

Contingency Fund Policy and Balance

The Lexington Fayette Urban County Government maintains a Contingency Designation Fund, which acts as the Government's primary savings. This fund is governed by Ordinance [50-2016](#), summarized below:

- The Contingency Fund is held in order to provide the Lexington-Fayette Urban County Government with sufficient working capital and an ability to address emergencies without borrowing.
- The Contingency Fund shall maintain a funding goal of ten percent (10%) of the previous year's total General Fund Revenues.
- Interest earned on monies in the Contingency Fund will accrue to the fund.
- Other reasonable funding possibilities shall be pursued prior to the withdrawal of any monies from the Contingency Fund.
- A monthly deposit in the amount of \$50,000.00 will be required each fiscal year unless the ten percent (10%) funding goal has been met. In the event funds are withdrawn for revenue stabilization purposes, deposits for that fiscal year may be suspended.
- Each year, the Department of Finance will report to the Budget, Finance, and Economic Development Committee the dollar amount that could be deposited to the Contingency Fund to maintain ten percent (10%) of the previous year's General Service District Fund revenues.
- Monies in the Contingency Fund may be used for the following:
 - Unanticipated or unforeseen extraordinary needs of an emergency nature; for example:
 - Costs related to a natural disaster of calamity or other emergency as defined in state or local law;
 - An unexpected significant liability occurs.
 - Revenue stabilization to balance the budget in the event of an unanticipated revenue shortfall;
 - Unanticipated situations of an unusual nature involving non-recurring expenditures.
- The following process shall be used to approve the withdrawal of any monies from the Contingency Fund regardless of whether the request for withdrawal is made by the administration or the Urban County Council:
 - All requests for the withdrawal of money shall be submitted in writing and supported by documentation to the Chief Administrative Officer, which shall include at a minimum, the proposed use of the funds and all associate costs;
 - Such requests shall be submitted by the Chief Administrative Officer, with a recommendation, to the Urban County Council for review at least two weeks prior to the date of the first work session at which the request is to be presented;
 - Any withdrawal of monies must be approved by at least two-thirds (i.e., 10) of the members of the Urban County Council;
 - The actual expenditure of funds may also require the approval of a budget amendment dependent upon the circumstances.
- Notwithstanding the above, in the event that a State of Emergency has been declared, the Mayor may approve a withdrawal of monies from the fund for uses related to the emergency.

The FY2022 [Annual Comprehensive Financial Report \(ACFR\)](#) disclosed the balance of the Contingency Fund at \$36,664,996 and an additional allocation of \$1,200,000 was made by the Urban County Council during the annual closeout.

The FY23 balance of \$37,864,996 represents 8.8% of the prior year (FY22) General Fund reported revenues of \$431,656,775.

