61	146,455
2013 *	7,144	23,727	7,875	5,030	21,186	12,214	1,906	5,303	32,376	35,860	101	152,722
2014 *	7,545	23,527	7,638	5,218	22,346	12,229	2,000	4,926	30,600	37,218	43	153,290
2015 *	8,742	24,995	7,734	4,891	23,556	12,244	1,957	5,024	32,858	37,885	53	159,939
2016 *	9,591	25,165	7,859	2,335	23,579	11,911	1,775	5,328	30,942	39,458	47	157,990
2017 *	9,633	25,918	7,858	2,173	23,971	11,445	2,001	5,319	30,750	40,767	46	159,881
2018	9,497	26,777	7,987	2,216	24,056	11,506	1,948	5,421	27,592	38,887	49	155,936
2019	10,055	26,987	8,469	2,234	24,561	11,245	2,020	5,438	28,997	38,902	36	158,944
2020	9,417	26,785	8,072	2,305	19,304	10,599	2,529	4,982	26,573	34,941	21	145,528
2021	9,779	27,200	8,734	2,526	22,944	11,248	2,001	5,473	27,492	35,839	43	153,279

*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

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	2022
Administrative Services	129	94	47	49	76	78	79	74	77	76	79
General Government	66	66	67	69	65	67	67	71	72	72	70
Finance & Administration	68	65	69	70	73	74	74	71	74	70	74
Information Technology			44	52	52	51	49	54	52	50	52
General Services											
Parks & Recreation	140	139	138	144	146	144	139	139	136	131	129
Other	97	93	98	102	102	97	92	92	95	97	93
Law	37	40	39	42	23	23	23	21	20	18	23
Planning, Preservation, & Development			128	137	143	146	147	133	132	127	128
Public Safety											
Fire & Emergency Services	500	520	566	560	565	558	568	623	625	624	619
Firefighters & Officers	17	16	16	18	18	26	25	16	14	14	12
Civilians											
Police											
Officers	504	524	542	518	554	572	604	597	585	553	535
Civilians	127	126	122	112	87	104	112	105	109	109	119
Community Corrections	321	312	330	298	293	340	320	313	304	281	221
Other	81	80	68	74	73	92	91	74	76	65	63
Public Works & Development											
Other											
Environmental Quality & Public	508	484	451	453	468	475	488	504	493	487	468
Waste Management											
Water & Air Quality											
Other											
Social Services	94	96	96	98	108	109	114	111	108	110	99
	2,689	2,694	2,821	2,796	2,846	2,956	2,991	2,999	2,972	2,884	2,784

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire and Emergency Services										
Emergency Medical Calls	36,619	37,971	42,151	43,076	46,476	47,930	51,245	46,544	47,813	49,751
False Calls	2,585	2,983	3,077	2,898	2,915	3,108	3,154	3,074	3,118	3,290
Fire Incidents	1,293	1,226	1,249	1,248	1,264	1,125	1,028	1,154	1,091	1,113
Good Intent Calls	1,107	1,108	1,180	1,180	1,128	1,180	1,252	1,289	1,233	1,484
Hazardous Materials Calls	1,451	1,686	1,766	2,021	1,976	1,827	1,900	1,776	1,739	1,666
Other	44	54	40	34	46	32	25	36	36	24
Rescues	449	443	462	501	545	570	740	784	777	2,789
Rupture - Gas, Water, etc.	34	31	35	41	44	45	40	78	35	45
Service Calls	1,598	2,209	1,968	2,099	2,336	2,838	3,061	3,376	3,460	3,911
Police										
Physical Arrests	14,592	13,773	17,442	16,356	* 10,990	** 12,481	** 14,801	11,937	10,426	** 10,353
Parking Violations	47,201	46,709	43,055	45,360	48,776	43,305	44,488	40,141	33,561	39,074
Traffic Violations	40,478	48,193	44,795	36,561	37,635	37,173	47,019	33,150	27,282	19,264
Parks and Recreation										
Rounds of Golf	96,607	90,410	91,407	101,535	102,082	90,915	85,906	88,458	106,412	113,699
Pool Visits	169,820	142,062	145,911	167,351	152,466	137,855	141,382	0	67,303	97,517
Building Inspection										
Permits Issued	13,860	16,141	15,363	16,653	*** 13,343	*** 9,752	*** 9,188	12,348	9,052	*** 9,101
Inspections	24,518	23,262	21,909	27,406	*** 13,517	*** 15,850	*** 18,951	22,098	20,737	*** 21,340
Sanitary Sewers										
Tap-on Inspections	861	897	930	786	811	573	584	872	515	473
Average daily sewage treatment (mgd)	39	42	41	41	33	35	47	43	38	41
Solid Waste										
Annual Tons of Refuse Collected	135,595	137,728	138,714	149,226	155,493	159,320	175,537	179,204	183,303	154,656
Annual Tons of Recyclables Collected	22,446	22,583	22,509	21,436	21,041	19,502	15,052	12,947	16,212	17,576
Annual Tons of Yard Waste Collected	20,492	19,984	21,609	21,933	24,053	21,425	29,181	16,789	12,446	15,079
Other Public Works										
Street Resurfacing (miles)	22	27	27	51	61	41	106	75	116	83

* 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire and Emergency Services										
Number of Fire Stations	23	23	23	23	23	23	23	24	24	24
Number of Engines	22	22	22	22	22	22	22	25	23	23
Number of Aerials	7	7	7	7	7	7	7	7	7	7
Number of EC Units	10	10	11	11	11	12	12	12	12	2
Number of Haz-Mat Units	2	2	2	2	2	2	2	1	1	2
Number of Special Operations*										
Police										
Canine Facility	0	0	0	0	0	0	0	1	1	2
Stations	3	3	3	3	3 *	3 *	3 *	4	4	4
Patrol Units	424	424	430	457	480	517	550	522	562 *	553
Parks and Recreation										
Acres of Parks	4,282	4,282	4,282	4,282	4,282	4,273	4,273	4,276	4,295	4,317
Number of Golf Courses	5	5	5	5	5	5	5	5	5	5
Number of Swimming Pools	7	7	7	7	7	7	6	6	6	6
Sanitary Sewers										
Treatment Capacity (mgd)	64	64	64	64	64	64	64	64	64	64
Solid Waste										
Collection Trucks	119	116	118	123	135	127	128	132	129	128
Other Public Works										
Streets (miles)	1,638	1,641	1,652	1,663	1,667	1,673	1,669	1,675	1,687	1,691
Acres in County	182,762	182,762	182,762	182,762	182,762	182,762	182,761	182,761	182,761	182,761
Acres in Urban Services Area	54,618	54,618	54,618	54,618	54,618	54,618	54,662	54,662	54,662	54,662
Traffic Signals	376	378	365	374	377	379	384	388	390	394

* Updated the number of Police Stations FY2017-2019

Source: Department of Finance, Lexi