

**OFFICIAL STATEMENT DATED JULY 20, 2022**

New Issue – Book Entry Only

Ratings: Moody's: "Aa2"  
S&P: "AA"  
(See "RATINGS" herein.)

*In the opinion of Dinsmore & Shohl, LLP, Bond Counsel, under existing law, (i) interest on the Series 2022B Bonds will be excludible from gross income of the holders thereof for purposes of federal income taxation and interest on the Series 2022B Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax and (ii) interest on the Series 2022B Bonds is exempt from Kentucky income taxation and the Series 2022B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions, all subject to the qualifications described herein under the heading "TAX TREATMENT."*

**\$43,460,000**

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (KENTUCKY)  
VARIOUS PURPOSE GENERAL OBLIGATION BONDS  
(SERIES 2022B)**



**LEXINGTON**

Dated Date: Date of Delivery

Due: As shown on the inside front cover

The above-captioned Series 2022B Bonds (the "Series 2022B Bonds") of the Lexington-Fayette Urban County Government have been sold pursuant to a competitive sale as provided in the Official Terms and Conditions of Bond Sale related thereto. The Series 2022B Bonds are dated, mature and bear interest as set forth under "MATURITY SCHEDULE" on the inside cover page hereof. The Series 2022B Bonds pay interest semiannually on each February 1 and August 1 to maturity, commencing February 1, 2023.

The Series 2022B Bonds will be initially issued as fully registered bonds in book entry form in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of Series 2022B Bonds to owners of book entry interests. So long as DTC or its nominee is the sole registered owner, DTC will receive all payments of principal and interest with respect to the Series 2022B Bonds from Regions Bank, Nashville, Tennessee, as paying agent and registrar for the Series 2022B Bonds, (the "Paying Agent and Registrar"). DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Series 2022B Bonds, references herein to the Bondholders or registered owners (other than under the captions "LEGAL MATTERS," "TAX TREATMENT" and "CONTINUING DISCLOSURE") shall mean DTC or its nominee, and not the owners of book entry interests in the Series 2022B Bonds. The Series 2022B Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Series 2022B Bonds are subject to redemption prior to maturity as described herein.

The Series 2022B Bonds are offered when, as and if issued, subject to the approval of legality and tax treatment by Dinsmore & Shohl LLP, Bond Counsel, Cincinnati, Ohio. The Series 2022B Bonds are expected to be available for delivery on or about August 10, 2022.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

## MATURITY SCHEDULE

**\$43,460,000**  
**Various Purpose General Obligation Bonds**  
**Series 2022B**

<b>Maturity Date</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP<sup>+</sup></b>
February 1, 2023	\$ 4,035,000	5.000%	1.310%	101.741	52908E 2R3
August 1, 2023	2,060,000	5.000%	1.520%	103.354	52908E 2S1
August 1, 2024	2,165,000	5.000%	1.810%	106.161	52908E 2T9
August 1, 2025	2,280,000	5.000%	1.930%	108.834	52908E 2U6
August 1, 2026	2,395,000	5.000%	2.030%	111.286	52908E 2V4
August 1, 2027	2,520,000	5.000%	2.120%	113.529	52908E 2W2
August 1, 2028	2,645,000	5.000%	2.290%	115.052	52908E 2X0
August 1, 2029	2,780,000	5.000%	2.410%	116.536	52908E 2Y8
August 1, 2030	2,925,000	5.000%	2.490%	118.052	52908E 2Z5
August 1, 2031	3,075,000	5.000%	2.590%	119.188	52908E 3A9
August 1, 2032	3,235,000	5.000%	2.670%	120.285	52908E 3B7
August 1, 2033	1,095,000	5.000%	2.780%	119.222*	52908E 3C5
August 1, 2034	1,150,000	5.000%	2.890%	118.171*	52908E 3D3
August 1, 2035	1,210,000	5.000%	3.000%	117.130*	52908E 3E1
August 1, 2036	1,260,000	3.500%	3.610%	98.800	52908E 3F8
August 1, 2037	1,305,000	3.625%	3.680%	99.370	52908E 3G6
August 1, 2038	1,355,000	3.750%	3.760%	99.879	52908E 3H4
August 1, 2039	1,410,000	3.750%	3.820%	99.130	52908E 3J0
August 1, 2040	1,460,000	3.875%	3.890%	99.806	52908E 3K7
August 1, 2041	1,520,000	3.875%	3.960%	98.872	52908E 3L5
August 1, 2042	1,580,000	4.000%	4.000%	100.000	52908E 3M3
<b>TOTAL</b>	<b>\$43,460,000</b>				

\*Priced to the August 1, 2032 call date.

<sup>+</sup> CUSIP (Committee on Uniform Security Identification Procedures) is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the bonds, and the Lexington-Fayette Urban County Government does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the bonds.

## **REGARDING THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2022B Bonds of the Lexington-Fayette Urban County Government. No dealer, broker, salesman or other person has been authorized by the Lexington-Fayette Urban County Government to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Lexington-Fayette Urban County Government. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2022B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Lexington-Fayette Urban County Government since the date hereof.

Upon issuance, the Series 2022B Bonds will not be registered by the Lexington-Fayette Urban County Government under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the Lexington-Fayette Urban County Government will have, at the request of the Lexington-Fayette Urban County Government, passed upon the accuracy or adequacy of this Official Statement or approved the Series 2022B Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Lexington-Fayette Urban County Government from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Lexington-Fayette Urban County Government. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Lexington-Fayette Urban County Government preliminary to sale of the Series 2022B Bonds should be regarded as part of the Lexington-Fayette Urban County Government's contract with the successful bidder or the holders from time to time of the Series 2022B Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes (“KRS”) or uncodified, or to the provisions of the Constitution of the Commonwealth of Kentucky (the “Kentucky Constitution”) or the Lexington-Fayette Urban County Government’s ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, “debt service” means principal of, interest and any premium on, the obligations referred to; and “Commonwealth,” “Kentucky” or “State” means the Commonwealth of Kentucky.

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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

Mayor  
Linda Gorton

Council Members at Large  
Steve Kay (Vice Mayor)  
Chuck Ellinger II  
Richard Moloney

Council Members by District

1<sup>st</sup> District  
James Brown

5<sup>th</sup> District  
Liz Sheehan

9<sup>th</sup> District  
Whitney Baxter

2<sup>nd</sup> District  
Josh McCurn

6<sup>th</sup> District  
David Kloiber

10<sup>th</sup> District  
Amanda Mays Bledsoe

3<sup>rd</sup> District  
Hannah LeGris

7<sup>th</sup> District  
Preston Worley

11<sup>th</sup> District  
Jennifer Reynolds

4<sup>th</sup> District  
Susan Lamb

8<sup>th</sup> District  
Fred Brown

12<sup>th</sup> District  
Kathy Plomin

Commissioner of Finance  
Erin Hensley

Clerk of the Lexington-Fayette Urban County Council  
Abigail Allan

**PAYING AGENT AND REGISTRAR**

Regions Bank  
Nashville, Tennessee

**FINANCIAL ADVISOR**

Robert W. Baird & Co. Incorporated  
Louisville, Kentucky

**BOND COUNSEL**

Dinsmore & Shohl LLP  
Cincinnati, Ohio

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## **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance by the Lexington-Fayette Urban County Government of its \$43,460,000 Various Purpose General Obligation Bonds, Series 2022B (the “Series 2022B Bonds”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2022B Bonds to potential investors is made only by means of the entire Official Statement.

### **The Issuer**

The Series 2022B Bonds are being issued by the Lexington-Fayette Urban County Government, a political subdivision of the Commonwealth of Kentucky created on January 1, 1974 by the merger of the City of Lexington with the County of Fayette. It exists as the single unit of general local government exercising jurisdiction throughout the geographical boundaries of Fayette County, Kentucky.

### **Security and Sources of Payment for the Series 2022B Bonds**

The Series 2022B Bonds constitute a general obligation debt of the Lexington-Fayette Urban County Government. The basic security for the Series 2022B Bonds is the Lexington-Fayette Urban County Government’s ability to levy an annual tax to pay the interest on and principal of the Series 2022B Bonds as and when the same become due and payable. (See “DESCRIPTION OF THE SERIES 2022B BONDS - Security and Source of Payment for the Series 2022B Bonds” herein.)

### **Purpose of the Series 2022B Bonds**

The Series 2022B Bonds are being issued for the purpose of (i) financing various projects for departments within 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, and (iii) paying certain costs related to the issuance of the Series 2022B Bonds, as further provided herein under “PURPOSE.”

### **Description of the Series 2022B Bonds**

The Series 2022B Bonds mature as indicated under “MATURITY SCHEDULE” on the inside cover page hereof. The Series 2022B Bonds are being offered in the denominations of \$5,000 or any integral multiple thereof. The Series 2022B Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as depository for the Series 2022B Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2022B Bonds purchased. So long as DTC or its



nominee is the registered owner of the Series 2022B Bonds, payments of the principal of and interest due on the Series 2022B Bonds will be made directly to DTC.

## **Redemption**

***Optional Redemption.*** The Series 2022B Bonds maturing August 1, 2033 and thereafter are subject to optional redemption prior to maturity, commencing August 1, 2032 at par. (See “DESCRIPTION OF THE SERIES 2022B BONDS - Redemption Provisions – *Optional Redemption*” herein.)

***Notice of Redemption.*** In the event that any Series 2022B Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Series 2022B Bond to be redeemed. (See “DESCRIPTION OF THE SERIES 2022B BONDS - Redemption Provisions – *Notice of Redemption to Registered Owners*” herein.)

## **Parties to the Issuance of the Series 2022B Bonds**

Regions Bank, Nashville, Tennessee, will serve as paying agent and registrar with respect to the Series 2022B Bonds (the “Paying Agent and Registrar”). Legal matters incident to the issuance of the Series 2022B Bonds and with regard to the tax treatment of the interest thereon are subject to the approving legal opinion of Dinsmore & Shohl, LLP, Cincinnati, Ohio, Bond Counsel (“Bond Counsel”). The Financial Advisor to the Lexington-Fayette Urban County Government is Robert W. Baird & Co. Incorporated, Louisville, Kentucky.

## **Payment of Series 2022B Bonds**

The Series 2022B Bonds will be fully registered and may be transferred at the designated office of the Paying Agent and Registrar, without cost except for any taxes or other governmental charges.

As a precondition to the exchange or transfer of any Series 2022B Bonds, the Lexington-Fayette Urban County Government or the Paying Agent and Registrar may charge the Bondholder for any tax or excise required to be paid with respect to the exchange or transfer. Neither the Lexington-Fayette Urban County Government nor the Paying Agent and Registrar shall be required to make any transfer during the 15 days immediately preceding the mailing of a notice of redemption nor to transfer any Series 2022B Bonds selected for redemption in whole or in part.

Principal and any redemption premium is payable to the registered owner at the designated office of the Paying Agent and Registrar. Interest will be payable by electronic transfer or check or draft mailed by the Paying Agent and Registrar to the person who is the registered owner as of the 15th day of the calendar month preceding the month of the applicable interest payment date.

## **Interest**

The Series 2022B Bonds shall be dated their date of delivery and bear interest at the rates set forth on the inside cover hereof. Interest on the Series 2022B Bonds shall be payable semi-annually on February 1 and August 1, commencing February 1, 2023. The record dates for the February 1 and August 1 interest payment dates shall be the preceding January 15 and July 15, respectively.

## **Book Entry**

The Series 2022B Bonds are issuable only as fully registered bonds, without coupons. The Series 2022B Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2022B Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2022B Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2022B Bonds, payments of the principal of and interest due on the Series 2022B Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Series 2022B Bonds will be paid directly to DTC by the Paying Agent and Registrar. (See “DESCRIPTION OF THE SERIES 2022B BONDS – Book-Entry Only System” herein.)

## **Tax Treatment**

In the opinion of Dinsmore & Shohl LLP, Bond Counsel, under existing law, interest on the Series 2022B Bonds is excludible from gross income of the holders thereof for purposes of federal income taxation, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Series 2022B Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. The Lexington-Fayette Urban County Government has not designated the Series 2022B Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

Interest on the Series 2022B Bonds is exempt from Kentucky income taxation and the Series 2022B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

See *Appendix D* hereto for the form of the opinion that Bond Counsel proposes to deliver in connection with the Series 2022B Bonds. Bond Counsel expresses no other opinion as to the federal and/or state tax consequences of purchasing, holding, or disposing of the Series 2022B Bonds.

## **Authority for Issuance**

Authority for the issuance of the Series 2022B Bonds is provided by Sections 66.011 through 66.191 of the *Kentucky Revised Statutes* and Ordinance No. 068-2022 adopted by the Lexington-Fayette Urban County Council (the “Urban County Council”) on July 7, 2022 (the “Authorizing Ordinance”).

## **Offering and Delivery of the Series 2022B Bonds**

The Series 2022B Bonds are offered when, as and if issued by the Lexington-Fayette Urban County Government. The Series 2022B Bonds will be delivered on or about August 10, 2022 in New York, New York through the Depository Trust Company.

## **Disclosure Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the Lexington-Fayette Urban County Government are intended to be made available to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access system (EMMA). Copies of the basic documentation relating to the Series 2022B Bonds, including the Authorizing Ordinance are available from the Lexington-Fayette Urban County Government.

The Lexington-Fayette Urban County Government deems this Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(3) (the “Rule”).

## **Additional Information**

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Series 2022B Bonds, is available from Robert W. Baird & Co. Incorporated, 500 W. Jefferson Street, Louisville, Kentucky 40202, telephone (502) 588-8462, Attn: Mr. Chip Sutherland.

## **DESCRIPTION OF THE SERIES 2022B BONDS**

### **General**

The Series 2022B Bonds are dated their date of delivery and bear interest from such date at the rates set forth under “MATURITY SCHEDULE” on the inside cover page hereof, calculated on the basis of a 360 day year with twelve 30 day months. The Series 2022B Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Series 2022B Bonds, is payable semiannually on February 1 and August 1, commencing February 1, 2023. Interest on all Series 2022B Bonds is payable by electronic transfer or check or draft mailed to the registered holder by the Paying Agent and Registrar. Principal is payable when due to the registered holder of the Series 2022B Bonds at the designated office of the Paying Agent and Registrar.

[Remainder of page intentionally left blank]

## **Book-Entry Only System**

*The following information concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the Lexington-Fayette Urban County Government nor the Paying Agent and Registrar takes any responsibility for the accuracy of such statements.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2022B Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Lexington-Fayette Urban County Government, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Lexington-Fayette Urban County Government, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Lexington-Fayette Urban

County Government, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Lexington-Fayette Urban County Government. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Lexington-Fayette Urban County Government may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Lexington-Fayette Urban County Government believes to be reliable, but the Lexington-Fayette Urban County Government takes no responsibility for the accuracy thereof. The Lexington-Fayette Urban County Government will not have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to the Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2022B Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted to be given to owners of the Series 2022B Bonds; (iv) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series 2022B Bonds; or (v) any consent given or other action taken by DTC as Registered Owner.*

### **Security and Source of Payment for Series 2022B Bonds**

The Series 2022B Bonds are general obligations of the Lexington-Fayette Urban County Government and the full faith, credit and taxing power of the Lexington-Fayette Urban County Government is irrevocably pledged to the payment of principal of and interest on the Series 2022B Bonds when due.

The basic security for the general obligation debt of the Lexington-Fayette Urban County Government, including the Series 2022B Bonds, is the Lexington-Fayette Urban County Government's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of such general obligation debt as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Series 2022B Bonds, as well as the principal of and interest on all other outstanding general obligation bonds of the Lexington-Fayette Urban County Government. The Kentucky Constitution mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Authorizing Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the Lexington-Fayette Urban County Government are not provided. The Authorizing Ordinance provides that the funds derived from said tax levy as required or other lawfully available funds shall be placed in the sinking fund previously established by the

Lexington-Fayette Urban County Government (the “Sinking Fund”), and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under KRS Chapter 66 (including the Series 2022B Bonds) and Tax Supported Leases (as defined in KRS Chapter 66), when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the bond payment fund(s) with respect to the Series 2022B Bonds at the times and in the amounts required by such Authorizing Ordinance.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State’s political subdivisions, public agencies and instrumentalities (“eligible entity”), such as the Lexington-Fayette Urban County Government. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the Lexington-Fayette Urban County Government, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

## **Redemption Provisions**

***Optional Redemption.*** The Series 2022B Bonds maturing August 1, 2033 and thereafter are subject to optional redemption prior to maturity, commencing August 1, 2032. The Series 2022B Bonds are subject to such optional redemption prior to maturity, in whole or in part, in any order of maturity and by lot within any maturity at the election of the Lexington-Fayette Urban County Government upon 45 days’ written notice to the Paying Agent and Registrar, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

***Selection of Series 2022B Bonds to be Redeemed.*** If less than all Series 2022B Bonds which are payable by their terms on the same date are to be called, the particular Series 2022B Bonds or portions of Series 2022B Bonds payable on such same date and to be redeemed from such series shall be selected by lot by the Paying Agent and Registrar, in such manner as the Paying Agent and Registrar in its discretion may determine; provided, however, that the portion of any Series 2022B Bonds to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Series 2022B Bonds for redemption, the Paying Agent and Registrar shall treat each bond as representing that number of Series 2022B Bonds which is obtained by dividing the principal amount of such Series 2022B Bonds by \$5,000.

In case part but not all of an outstanding Series 2022B Bonds shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Series 2022B Bonds to the Paying Agent and Registrar for payment of the principal amount hereof so called for redemption, and the Lexington-Fayette Urban County Government shall execute and the Paying Agent and Registrar shall authenticate and deliver to or upon the order of such registered owner or his/her legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Series 2022B Bonds so surrendered a Series 2022B Bonds of the same series and maturity and bearing interest at the same rate.

***Notice of Redemption to Registered Owners.*** At least thirty (30) days before the optional redemption date of any Series 2022B Bonds, the Paying Agent and Registrar shall cause a notice of such redemption signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Series 2022B Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Series 2022B Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Series 2022B Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Series 2022B Bonds to be redeemed.

On the date so designated for redemption, notice having been published in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held by the Paying Agent and Registrar in the Bond Payment Fund with respect to the Series 2022B Bonds (established pursuant to the Authorizing Ordinance) for the registered owners of the Series 2022B Bonds to be redeemed, the Series 2022B Bonds so called for redemption shall become and be due and payable at the redemption price required for the redemption of such Series 2022B Bonds on such date, interest on the Series 2022B Bonds so called for redemption shall cease to accrue, and the registered owners of such Series 2022B Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

## **PURPOSE**

The Series 2022B Bonds are being issued for the purpose of financing various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to (i) roof repair and replacement at the detention center, new firetrucks and other fire safety related projects, new police cars, road construction and improvements, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, public art and beautification projects, pedestrian safety improvements, renovations, repairs and upgrades related to public buildings, vehicle acquisitions, park playground equipment 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 (collectively, the “Series 2022B Project”); and (iii) paying certain costs related to the issuance of the Series 2022B Bonds.



## SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of funds by the Lexington-Fayette Urban County Government in connection with the issuance of the Series 2022B Bonds.

<b>Sources</b>	
Par Amount of Series 2022B Bonds	\$43,460,000.00
Net Premium	4,286,965.40
<b>TOTAL SOURCES</b>	<b><u>\$47,746,965.40</u></b>
<b>Uses</b>	
Deposit to Acquisition Fund for the Series 2022B Project	\$47,472,020.00
Bond Issuance Expenses <sup>(1)</sup>	274,945.40
<b>TOTAL USES</b>	<b><u>\$47,746,965.40</u></b>

<sup>(1)</sup> Includes underwriter’s discount, printing costs, rating agency fees, legal fees, paying agent fees and other issuance costs.

## INVESTMENT CONSIDERATIONS

The Series 2022B Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market, the taxable bond market or the qualified energy conservation bond market and/or changes in the financial condition of the Lexington-Fayette Urban County Government.

Prospective purchasers of the Series 2022B Bonds may need to consult their own tax advisors prior to any purchase of the Series 2022B Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Series 2022B Bonds.

It is possible under certain market conditions, or if the financial condition of the Lexington-Fayette Urban County Government should change, that the market price of the Series 2022B Bonds could be adversely affected.

The Lexington-Fayette Urban County Government cannot predict the full economic impact that the COVID-19 Pandemic will have on its financial condition or operations. The Lexington-Fayette Urban County Government will continue to monitor the impact on its revenue collections and operations and will implement additional expense containment and reduction measures if necessary. See “LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT – Impact of the COVID-19 Pandemic” herein.

With regard to the risk involved in a lowering of the Lexington-Fayette Urban County Government’s bond rating, see “RATINGS” herein. With regard to creditors’ rights, see “DESCRIPTION OF THE SERIES 2022B BONDS - Security and Source of Payment for the Series 2022B Bonds” herein.

## IMPACT OF THE COVID-19 PANDEMIC

### General

The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019 and has since spread around the world. In March 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth, and has resulted in the death of over 4 million people worldwide. The responses of governments, businesses, and individuals to the COVID-19 Pandemic caused widespread and significant changes in economic activity. The full effect of the COVID-19 Pandemic on global financial markets as well as national, state, and local economies is unknown. There can be no assurances as to the materiality, severity, and duration, or the likelihood of a recurrence, of the negative economic conditions caused by the COVID-19 Pandemic.

### Information provided in the FY 2021 Audited Financial Statements

The Annual Comprehensive Financial Report of the Lexington-Fayette Urban County Government (the “FY 2021 Audited Financial Statements”), which is attached hereto as *Appendix B*, provided information regarding the impact of the COVID-19 Pandemic on the Lexington-Fayette Urban County Government as of the date thereof, including, but not limited to, information available in the following sections:

- Cover Letter from Commissioner of Finance – Significant Events (as of August 19, 2021)
- FUNDS OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT – Governmental Funds (pg. 25)
- NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS- Lexington-Fayette Urban County Airport Corporation (pg. 88)
- NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS- Lexington Convention and Visitors Bureau (pg. 89)
- NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS- Business Disruption (pg. 92)
- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (pgs. 147-149)

### Federal Financial Assistance

*General.* In response to the COVID-19 Pandemic, the U.S. Congress authorized approximately \$3 trillion in economic relief in Spring 2020 in three separate measures including (i) the Coronavirus Preparedness and Response Supplemental Appropriations Act (enacted March 6, 2020), (ii) the Families First Coronavirus Response Act (enacted March 18, 2020) and (iii) the Coronavirus, Relief and Economic Security (or “CARES”) Act (enacted on March 27, 2020). All three measures are aimed at delivering fast and direct economic assistance to American workers, families and small businesses amid the economic fallout related to the COVID-19 Pandemic. Specifically, the CARES Act established the \$150 billion Coronavirus Relief Fund whereby payments therefrom will be made to states and eligible units of local governments (or larger than

500,000 in population). Under the CARES Act, payments made from the Coronavirus Relief Fund may only be used to cover costs that (a) are necessary expenditures incurred due to the COVID-19 Pandemic, (b) were not accounted for in the budget most recently approved as of March 27, 2020 and (c) are expenditures that were incurred from March 1, 2020 through December 30, 2020. State and local governments are not permitted to use the funds for government revenue replacement. In December 2020, the U.S. Congress authorized approximately \$900 billion in additional assistance under the Coronavirus Response and Relief Supplemental Appropriations Act (enacted December 27, 2020) (the “CRRSA” Act) which provided additional funding for small businesses, unemployment benefits, direct economic impact payments, and education and extended the deadline for the use of CARES Act funding to December 31, 2021.

On March 10, 2021, the U.S. Congress authorized an additional \$1.9 trillion in economic relief through the American Rescue Plan Act of 2021 (the “American Rescue Plan Act” or “ARPA”) which was enacted on March 11, 2021. The American Rescue Plan provides additional direct economic impact payments, homeowner assistance, emergency rental assistance, extension of unemployment benefits, expansion of child tax credits, grants to small businesses and additional health spending for vaccine distribution and assistance and COVID-19 testing, mitigation and transmission prevention.

The American Rescue Plan also provides for a \$350 billion Coronavirus State and Local Fiscal Recovery Fund (the “CLFRF”) which provides for emergency funding for state, local, territorial and tribal governments to address the rising costs of providing services and falling revenues. Specifically, the CLFRF allocates \$350 billion to local governments to (i) replace lost revenue for eligible state and local governments, (ii) support urgent COVID-19 responses, (iii) support immediate economic stabilization for households and businesses, and (iv) address systemic public health and economic challenges that have contributed to the unequal impact of the COVID-19 Pandemic. Eligible states and local governments (such as the City) must request allocations from the CLFRF directly from the U.S. Department of Treasury.

***Federal Financial Assistance received by the Lexington-Fayette Urban County Government.***

*CARES Act Funding.* The Lexington-Fayette Urban County Government City received approximately \$25 million in federal assistance under the CARES Act, all of which has been applied to eligible expenditures as of June 30, 2021. The CARES Act funding was required to be used for expenditures related to public health measures in connection with COVID-19 Pandemic and could not be used for revenue replacement. CARES Act funding was used to offset \$27 million in Pandemic-related expenditures in the FY 2020 and FY 2021 Budget Update. Such expenditures included, but were not limited to public safety personnel expenditures, purchase of personal protective equipment and certain expenses related to operating vaccination and testing sites.

*CRRSA Funding.* In January 2021, the Lexington-Fayette Urban County Government received approximately \$9.7 million of funding under the CRRSA Act which was utilized to establish an Emergency Rental Assistance Program (the “ERA1 Program”). The ERA1 Program, provides assistance to eligible renters and landlords to prevent or deter eviction and utility disconnections. In May 2021, the City received a second tranche of Emergency Rental Assistance funding under ARPA in the approximate amount of \$7.6 million. Additionally, Lexington-Fayette

Urban County Government received an additional \$11.7 million from the Commonwealth of Kentucky’s ERA1 Program to provide assistance to Lexington residents.

*ARPA Funding.* The Lexington-Fayette Urban County Government received approximately \$121.1 million in federal assistance under ARPA, with 50% to be received in each of two tranches (May 2021 and May 2022). The first tranche of ARPA funds in the amount of \$60.6 million was received during FY2021, and as of December 31, 2021, \$38.5 million in funding has been allocated by City Council for various purposes, projects, and programs, including the following:

- \$18 million in premium pay for government employees working in COVID impacted classifications or for the provision of supplemental pay in support of workforce retention;
- \$10.8 million in Affordable Housing development and investment;
- \$4.5 million in parks and recreation investments throughout Lexington communities;
- \$2.2 million to support homelessness services;
- \$1 million for hospitality industry promotion and support;
- \$395,000 in Public Health expenditures for the purchase of PPE and provision of behavioral health and court diversion programming;
- \$600,000 in direct support to residents and homeowners for housing-related assistance;
- \$577,500 in support for local non-profits experiencing revenue loss;
- \$500,000 in workforce and economic development grants; and
- \$30,000 in support of regionalized broadband improvement efforts.

An additional federal appropriation was provided by the U.S. Department of Housing and Urban Development (HUD) through ARPA for use in funding additional HOME awards to entitlement grantees in order to meet the needs of people experiencing or at risk of experiencing homelessness. HUD awarded \$4,856,246 to the Lexington-Fayette Urban County Government to help create housing and services for people experiencing or at risk of experiencing homelessness.

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The Lexington-Fayette Urban County Government cannot predict the full economic impact that the COVID-19 Pandemic will have on its financial condition and operations. The Lexington-Fayette Urban County Government will continue to monitor the impact of the COVID-19 Pandemic on its revenues and operations and will implement additional expense containment and reduction measures if necessary.

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## **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

### **General**

The Lexington-Fayette Urban County Government is an urban county government created from the merger of the City of Lexington and the County of Fayette in 1974 and operates pursuant to KRS Chapter 67A. The Lexington-Fayette Urban County 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.

### **Organization**

The Mayor is the chief executive officer and is elected to serve a four-year term. The Urban County Council has fifteen members, including twelve members elected from single-member districts in Fayette County who serve two-year terms and three members elected at-large who serve four-year terms. The Vice-Mayor is the at-large member who receives the most votes in the general election. (See page iii hereof for a listing of the incumbent Mayor and members of the Urban County Council.)

The Mayor is assisted in the administration of the government by department commissioners who are appointed by the Mayor with approval of the Urban County Council. The Lexington-Fayette Urban County Government has seven departments, headed by department commissioners, which are responsible for administering programs and implementing policies. Each department is divided into divisions that are managed by division directors.

The Lexington-Fayette Urban County Government has 2,884 authorized full-time equivalent positions. Of these positions, 50.5% are police, fire and community correction personnel, and the remaining 49.5% are civil service, non-civil service, appointed or elected positions.

The Department of Finance is responsible for the custody, investment and disbursement of all funds; debt management; retirement fund administration; coordination of the annual financial audit and publication of the Comprehensive Annual Financial Report. This department includes the divisions of Accounting, Community Development, Human Resources, Purchasing, Revenue and Risk Management.

The Department of Public Safety includes the divisions of Police, Fire and Emergency Services, Community Corrections, Emergency Management/E-911 and Code Enforcement.

The Department of Environmental Quality and Public Works is responsible for providing a broad range of public services including solid waste collection and recycling, sanitary sewer conveyance and treatment, stormwater control, street maintenance, and construction design and maintenance. This department is also responsible for developing long-range capital plans for sanitary sewer and stormwater facilities. The divisions in this department include Engineering, Streets, Roads and Forestry, Traffic Engineering, Water Quality, Solid Waste, Environmental Services and Building Inspection.

The Department of Social Services provides human resources services to Fayette County residents including providing assistance to families and children, coordinating a community-wide effort to implement the new welfare reform programs and organizing programs for senior citizens. The divisions in this department include Adult and Tenant Services, Family Services and Youth Services.

The Department of General Services includes the divisions of Facilities and Fleet Management and Parks and Recreation. In addition, the Commissioner's office oversees the management of the Lexington-Fayette Urban County Government telephone system, utilities, parking facilities and coordinates special events.

The Department of Law provides legal services for the Lexington-Fayette Urban County Government. The Corporate Counsel function prepares all legal instruments for the government and provides advice to its employees and agencies. These activities include managing the preparation of legal opinions, ordinances, resolutions, contracts and other legal documents. The Litigation function represents the Lexington-Fayette Urban County Government in civil cases and lawsuits and coordinates representation of cases handled by outside attorneys.

## **Financial Management**

The Mayor of the Lexington-Fayette Urban County 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 the next 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 Lexington-Fayette Urban County Government provides that the Urban County Council may amend the budget; however, the adopted budget shall provide for all expenditures required by law or by other provisions of the Charter and for all debt service requirements. Other budgetary polices include that the budget must be balanced for each fund; 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. 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 a division's 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. At year-end, open encumbrances are recorded as reservations of fund balance.

The diverse nature of governmental operations requires that the accounting system be organized on a fund or account group basis where each fund is considered a separate accounting entity with a separate set of self-balancing accounts. Resources are allocated to the individual funds based upon the type of activity to be funded. There are four basic fund types used by the Lexington-Fayette Urban County Government: governmental fund types, proprietary fund types, fiduciary fund types, and account groups.

The majority of general governmental operations are financed by the General Fund in the governmental fund type category. In December 1996, the Urban County Council adopted an ordinance which established an Economic Contingency Designation within the General Services

District subfund to provide sufficient working capital to address emergency budgetary needs (the “Economic Contingency”). As stated in such ordinance, the ultimate goal of the Lexington-Fayette Urban County Government is to have an Economic Contingency balance of at least five percent of General Fund revenues. At the end of FY 2022, the estimated balance in the Economic Contingency was \$36,664,995.53.

The financial statements of the Lexington-Fayette Urban County Government are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The accounts of general governmental operations are maintained on a modified accrual basis where revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time the liability is incurred. Proprietary and Pension Trust Funds are maintained on an accrual basis with all revenues and expenses recognized when transactions occur, regardless of when cash is received or disbursed.

The Charter of the Lexington-Fayette Urban County Government requires that an independent financial audit be conducted annually. Each year an audit is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. In addition, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB circular A33. The most recent annual audit for FY 2019 is attached hereto as *Appendix B*.

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

The Department of Finance is responsible for the custody, investment and disbursement of all funds of the Lexington-Fayette Urban County Government in accordance with state law (KRS Section 66.480) and the procedures and standards adopted by the Urban County Council. It is the policy of the Lexington-Fayette Urban County Government to invest funds in a manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Lexington-Fayette Urban County Government. In order to ensure liquidity and reduce market and maturity risk, weekly, monthly, and annual cash flow forecasts are developed.

The funds of the Lexington-Fayette Urban County Government may be invested in the following types of investment instruments (collectively, the “Investment Obligations”):

A. 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;

B. 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, including but not limited to:

- (i) United States Treasury;
- (ii) Export-Import Bank of the United States;
- (iii) Farmers Home Administration;

- (iv) Government National Mortgage Corporation; and
- (v) Merchant Marine bonds;

C. Obligations of any corporation of the United States government, including but limited to:

- (i) Federal Home Loan Mortgage Corporation;
- (ii) Federal Farm Credit Banks;
- (iii) Banks for Cooperatives;
- (iv) Federal Intermediate Credit Banks;
- (v) Federal Land Banks;
- (vi) Federal Home Loan Banks;
- (vii) Federal National Mortgage Association; and
- (viii) Tennessee Valley Authority;

D. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by section KRS 41.240(4);

E. Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

F. Commercial paper rated in the highest category by a nationally recognized rating agency;

G. Notes or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

H. 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; and

I. Shares of mutual funds, each of which shall have the following characteristics:

- (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

- (ii) The management company of the investment company shall have been in operation for at least five (5) years; and

- (iii) All of the securities in the mutual fund shall be eligible investments under this section.



Investments in the above instruments are subject to the following conditions and limitations:

A. The combined investments at any one time in the categories of the investments authorized in subsections (E), (F) and (H) (as identified in this subsection) shall not exceed 20 percent of the total invested funds;

B. No investment shall be purchased on a margin or through the use of any similar leveraging technique;

C. Repurchase agreements are to be entered into only with primary dealers. Primary dealers include banks which are members of the Federal Reserve, SEC-registered broker-dealers and those government security dealers included in the “List of Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York (NY Fed)”. The securities held as collateral for repurchase agreements shall be held in safekeeping by an independent third-party custodian in the name of the Lexington-Fayette Urban County Government. The securities serving as collateral will be marked to market periodically to ensure they have not fallen below the required collateralization level.

## **Insurance**

The Lexington-Fayette Urban County 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. (See *Appendix B* – “NOTE 4. SELF-INSURANCE PROGRAM- B. Insurance and Risk Management.”)

The Lexington-Fayette Urban County Government is party to numerous legal proceedings where the ultimate outcome cannot be determined with certainty or cannot be reasonably estimated, many of which normally occur in government operations. The Government's Department of Law estimates that there are pending cases in which there is a reasonably possible likelihood that the Government will incur some liability. As of June 30, 2021 the Government has accrued approximately \$11,900,000 for potential liabilities for the cases covered by self-insurance. (See *Appendix B* – “NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS- A. Litigation.”)

## **Cybersecurity**

The Lexington-Fayette Urban County Government, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Lexington-Fayette Urban County Government will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of

remediating any such damage could be significant. In addition to the various processes in place to safeguard against cybersecurity attacks, the Lexington-Fayette Urban County Government has also purchased a cybersecurity insurance policy in the past. Coverage amounts have varied based on need, market conditions, and other considerations. In FY 2022, Lexington-Fayette Urban County Government purchased cybersecurity insurance in the maximum claim amount of \$2,000,000.

### **Debt Limitation**

Section 158 of the Kentucky Constitution provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

- (a) Cities having a population of fifteen thousand (15,000) or more, ten percent (10%);
- (b) Cities having a population of less than fifteen thousand (15,000) but not less than three thousand, five percent (5%); and
- (c) Cities having a population of less than three thousand (3,000), three percent (3%).

Nothing shall prevent the issue of renewal notes, or notes to fund the floating indebtedness of any urban county government, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Kentucky Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS 66.041 provides the same limitations as are set forth in the Kentucky Constitution except that the limitations apply to “net indebtedness”. In calculating “net indebtedness,” KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Lexington-Fayette Urban County Government Statement of Indebtedness attached as *Appendix C* hereto, as further described below.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness. The Lexington-Fayette Urban County Government has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation.

Attached as *Appendix C* hereto is a Statement of Indebtedness for the Lexington-Fayette Urban County Government, certified by the Commissioner of Finance, calculating the amount of the outstanding obligations of the Lexington-Fayette Urban County Government (including the Bonds), which are subject to the total direct debt limit (10% limit). The total principal amount of general obligation debt that could be issued by the Lexington-Fayette Urban County Government, subject to the 10% total direct debt limitation is \$3,419,387,800, and the Lexington-Fayette Urban County Government’s net debt subject to such limitation presently outstanding (including the

Series 2022B Bonds) is \$459,455,000 leaving a balance of approximately \$2,959,932,800 of borrowing capacity issuable within such limitation.

However, as described below, the Lexington-Fayette Urban County Government's ability to incur debt in these amounts is restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

### **Tax Limitation**

The Kentucky Constitution Section 157 also indirectly imposes a debt limitation on general obligation indebtedness of Cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

- (a) cities having a population of fifteen thousand or more, one dollar and fifty cents on each hundred dollars of assessed value;
- (b) cities having a population of less than fifteen thousand and not less than ten thousand, one dollar on each hundred dollars of assessed value; and
- (c) cities having a population of less than ten thousand, seventy-five cents on the hundred dollars.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

The Statement of Indebtedness attached as *Appendix C* hereto, certified by the Lexington-Fayette Urban County Government, sets forth the property tax rate currently levied by the Lexington-Fayette Urban County Government (0.2531 per \$100 of assessed valuation, which includes 0.1733 which is dedicated for specific purposes) and certifies that the issuance of the Bonds will not cause such rate to increase to an amount which would exceed the maximum permissible rate.

### **Bond Anticipation Notes**

Under Kentucky law, notes, including renewal notes, issued in anticipation of general obligation bonds may be issued from time to time upon the same terms and conditions as bonds except that notes may be sold by private negotiated sale in a manner determined or authorized by the legislative authority. The Lexington-Fayette Urban County Government does not have any outstanding bond anticipation notes at the present time.

## **Future Borrowings of the Lexington-Fayette Urban County Government**

In the next twelve months, the Lexington-Fayette Urban County Government currently anticipates issuing approximately \$30,000,000 of general obligation bonds to support capital improvements.

Additional information regarding Lexington-Fayette Urban County Government, including demographic, economic and financial data is included in *Appendix B* attached hereto.

## **LEGAL MATTERS**

### **General Information**

Legal matters incident to the issuance of the Series 2022B Bonds and with regard to the tax treatment thereof are subject to the respective approving legal opinions of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Series 2022B Bonds of the Lexington-Fayette Urban County Government to the successful bidders therefor, the Series 2022B Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A form of the legal opinion for the Series 2022B Bonds is attached hereto as *Appendix D*.

Bond Counsel has performed certain functions to assist the Lexington-Fayette Urban County Government in the preparation by the Lexington-Fayette Urban County Government of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the Lexington-Fayette Urban County Government or the Series 2022B Bonds that may be made available by the Lexington-Fayette Urban County Government or others to the bidders or holders of the Series 2022B Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Series 2022B Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under Sections entitled “INTRODUCTION—Security and Sources of Payment for Series 2022B Bonds and “—Authority for Issuance”; “LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT—Debt Limitation” and “—Tax Limitation”; and “TAX TREATMENT” which review did not include any independent verification of financial statements and statistical data included therein, if any.

### **Transcript and Closing Certificates**

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the Lexington-Fayette Urban County Government when the Series 2022B Bonds are delivered to the original purchaser. The Lexington-Fayette Urban County Government will also provide to the original purchaser, at the time of such delivery, a certificate from the Lexington-Fayette Urban County Government’s Mayor and/or Commissioner of Finance addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

## **Litigation**

To the knowledge of the Lexington-Fayette Urban County Government, no litigation or administrative action or proceeding is pending or threatened directly affecting the Series 2022B Bonds, the security for the Series 2022B Bonds or the improvements being financed from the proceeds of the Series 2022B Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Series 2022B Bonds.

## **TAX TREATMENT**

### ***General***

In the opinion of Bond Counsel, under existing law, interest on the Series 2022B Bonds is excludible from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2022B Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. The Lexington-Fayette Urban County Government has not designated the Series 2022B Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code. Furthermore, Bond Counsel is of the opinion that interest on the Series 2022B Bonds is exempt from Kentucky income taxation and the Series 2022B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The form of the opinion of Bond Counsel regarding the Series 2022B Bonds is attached hereto as *Appendix D*.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2022B Bonds. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on Series 2022B Bonds will not be includible in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2022B Bonds being includible in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2022B Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2022B Bonds may adversely affect the tax status of the interest on the Series 2022B Bonds.

Certain requirements and procedures contained or referred to in the Series 2022B Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2022B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2022B Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel is of the opinion that interest on the Series 2022B Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Series 2022B Bonds is excludible from gross income for Kentucky income tax purposes, and the Series 2022B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022B Bonds may otherwise affect a Holder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Holder or the Holder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Holder or potential Holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2022B Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Series 2022B Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Series 2022B Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Series 2022B Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2022B Bonds.

The Issuer has not designated the Series 2022B Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Prospective purchasers of the Series 2022B Bonds are advised to consult their own tax advisors prior to any purchase of the Series 2022B Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Series 2022B Bonds, as well as pending or proposed federal and state legislation and court proceedings.

### ***Original Issue Premium***

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2022B Bonds that mature on February 1, 2023 and August 1, 2023 through and including August 1, 2035 (the "Premium Bonds") are being initially offered and sold to the public with Acquisition Premium. A portion of the Premium Bonds are callable prior to their maturity date. For federal income tax purposes, the amount of Acquisition Premium on the Premium Bonds must be amortized and will reduce the bondholder's adjusted basis in that bond. The amount of any Acquisition Premium paid on the Premium Bonds that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's

basis in such Premium Bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis. However, no amount of amortized Acquisition Premium on the Premium Bonds may be deducted in determining bondholder's taxable income for federal income tax purposes.

Please note that because the Premium Bonds that mature on August 1, 2033 through and including August 1, 2035 are callable prior to their stated maturity, the required amortization period for the Acquisition Premium of each such Premium Bond will depend on which call date produces the greatest diminution in the yield to the holder. With respect to the Premium Bonds that mature on February 1, 2023 and August 1, 2023 through and including August 1, 2032, which are not callable prior to their stated maturity date, the respective final maturity dates will determine the amortization period of the Acquisition Premium of each such Premium Bond. Holders of any Premium Bonds, both original purchasers and any subsequent purchasers, should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of the Acquisition Premium for state tax purposes.]

### ***Original Issue Discount***

The Series 2022B Bonds that mature on August 1, 2036 through and including August 1, 2041 (the "Discount Bonds") are being initially offered and sold to the public at a discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest, is treated, that is, as excludible from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchaser of such Discount Bonds other than at issue price during the initial public offering and as to the treatment of OID for state tax purposes.

## RATINGS

As noted on the cover page of this Official Statement, Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "Aa2" (stable outlook) to the Series 2022B Bonds and S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to the Series 2022B Bonds. The ratings when assigned and in effect from time to time reflect only the views of the rating organizations. The explanation of its views and the meaning and significance of the rating may be obtained from the respective rating agency.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Series 2022B Bonds.

The Lexington-Fayette Urban County Government presently expects to furnish each rating agency with information and material that it may request on future general obligation bond issues. However, the Lexington-Fayette Urban County Government assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agencies' ratings on outstanding Series 2022B Bonds.

## CONTINUING DISCLOSURE

### General

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Series 2022B Bonds are outstanding, the Lexington-Fayette Urban County Government will covenant, pursuant to a Continuing Disclosure Certificate to be delivered on the date of delivery of the Series 2022B Bonds (the "Series 2022 Continuing Disclosure Certificate," a form of which is attached as *Appendix E* hereto), to annually provide certain financial information and operating data (the "Annual Financial Information and Operating Data") and other information necessary to comply with the requirements of the Rule, and to transmit the same to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA"). Each covenant is for the benefit of and is enforceable by the owners of the Bonds. The specific nature of the Annual Financial Information and Operating Data and a listing of events for which notices shall be provided are set forth in *Appendix E* – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the original purchaser of the Series 2022B Bonds in complying with the Rule.

### Compliance with Previous Undertakings

#### (a) *Undertakings by the Lexington-Fayette Urban County Government*

The Lexington-Fayette Urban County Government is currently in compliance with respect to its undertakings pursuant to certain continuing disclosure agreements with respect to its outstanding general obligation bonds and sewer system revenue bonds (the "Existing LFUCG Disclosure Agreements").



The Lexington-Fayette Urban County Government filed its annual financial information and operating data, consisting of its Annual Comprehensive Financial Report, including its audited annual financial statements (the “LFUCG ACFR”) with the MSRB through EMMA over the past five years as follows:

<b>Fiscal Year</b>	<b>Filing Date</b>
2017	January 2, 2018
2018	February 11, 2019
2019	February 3, 2020
2020	February 2, 2021
2021	February 8, 2022

Each such filing was made within nine months after the end of the respective fiscal year, as required by the Existing LFUCG Disclosure Agreements.

**(b) *Undertakings related to Agencies and Instrumentalities of the Lexington-Fayette Urban County Government***

(i) *Bonds issued by the Lexington-Fayette Urban County Government Public Facilities Corporation (the “Corporation”).* The Corporation has previously entered into certain continuing disclosure agreements in connection with the issuance of revenue bonds (the “Existing Corporation Disclosure Agreements”). While the Corporation is currently in compliance with respect to its undertakings pursuant to the Existing Corporation Disclosure Agreements, the Corporation did not file certain prior annual financial information and operating data and Event notices over the past five years in a timely manner. On October 11, 2019, the Lexington-Fayette Urban County Government, for itself and on behalf of the Corporation, filed an “Event Notice: Rating Changes/Downgrade (2018)” with the MSRB through EMMA with respect to a downgrade by Moody’s on February 2, 2018, of the rating from “Aa3” to “A1” with respect to the Corporation’s \$42,590,000 Mortgage Revenue Refunding Bonds (Court Facilities Project), Series 2016 (the “2016 Corporation Bonds”), which filing was not made in a timely manner as required by the undertaking for such 2016 Corporation Bonds.

(ii) *Bonds issued by Lexington Center Corporation (LCC).* LCC has previously entered into certain continuing disclosure agreements in connection with the issuance of revenue bonds by itself and by the Kentucky Bond Development Corporation for its benefit (the “Existing LCC Disclosure Agreements”). While LCC is currently in compliance with respect to its undertakings pursuant to the Existing LCC Disclosure Agreements, LCC did not file certain prior annual financial information and operating data over the past five years in a timely manner, as set forth below:

(A) On January 9, 2017 and January 17 , 2017, LCC filed notice of the following Events, which filings were not made in a timely manner as required by the Existing LCC Disclosure Agreements: (i) an “Event Notice: Ratings Downgrades (2017)” with respect to a downgrade by Moody’s and S&P of their respective ratings of the bond insurance provider related to the \$20,370,000 Lexington Center Corporation Mortgage Revenue Refunding Bonds, Series 2008A

(the “2008A LCC Bonds”); (ii) an “Event Notice: Ratings Changes (2010)” with respect to a recalibration by Moody’s on April 23, 2010 of its rating from “A1” to “Aa3” on the 2008A LCC Bonds; and (iii) an “Event Notice: Ratings Changes/Downgrade (2011)” with respect to a downgrade by Moody’s on April 18, 2011 of its rating from “Aa3” to “A1” on the 2008A LCC Bonds.

(B) A notice of redemption with respect to the remaining outstanding 2008A LCC Bonds was sent by the related trustee to DTC on August 2, 2018 and the 2008A LCC Bonds were redeemed on September 4, 2018, however a notice of such bond call was not posted with the MSRB through EMMA in a timely manner, as required by the Existing LCC Disclosure Agreements. On September 25, 2018, LCC posted a notice of such bond call with the MSRB through EMMA and a notice of failure to file with respect thereto.

(iii) *Bonds issued by the Lexington-Fayette Urban County Airport Board.* The Lexington-Fayette Urban County Airport Board (the “Airport Board”)<sup>1</sup> has previously entered into certain continuing disclosure agreements in connection with the issuance of airport revenue bonds (the “Existing Airport Disclosure Agreements”). The Airport Board is currently in compliance with respect to its undertakings pursuant to the Existing Airport Disclosure Agreements.

## **Current and Future Disclosure**

The Lexington-Fayette Urban County Government and its agencies listed above have procedures in place to assure compliance with the Rule and the respective continuing disclosure agreements in the future and, except for the late filings mentioned above, are in compliance with the continuing disclosure undertaking requirements of the Rule in connection with the respective bonds which are subject to such requirements. The Lexington-Fayette Urban County Government and its agencies intend to make timely disclosure in the future.

## **UNDERWRITING**

The Series 2022B Bonds are being purchased for reoffering by J.P. Morgan Securities LLC (the “Series 2022B Underwriter”). The Series 2022B Underwriter has agreed to purchase the Series 2022B Bonds at an aggregate purchase price of \$47,681,086.99, which is equal to the par amount of the Series 2022B Bonds of \$43,460,000.00, plus net premium of \$4,286,965.40, less underwriter's discount in the amount of \$65,878.41. The initial public offering prices which produce the yields set forth on as shown under “MATURITY SCHEDULE” on the inside cover page hereof may be changed by the Series 2022B Underwriter and the Series 2022B Underwriter may offer and sell the Series 2022B Bonds to certain dealers (including dealers depositing Series 2022B Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth herein under “MATURITY SCHEDULE.”

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<sup>1</sup> The Airport Board is an agency of the Lexington-Fayette Urban County Government.

## **FINANCIAL ADVISOR**

Robert W. Baird & Co. Incorporated (the “Financial Advisor”) has been employed as Financial Advisor in connection with the issuance of the Series 2022B Bonds. The fee for services of the Financial Advisor with respect to the sale of the Series 2022B Bonds is contingent upon the issuance and delivery thereof.

This Official Statement has been prepared under the direction of the Lexington-Fayette Urban County Government by the Director of Finance and Administration with the assistance of the Financial Advisor employed by the Lexington-Fayette Urban County Government to perform professional services in the capacity of financial advisor. In their role as Financial Advisor to the Lexington-Fayette Urban County Government, the Financial Advisor has provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal documents and drafted certain portions of the Official Statement (based upon information provided by the Lexington-Fayette Urban County Government). The information set forth herein has been obtained from the Lexington-Fayette Urban County Government and other sources which are believed to be reliable. The Financial Advisor has not verified the factual information contained in this Official Statement but relied on the information supplied by the Lexington-Fayette Urban County Government and the Lexington-Fayette Urban County Government’s certificate as to the Official Statement.

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**MISCELLANEOUS**

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Lexington-Fayette Urban County Government from official and other sources and is believed by the Lexington-Fayette Urban County Government to be reliable, but such information other than that obtained from official records of the Lexington-Fayette Urban County Government has not been independently confirmed or verified by the Lexington-Fayette Urban County Government and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Series 2022B Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the Lexington-Urban County Government, by its Mayor.

**LEXINGTON-FAYETTE URBAN COUNTY  
GOVERNMENT**

By:  /s/ Linda Gorton  
Mayor

Dated: July 20, 2022

**APPENDIX A  
DEBT SERVICE REQUIREMENTS FOR  
THE OUTSTANDING GENERAL OBLIGATION BONDS,  
INCLUDING THE SERIES 2022B BONDS**

[SEE ATTACHED]

**Lexington-Fayette Urban County Government (Kentucky)**  
**Various Purpose General Obligation Bonds, Series 2022B**

**Debt Service Requirements for the Series 2022B Bonds**

Fiscal Year Ended June 30	Existing Net General Obligation Debt Service	Series 2022B			New Net General Obligation Debt Service
		Principal	Interest	Total	
2023	\$48,579,659.38	\$4,035,000.00	\$974,827.66	\$5,009,827.66	\$53,589,487.04
2024	48,580,815.33	2,060,000.00	1,799,018.76	3,859,018.76	52,439,834.09
2025	42,351,541.32	2,165,000.00	1,693,393.76	3,858,393.76	46,209,935.08
2026	41,370,628.05	2,280,000.00	1,582,268.76	3,862,268.76	45,232,896.81
2027	40,196,713.55	2,395,000.00	1,465,393.76	3,860,393.76	44,057,107.31
2028	37,246,699.80	2,520,000.00	1,342,518.76	3,862,518.76	41,109,218.56
2029	33,724,663.16	2,645,000.00	1,213,393.76	3,858,393.76	37,583,056.92
2030	24,135,431.53	2,780,000.00	1,077,768.76	3,857,768.76	27,993,200.29
2031	19,754,172.91	2,925,000.00	935,143.76	3,860,143.76	23,614,316.67
2032	14,661,540.40	3,075,000.00	785,143.76	3,860,143.76	18,521,684.16
2033	12,616,240.89	3,235,000.00	627,393.76	3,862,393.76	16,478,634.65
2034	10,604,476.88	1,095,000.00	519,143.76	1,614,143.76	12,218,620.64
2035	9,439,501.50	1,150,000.00	463,018.76	1,613,018.76	11,052,520.26
2036	7,642,035.63	1,210,000.00	404,018.76	1,614,018.76	9,256,054.39
2037	7,026,260.63	1,260,000.00	351,718.76	1,611,718.76	8,637,979.39
2038	4,041,201.25	1,305,000.00	306,015.63	1,611,015.63	5,652,216.88
2039	3,255,288.75	1,355,000.00	256,956.25	1,611,956.25	4,867,245.00
2040	1,799,063.75	1,410,000.00	205,112.50	1,615,112.50	3,414,176.25
2041	1,521,376.25	1,460,000.00	150,387.50	1,610,387.50	3,131,763.75
2042	1,516,895.00	1,520,000.00	92,650.00	1,612,650.00	3,129,545.00
2043	806,832.50	1,580,000.00	31,600.00	1,611,600.00	2,418,432.50
2044	806,832.50	-	-	-	806,832.50
2045	806,832.50	-	-	-	806,832.50
2046	806,832.50	-	-	-	806,832.50
2047	806,832.50	-	-	-	806,832.50
2048	806,832.50	-	-	-	806,832.50
2049	806,832.50	-	-	-	806,832.50
2050	6,787,658.75	-	-	-	6,787,658.75
2051	6,790,860.00	-	-	-	6,790,860.00
2052	6,788,672.50	-	-	-	6,788,672.50
2053	6,789,220.00	-	-	-	6,789,220.00
2054	6,792,165.00	-	-	-	6,792,165.00
<b>Total</b>	<b>\$449,660,609.71</b>	<b>\$43,460,000.00</b>	<b>\$16,276,887.18</b>	<b>\$59,736,887.18</b>	<b>\$509,397,496.89</b>

**APPENDIX B**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE**  
**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*(See “Statistical Section” which begins on page 167 of the Annual Comprehensive Financial Report for Financial, Economic, Tax Base and Debt Information of the Lexington Fayette Urban County Government)*

[SEE ATTACHED]



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021



*Cover by: Amy Wallot/Communications*



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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
LEXINGTON, KENTUCKY



PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

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

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## INTRODUCTORY SECTION



Lexington-Fayette Urban County Government  
OFFICE OF THE MAYOR

Linda Gorton  
Mayor

November 19, 2021

Dear Community Members,

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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Linda Gorton". The signature is written in a cursive, flowing style.

Linda Gorton  
Mayor

FOLLOW MAYOR GORTON:

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

## ELECTED OFFICIALS

MAYOR  
Linda Gorton

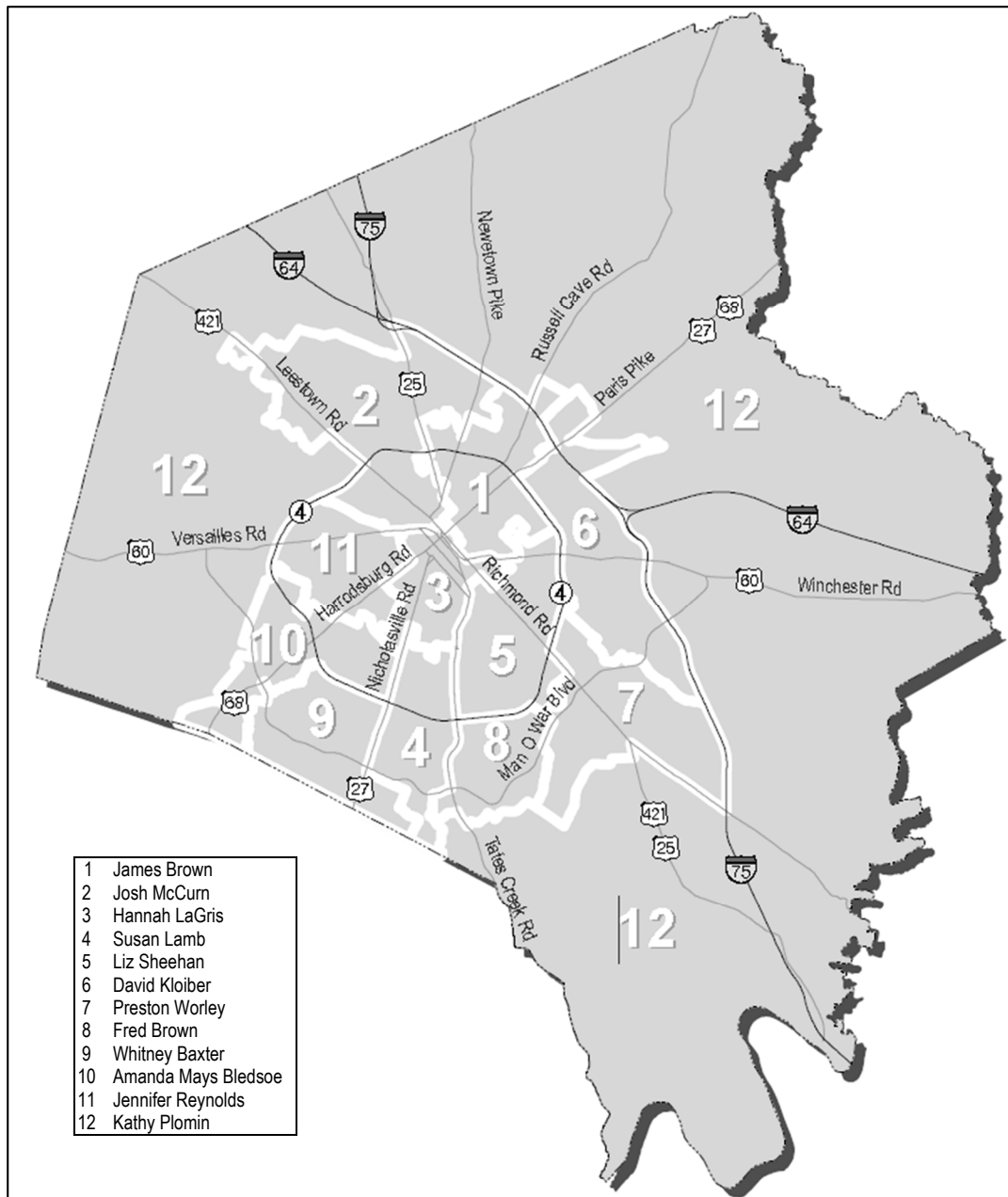
### COUNCILMEMBERS-AT-LARGE

Steve Kay – Vice Mayor

Richard Moloney

Chuck Ellinger

### DISTRICT COUNCILMEMBERS





MAYOR LINDA GORTON



**LEXINGTON**

ERIN HENSLEY  
COMMISSIONER  
FINANCE

November 19, 2021

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

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

As Commissioner of Finance, it is my pleasure to present the Comprehensive Annual Financial Report, also called the Financial Report, of the Lexington-Fayette Urban County Government (the Government) (LFUCG) for the fiscal year ended June 30, 2021. The Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The Financial Report includes all funds of the Government and its component units.

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

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

State statute and the Charter of the Government both require that an independent financial audit be conducted annually. The accounting firm of Strothman and Company, PLLC performed the audit for the fiscal year ended June 30, 2021. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Government for the fiscal year ended June 30, 2021 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Government's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this report.



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

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

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

The City of Lexington, with a population of 322,570, is the second largest city in Kentucky. It is ideally located within 600 miles of 50% of the US population. Besides being the horse capital of the world, Lexington is also home to the state's flagship university, the University of Kentucky, with 31,110 postsecondary students in the talent pool. Incorporated in 1775, Lexington has since grown to encompass just over 286 square miles of land.

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

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

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

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



## **Significant Events (as of November 19, 2021)**

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

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

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

Lexington-Fayette County began to see the impacts of the COVID-19 global pandemic in March 2020. To assist local businesses and residents whose services and income were affected by COVID-19, Lexington-Fayette County continued grant programs for small businesses, emergency financial assistance programs for residents facing evictions or utility shutoffs, and implemented administration of the federal Emergency Rental Assistance Program. These actions were combined with expenditure controls within the local government to ensure fiscal soundness and stability. The effects of COVID-19 and subsequent needs of the community will continue to have an impact throughout FY2022.

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

In July 2018, the Lexington Convention Center broke ground on a more than \$275 million renovation and expansion, which is the single largest capital project in Lexington's history. The new Convention Center exhibition space will be increased by over 50% and ballroom space by over 40%. The project is currently over 90% complete, with full completion anticipated in spring 2022. The facility will have over 200,000 square feet of flexible meeting and event space, and will be managed by Oak View Group Facilities as of October 1, 2021.

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

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

Construction began in July 2018 for the Town Branch Commons. The project is a linear urban trail closing the gap between our downtown parks and two major trails. Once on the Town Branch Trail, users will be able to access 22 continuous miles of dedicated walking, jogging, and cycling trails connecting the city center to the countryside. Water is featured along the path in interactive fountains and planting areas work to collect storm water. The trail is separated and buffered from adjacent vehicular traffic. The trail is fully funded by a diverse array of federal and state grants that leverage local dollars. Funding sources include a \$14.1M federal TIGER Grant, a \$5.2M federal CMAQ Grant, a \$2.3M federal TAP Grant, a \$1M SLX Grant, a \$5.6M Kentucky Infrastructure Loan, and \$11.8M of local dollars. Completion of the project is expected by December 31, 2022.

### ***Consent Decree***

The Government is required to reduce sanitary sewer overflows as part of a court ordered settlement, the Consent Decree, with the United States (US) Department of Justice, the US Environmental Protection Agency (EPA), and the Commonwealth of Kentucky. The Consent Decree requires Lexington to address structural, operational, and



procedural issues within its storm and sanitary sewer systems in accordance with the schedule developed jointly with the EPA. To date Lexington has incurred no penalties for missing a Consent Decree imposed deadline.

The sanitary sewer capital construction component of the Consent Decree consists of 115 capital improvement projects intended to rehabilitate the sanitary sewer system to prevent recurring sanitary sewer overflows and unpermitted bypasses. The cost estimate for all the Remedial Measures Plan (RMP) capital projects is \$591 million, and LFUCG must complete the projects by December 31, 2026.

As of September 2021, a total of 61 RMP projects have been completed and another 23 are in the design/ construction phase, totaling approximately \$311 million in capital expenditures. Generally projections show total RMP capital project expenses trending below the original estimated expenditure for the projects completed or are under construction to date. The Government will continue to closely monitor this trend as the overall project scope has now begun to transition away from the storage tank projects and into the pipeline upgrade projects—schedules of which are being adversely impacted by serious pipe supply shortages and price increases.

The Capacity, Management, Operation, and Maintenance (CMOM) Program is also a requirement of the Consent Decree. The CMOM Program outlines the operational changes that must be implemented and maintained for both sewer line and pump station operation. Since entering into the Consent Decree, the Division of Water Quality has completed or implemented all 154 required CMOM Program elements. Many have ongoing, continuous compliance components which are being performed. Key CMOM operational documents (Sewer Overflow Response Plan, Gravity Line Preventative Maintenance Plan and Pump Station Operations Plan for Power Outages) have all been updated in the past 18 months.

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

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

### **Fiscal Outlook**

#### ***Local Economy***

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

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



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

### ***Economic Development Incentives***

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

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

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

### **Strengthening Fiscal Management**

#### ***Introduction***

In the past several years, the Government has benefited from local economic growth and historically low interest rates that have allowed for significant investments in infrastructure and public safety. The Government has also refinanced existing debt to benefit from the low interest rate environment and decrease its overall debt service burden. This refinancing is anticipated to create a savings of over \$4.4 million during the 15-year issue period, with \$1 million in savings realized during FY2021. As the Federal Reserve considers future rate changes, the Government will monitor the bond market to ensure that it stays in a favorable position regarding its long-term debt.

#### ***Budget Control and Financial Management***

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

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

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



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

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

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

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

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

The Department of Finance is responsible for the custody, investment, and disbursement of all funds of the Government in accordance with the procedures and standards adopted by the Urban County Council. It is the policy of the Government to invest funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Government. The Government's investments are governed by state statutes (KRS 66.480) and an investment policy approved by the Urban County Council. In fiscal year 2021 all funds were invested in either obligations of the United States and its agencies or instrumentalities, mutual funds comprised of those securities, repurchase agreements, collateralized Certificates of Deposit, or commercial paper.

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

For the 29<sup>th</sup> consecutive year, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lexington-Fayette Urban County Government for its comprehensive annual financial report for the fiscal year ended July 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Respectfully submitted,



Erin Hensley, Commissioner  
Department Of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Lexington-Fayette Urban County  
Kentucky**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

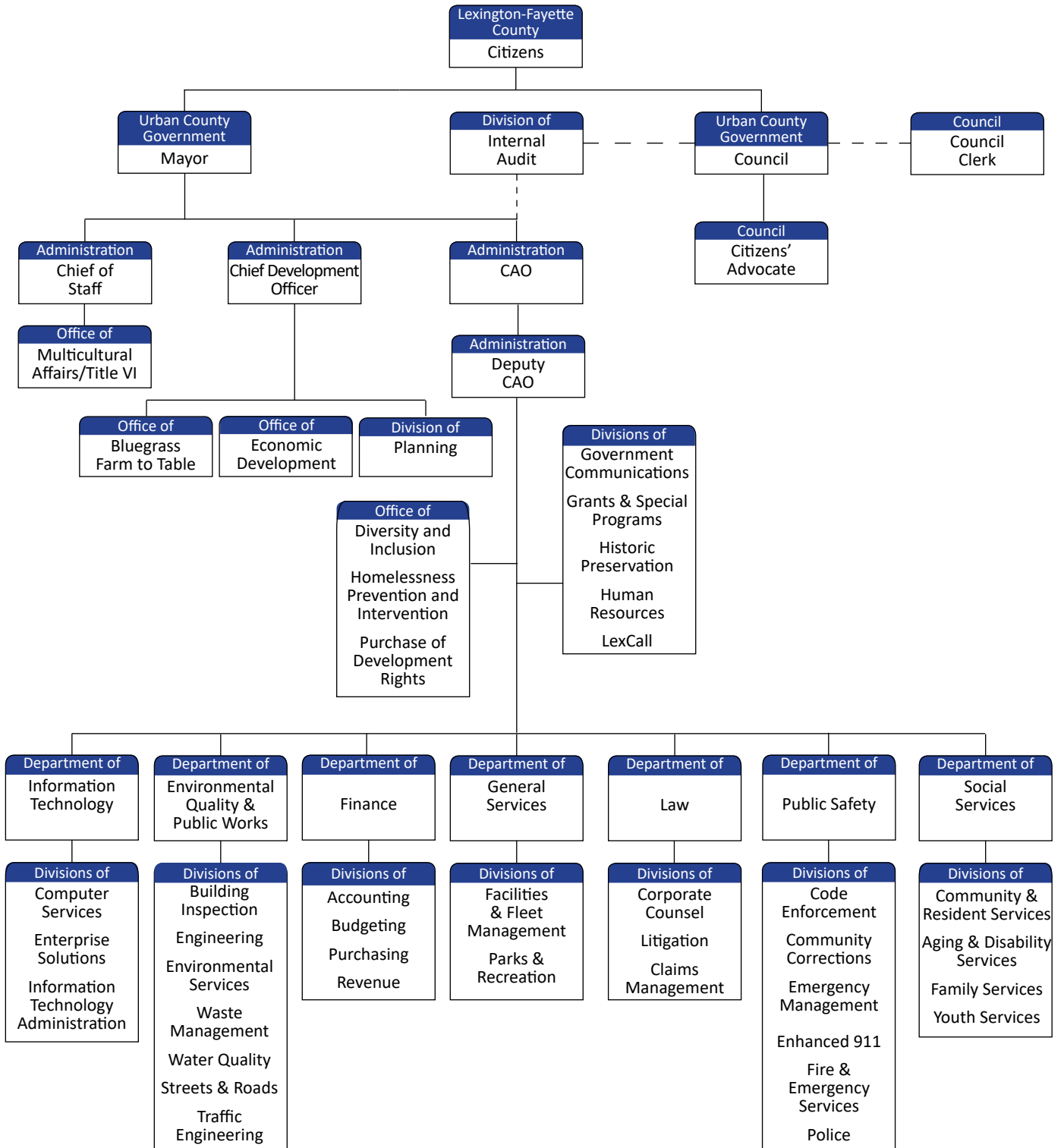
*Christopher P. Morill*

Executive Director/CEO



# LEXINGTON

## Lexington-Fayette Urban County Government Organizational Chart





## DIRECTORY OF GOVERNMENTAL OFFICIALS

**Council Office**  
Citizens' Advocate Office

**Council Clerk's Office**

**Office of the Mayor**

**Internal Audit**

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

**Chief Development Office**  
Planning

**Chief Information Office**  
Computer Services  
Enterprise Solutions

**Finance**  
Accounting and Payroll  
Purchasing  
Revenue  
Budgeting

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

**Law**

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

**Social Services**  
Community & Resident Services  
Aging & Disability Services  
Family Services  
Youth Services

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

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

**Abigail Allen, Director**

**Linda Gorton, Mayor**

**Bruce Sahli, Director**

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

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

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

**Erin Hensley, Commissioner**  
Phyllis Cooper, Director  
Todd Slatin, Director  
Wes Holbrook, Director  
Melissa Lueker, Director

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

**Susan Speckert, Commissioner**

**Ken Armstrong, Commissioner**  
Lisa Farmer, Director  
Patricia Dugger, Director  
Jonelle Patton, Director  
Jason Wells, Chief  
Lawrence Weathers, Chief  
Alex Olszowy, Director

**Kacy Allen-Bryant, Commissioner**  
Danielle Sanders, Director  
Kristina Stambaugh, Director  
Joanna Rodes, Director  
Stephanie Hong, Director

**Chris Ford, Commissioner**  
Jamshid Baradaran, Director  
Monica Conrad, Director



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# FINANCIAL SECTION



## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lexington-Fayette Urban County Government (the "Government"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

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

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

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

### **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 to 29 and budgetary comparison information on pages 112 to 132 and pension and OPEB information on pages 133 to 140 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

*Strothman and Company*

Louisville, Kentucky  
November 22, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the Government's financial performance for the fiscal year ended June 30, 2021. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide a readable explanation of the information within the basic financial statements. It should be read in conjunction with the Letter of Transmittal (which can be found preceding this narrative on page 3) and the financial statements immediately following the analysis.

### FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

#### Government–Wide Highlights

- In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. The pandemic has spanned over one year in length. The currently known impacts are:
  - Revenues for license fees and permits are recovering, up \$38.47 million from the final budgeted amount.
  - The Government has been awarded various grant funds from the U.S. Treasury related to the Coronavirus totaling \$100.35 million dollars. Several assistance programs are underway and several more projects are under review by the Government.
- Total assets plus deferred outflows of resources of the Primary Government exceeded total liabilities and deferred inflows of resources by approximately \$244.57 million at the close of fiscal year 2020. This amount includes a deficit of approximately (\$774.71) million in unrestricted net position.
- Governmental Activities' net position was (\$128.34) million at the end of fiscal year 2020. Of this amount, \$631.90 million was the net investment in capital assets. The net investment in capital assets comprises 492.37% of total net position.
- Business-Type Activities held a balance of \$372.91 million in net position. The unrestricted fund balance at June 30, 2021 is \$38.53 million, or 36.92% of Business-Type Activity expenses.

#### Fund Highlights

- As of June 30, 2021, the Government's governmental funds reported combined ending fund balances of \$171.17 million, an increase of \$13.12 million compared to the previous fiscal year. Of this total amount, \$66.86 million is restricted for various projects: public works, public safety, capital projects, grants, urban services, and energy improvements.
- The General Fund, the primary operating fund of the Government, held an unassigned fund balance of \$12.35 million or 9.83% of General Fund expenditures. There are two categories of committed fund balance; general government and economic stabilization. Committed funds represent amounts restricted for use by the highest level of governing authority, an ordinance passed by the Urban County Council. The total committed fund balance is \$44.42 million. The committed fund balance designation for economic stabilization held a balance of \$37.96 million, available for spending in the event of an economic downturn or unforeseen event. There are two categories of assigned fund balance; general government and capital projects. Assignments for general government represent planning for various projects combined with management's intent to complete these projects. Assignments for capital projects represent management's intent to complete various capital improvements. These assignments total \$44.89 million for fiscal year 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

Three key elements comprise the basic financial statements, including:

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

### A. Government-Wide Financial Statements

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

The *Statement of Net Position* reflects the financial position of the Government at fiscal year ended June 30, 2021. Accordingly, the Government's net position, the difference between assets (what the citizens own) plus deferred outflows of resources and liabilities (what the citizens owe), is one way to determine the financial condition of the Government. Over time, increases or decreases in net position are one indicator of whether the financial health of the Government is improving or deteriorating. However, additional factors such as changes in the Government's revenue structure, its tax base, and its level of assets held, should be considered in order to assess thoroughly the overall financial condition of the Government.

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

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

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

### B. Fund Financial Statements

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



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

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Analysis of Net Position

Net position may serve as a useful indicator of a government's financial position. In Table 1 below, the Government's combined net position (Governmental and Business-Type Activities) totaled \$244.57 million as of June 30, 2021, a decrease of \$31.50 million from the previous year. Total depreciation expense government wide was \$78.49 million.

The largest proportion of the Government's net position, \$939.84 million, is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Government uses these capital assets to provide services to its citizens. As such, these assets are not available for future spending.

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

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

Approximately \$79.44 million, or 32.48% of total net position, is subject to external restrictions regarding its use. Restricted amounts within Governmental Activities include fund balances of the general fund, the urban services fund and various special revenue funds. Please refer to the fund analysis beginning on page 25 for more information.

Table 2 indicates that the net position of Governmental Activities totaled (\$128.34) million, or 10.49% of total assets, an increase of \$28.88 million from the previous year. Of this total, \$631.90 million is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets.

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

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

Table 3 shows the net position of Business-Type Activities totaled \$372.91 million at the end of fiscal year 2021, an increase of \$11.56 million from the previous fiscal year. Of total net position, \$307.94 million, or 82.58%, is invested in capital assets, minus related debt which is still outstanding and used to acquire those assets. The Government uses these capital assets in the same way as the capital assets held by Governmental Activities.

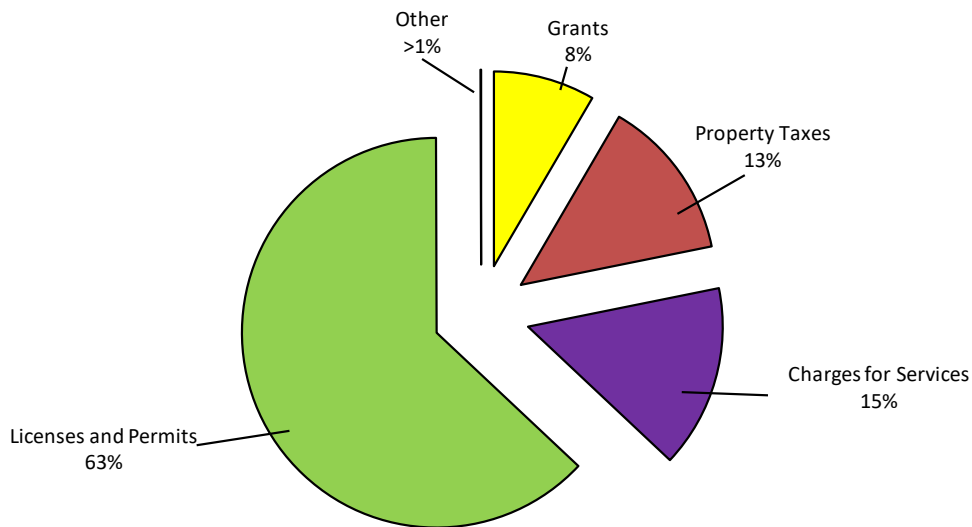
**Table 3**  
**Lexington-Fayette Urban County Government**  
**Summary of Net Position**  
**For Years as Stated**  
**(in thousands)**

	<b>Business-Type Activities</b>		
	<b>FY 2021</b>	<b>Restated FY 2020</b>	<b>Change</b>
<b>ASSETS</b>			
Current and other assets	\$152,336	\$166,756	(\$14,420)
Capital assets	<u>531,655</u>	<u>519,443</u>	<u>12,212</u>
Total assets	<u><u>683,991</u></u>	<u><u>686,199</u></u>	<u><u>(2,208)</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	16,677	16,190	487
<b>LIABILITIES</b>			
Current and other liabilities	18,157	23,224	(5,067)
Long-term liabilities	<u>305,627</u>	<u>312,295</u>	<u>(6,668)</u>
Total liabilities	<u><u>323,784</u></u>	<u><u>335,519</u></u>	<u><u>(11,735)</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,971	5,520	(1,549)
<b>NET POSITION</b>			
Net Investment in Capital Assets	307,936	301,489	6,447
Restricted for:			
Capital Projects	15,380	3,976	11,404
Energy Improvement Projects	317	850	(533)
Debt Service	0	2,736	(2,736)
Capital Replacement	2,778	2,286	492
Water Quality Incentive Program	6,833	5,794	1,039
Maintenance and Operations	1,131	1,215	(84)
Unrestricted	<u>38,538</u>	<u>43,004</u>	<u>(4,466)</u>
Total net position	<u><u>\$372,913</u></u>	<u><u>\$361,350</u></u>	<u><u>\$11,563</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, 63%, of the Government's revenue were provided through licenses and permits. This category includes fees placed on employee withholdings, business returns, insurance premiums, and franchise fees. Charges for Services were 15%, which was the second largest contributing category to governmental activity revenues. Revenues collected in this category included charges collected from the Detention Center, EMS charges, golf course collections, fees for building permits, and fees associated with parks and recreation programs. Property Taxes comprised 13% of governmental revenues. Federal and State grant funding represented 8% of governmental revenue. The remaining >1% in Other category represented miscellaneous revenues collected by the Government.

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



As indicated by Table 4, revenues from Governmental Activities totaled \$509.39 million, which was an increase of \$12.08 million, or 2.43%, from the previous fiscal year. Licenses and permits totaled \$320.97 million, representing 63.01% of total revenues. As stated earlier, this category includes employee withholdings in the form of an occupational license fee (OLF). This fee is comprised of an assessment of 2.25% on the total wages received by individuals employed in Lexington-Fayette County and an assessment of 2.25% on the net profits of businesses operating in the Lexington-Fayette County area. Licenses and permits increased by \$16.47 million, or 5.41% from the previous fiscal year. This is primarily due to an increase in payroll withholdings collected during the fiscal year. Property taxes increased by \$1.75 million, due to an increase in realty taxes collected. Charges for services decreased by \$0.52 million from the previous fiscal year, or 0.67%. Operating and Capital grants decreased by \$9.71 million from the previous fiscal year, or 4.80%. Both of these changes year over year are due to the impact of COVID-19. The negative Other General Revenues of (\$0.28) million was caused by investment losses during the fiscal year.

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

**Business-Type Activities**

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

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

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

## PERSONNEL COSTS

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

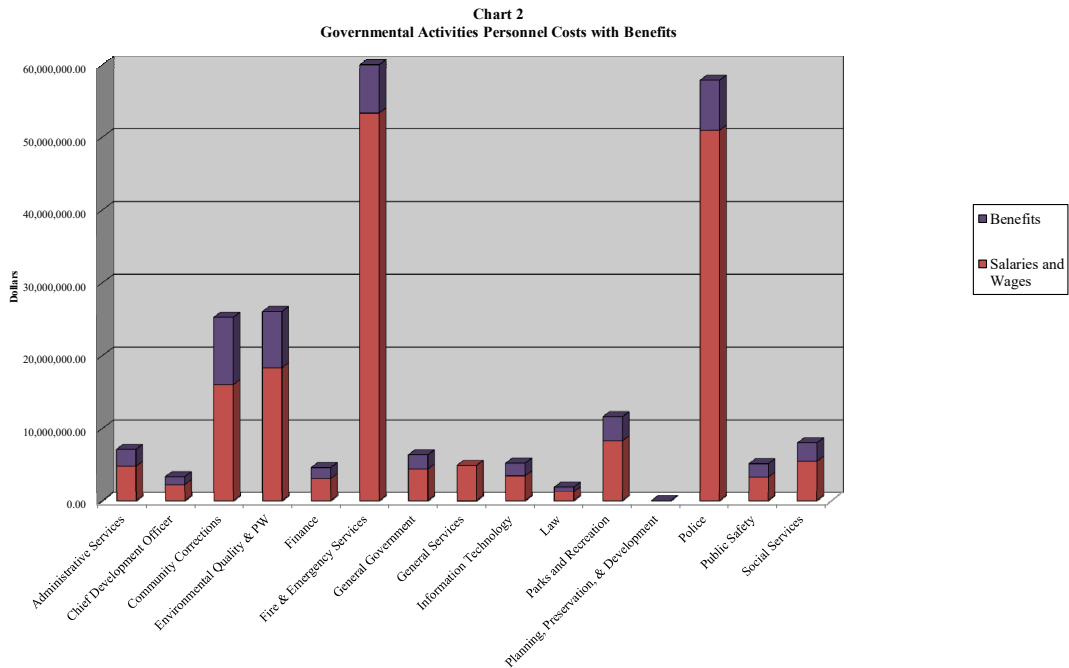
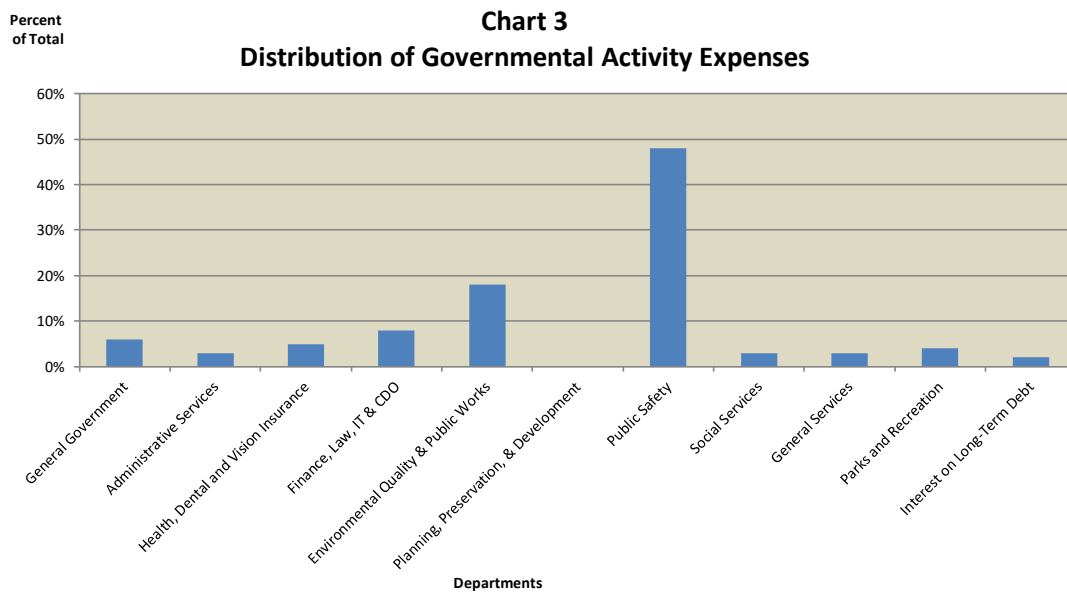


Chart 3 displays the distribution of total costs by governmental activity.



## FUNDS OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

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

### Governmental Funds

The Government's total governmental funds for the year ended June 30, 2021 reflect a combined ending fund balance of \$171.17 million, an increase of \$13.12 million from the previous fiscal year. The Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 to the financial statements for detailed information on the fund balance classifications). The increase is primarily due to revenues in excess of expenditures of \$5.58 million, offset by net transfers out and proceeds from the issuance of bonds of \$7.72 million. Revenues increased \$14.46 million from the previous fiscal year primarily due to licenses and employee and business returns increases of \$16.86 million. Expenditures increased \$2.69 million over the prior fiscal year. Primarily, grant funded expenditures increased for outside agencies approximately \$5.05 million, offset by Community Corrections expenditures decreasing \$2.36 million. In addition other financing sources and uses decreased \$12.31 million compared to the prior fiscal year primarily due to a reduction in the issuance of debt of \$12.41 million offset by a slight decrease in transfers of \$0.10 million.

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

The Urban Services Fund is used to finance solid waste collection, streetlights, and street cleaning services for properties within designated property tax districts. At the end of the fiscal year, the Urban Services Fund held a total fund balance of \$26.78 million, an increase of \$2.91 million over the prior fiscal year. This increase is primarily due to transfers in of \$3.98 million, offset by expenditures in excess of revenues of \$1.07 million. Revenues increased overall by \$0.76 million compared to the prior fiscal year. Operating expenditures decreased \$1.70 million over the prior fiscal year. Total expenditures were budgeted at \$52.13 million for the fiscal year and actual expenditures totaled \$46.10 million, \$6.03 million under the final budgeted amount.

The Federal and State Grants Fund held a balance of \$0.27 million for fiscal year ended June 30, 2021, steady when compared to the prior fiscal year. This fund balance represents grant revenues received, but not spent, that are restricted for specific activities. During fiscal year 2012, an outstanding loan receivable balance was paid in full. The funding is being used for urban development projects. The Government was awarded \$100.35 million in funding for COVID relief projects. So far the Government has disbursed \$5.1 million in rental assistance. The Government's Urban County Council has created committees to review public feedback to develop additional projects to offset negative impacts on the local economy due to the pandemic.

The Other Governmental Funds primarily relate to costs associated with various capital bond projects. During fiscal year 2021, \$20.70 million was expended on these projects. Bonds in the amount of \$7.52 million were issued to reimburse these expenditures and cover any additional costs associated with the projects, for more information please see Note 3.D. to the financial statements.

### Proprietary Funds

The Government's proprietary fund statements provide the same type of information found in the *Government-Wide Financial Statements*, but in more detail. Total net position for the Government's proprietary funds totaled \$372.91 million as of June 30, 2021, an increase of \$11.56 million from the prior fiscal year. Revenues from charges for services decreased \$2.15 million and total expenses increased \$4.47 million when compared to the prior fiscal year.



The Sanitary Sewer System Fund held a total net position of \$277.69 million, an increase of \$6.34 million over the prior year. Of the total net position held by the Sanitary Sewer System Fund, \$13.90 million is restricted by bond covenants for capital replacement, projects, and debt service. In addition, \$0.32 million is restricted for energy improvement projects.

The Public Facilities Corporation was created by the Government to act as an agency and instrumentality of the Government to finance and operate public projects. The net position of the Public Facilities Corporation was \$22.98 million, an increase of \$3.96 million from the prior fiscal year. Operating income during fiscal year 2021 was \$5.72 million. The increase in net position is primarily due to operating revenues of \$0.48 million, non-operating expenses of \$1.27 million and transfers in of \$0.28 million. In addition, a prior period adjustment increase of \$4.48 million (see footnote 2.D. for additional details).

The Water Quality Fund was established to account for the revenues and expenses of developing and operating storm water related activities. The net position of the Water Quality Fund totaled \$24.09 million, an increase of \$2.49 million from the prior fiscal year. Revenues in excess of expenses primarily contributed to this increase.

As of June 30, 2021, the total net position of the Landfill Fund held a balance of \$44.00 million, an increase of \$3.04 million from the prior fiscal year, a 7.42% increase. Revenues in excess of expenses primarily contributed to this increase.

The other enterprise funds were established to account for the acquisition, operation and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. As of June 30, 2021 the other enterprise funds held total net position of \$1.30 million, a decrease of \$2.37 million over the previous fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

General Fund expenditures of the Government totaled \$362.78 million, an increase of \$14.56 million, or 4.18% over the previous fiscal year. Total budgeted expenditures equaled \$369.35 million. Expenditures were \$6.57 million below the final budgeted amount. Operating expenditures were \$5.49 million below the final budgeted amount. Personnel expenditures, accounting for 61.65% of General Fund expenditures, were \$1.50 million below the final budgeted amount. Divisions with collective bargaining agreements had expenditures \$0.56 million below the final budgeted amount. Personnel expenditures from these divisions account for 52.36% of the General Fund expenditures. Please see Table 5 below for more details regarding the distribution of General Fund personnel costs and the changes from prior year.

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

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

**CAPITAL ASSETS**

The Government's capital assets totaled \$1.42 billion as of June 30, 2021, details of which are in Note 3.B. to the financial statements. This investment includes land, buildings, equipment, park facilities, roads, bridges, and sewer systems. For Governmental Activities, the net investment in capital assets totaled \$631.90 million. Governmental Activities net investment in capital assets decreased by \$61.45 million from the prior fiscal year. The net investment in capital assets of Business-Type Activities totaled \$307.94 million, an increase of \$6.45 million over the previous fiscal year.

This year's major changes in capital assets included:

- Governmental Activities total capital assets decreased by \$23.00 million compared to the previous fiscal year. The decrease was primarily due to depreciation of \$57.53 million and asset retirements of \$0.85 million, offset capital additions of \$35.38 million. Intangibles, buildings, and infrastructure decreased \$1.23 million, \$2.26 million, and \$30.47 million respectively. Purchase of development rights, land and leasehold improvements, and construction in progress increased \$0.64 million, \$4.20 million, and \$6.98 million respectively.
- Capital assets for Business-Type Activities increased by \$12.21 million. The overall increase was primarily due to additions of \$31.25 million and a prior period adjustment of \$4.12 million, offset by depreciation of \$20.95 million and retirements of \$2.20 million. The increase represents several projects underway related to the Government's Remedial Measures Plan, filed with the Environmental Protection Agency. Additional information can be found in Note 5.B. to the financial statements.

- Construction in progress assets totaled \$26.92 million in the Governmental Activities and \$31.23 million in Business-Type Activities. The overall decrease from the previous year in construction in progress assets totaled \$30.95 million. The decrease was primarily due to additions of \$49.72 million offset by net asset retirements of \$2.83 million, and assets placed in service of \$77.83 million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land*	\$62,895	\$62,895	\$50,823	\$46,422	\$113,718	\$109,317
Purchase of Development Rights	82,560	81,923			82,560	81,923
Intangibles	12,765	13,990	1,905	2,951	14,670	16,941
Buildings	109,619	111,878	21,354	24,757	130,973	136,635
Vehicles, Equipment, & Furniture	46,023	46,887	18,273	17,589	64,296	64,476
Land and Leasehold Improvements	22,735	18,531	5,874	5,988	28,609	24,519
Infrastructure & Sewer Lines/Plants	524,632	555,105	399,898	350,282	924,530	905,387
Construction in Progress	26,922	19,942	33,528	71,455	60,450	91,397
Developments in Progress	157	157	0	0	157	157
Total	\$888,308	\$911,308	\$531,655	\$519,444	\$1,419,963	\$1,430,752

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

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

## DEBT ADMINISTRATION

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

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

At the end of fiscal year 2021, the Government had \$607.30 million in bonds and notes outstanding; Governmental Activities' debt decreased by \$24.65 million and total debt decreased by \$39.03 million. The decrease in debt for Governmental Activities resulted primarily from the issuance of GO bonds totaling \$7.52 million and refunding debt issuance and payment of \$4.12 million, offset by principal payments and amortized bond costs in the current fiscal year on outstanding debt of \$36.29 million. The Business-Type Activities debt decreased \$14.38 million primarily from bond and note payable proceeds of \$0.39 million, offset by principal payments and amortized bond costs of \$14.77 million.

Despite legal changes that provide for the issuance of GO debt, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of GO debt

cannot exceed 10% of the value of taxable property in the county, or \$3.52 billion. State law provides the same limitation as set forth in the constitution except that the limitation applies to “net indebtedness”, which excludes self-supporting obligations, revenue bonds, special assessment debt and non-tax supported debt issued prior to July 15, 1996 (the effective date of the previously discussed statutory change). The total amount of debt subject to the legal limitation is \$324.13 million.

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

	<u>Governmental</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Obligation Bonds, Notes, Leases	\$363,851	\$388,498	\$132,237	\$138,742	\$496,088	\$527,240
Mortgage Revenue Bonds			38,410	41,248	38,410	41,248
Revenue Bonds			72,802	77,837	72,802	77,837
Total	<u>\$363,851</u>	<u>\$388,498</u>	<u>\$243,449</u>	<u>\$257,827</u>	<u>\$607,300</u>	<u>\$646,325</u>

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

### **NEXT YEAR’S BUDGET**

The Lexington-Fayette Urban County Government Fiscal Year 2022 Budget, for all funds combined, net of interfund transfers, is \$666,848 million. Significant initiatives in the budget include:

- A commitment of \$88.26 million for storm sewer projects and programs as required by the Environmental Protection Agency Consent Decree, which will include the issuance of Sewer Revenue Bonds. For additional information see Note 7.
- GO bonds were approved as part of the fiscal year 2022 budget for \$30 million. The bonds will fund projects for Public Safety, building and infrastructure improvements, paving and street maintenance, and fleet replacement.

### **REQUESTS FOR INFORMATION**

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

# **BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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



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

Function/Program Activities Component Units:	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	
Lexington Center Corporation	\$20,352,742	\$10,816,368	\$97,500	\$381,000				(\$9,057,874)
Lexington Airport Board	26,341,426	14,539,170	9,995,526	11,497,728				9,690,998
Fayette County Department of Health	23,081,588	4,240,237	11,514,939					(7,326,412)
Nonmajor Component Units	48,577,316	3,296,304	11,980,293	976,289				(32,324,430)
<b>Total Component Units</b>	<b>\$118,353,072</b>	<b>\$32,892,079</b>	<b>\$33,588,258</b>	<b>\$12,855,017</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$39,017,718)</b>
<b>General Revenues:</b>								
Property Taxes				\$68,365,906		\$0	\$68,365,906	\$56,249,863
Licenses Fees - Wages and Net Profits Taxes				320,966,286			320,966,286	
Grants and Contributions Not Restricted to Specific Programs:								
Community Development Block Grant				2,079,748			2,079,748	
Income on Investments				(276,837)	775,068		498,231	1,197,779
Net Change in Fair Value of Investments								(213,245)
Gain on Sale of Capital Assets							0	4,587
Miscellaneous								(353,381)
Transfers				(160,156)	160,156			
Total General Revenues and Transfers				390,974,947	935,224		391,910,171	56,885,603
Change in Net Position				(42,880,511)	7,595,823		(35,284,688)	17,867,885
Net Position, Beginning				(85,277,652)	361,349,336		276,071,684	300,179,332
Adjustment to Opening Net Position (Note 2.D.)				(181,132)	3,968,279		3,787,147	(135,668)
Net Position, Beginning - Restated				(85,458,784)	365,317,615		279,858,831	300,043,664
Net Position, Ending				(\$128,339,295)	\$372,913,438		\$244,574,143	\$317,911,549

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

	<u>General</u>	<u>Urban Services</u>	<u>Federal and State Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$46,506,247	\$8,919,852	\$61,483,238	\$16,877,788	\$133,787,125
Investments	34,583,269	19,860,483		957,577	55,401,329
Receivables:					
Loans			1,786,298		1,786,298
License Fees	29,561,664				29,561,664
Other	13,082,663	(445,219)		595,879	13,233,323
Less Allowance for Uncollectible Amounts	(5,437,139)		(1,786,298)		(7,223,437)
Due from Other Governments			10,261,186		10,261,186
Due from Other Funds	190,362		1,167,863		1,358,225
Inventories and Prepaid Items	2,182,047	32,783		13,028	2,227,858
Restricted Investments	1,547,064		29,299	24,233,034	25,809,397
<b>Total Assets</b>	<u>\$122,216,177</u>	<u>\$28,367,899</u>	<u>\$72,941,586</u>	<u>\$42,677,306</u>	<u>\$266,202,968</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and Contracts Payable	\$6,941,442	\$1,070,176	\$1,558,269	\$1,344,099	\$10,913,986
Accrued Payroll & Related Liabilities	5,803,852	519,812	62,328		6,385,992
Due to Other Funds				1,358,225	1,358,225
Due to Other Governments	11,367				11,367
Due to Component Units	1,866,118				1,866,118
Unearned Revenue and Other	2,106,466		71,051,695	1,335,013	74,493,174
<b>Total Liabilities</b>	<u>16,729,245</u>	<u>1,589,988</u>	<u>72,672,292</u>	<u>4,037,337</u>	<u>95,028,862</u>
Fund Balances:					
Nonspendable	2,182,047	32,783		13,028	2,227,858
Restricted for:					
Public Works				9,722,290	9,722,290
Public Safety	1,419,095			898,709	2,317,804
Capital Projects				27,584,087	27,584,087
Grants Projects			269,294		269,294
Urban Services		26,694,268			26,694,268
Energy Improvement Projects	221,462	50,860			272,322
Committed for:					
General Government	6,455,660				6,455,660
Economic Stabilization	37,964,969				37,964,969
Assigned to:					
General Government	43,894,927			421,855	44,316,782
Capital Projects	999,854				999,854
Unassigned	12,348,918				12,348,918
<b>Total Fund Balances</b>	<u>105,486,932</u>	<u>26,777,911</u>	<u>269,294</u>	<u>38,639,969</u>	<u>171,174,106</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$122,216,177</u>	<u>\$28,367,899</u>	<u>\$72,941,586</u>	<u>\$42,677,306</u>	<u>\$266,202,968</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, 2021**

Total Fund balances - Governmental Funds		\$171,174,106
Amounts reported for Governmental Activities in the Statement of Net Position is different because:		
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	1,705,783,696	
Less accumulated depreciation	<u>(817,475,973)</u>	888,307,723
The net pension asset is not an available resource and, therefore, is not reported in the funds.		
		23,459,159
Restricted receivables and other long-term assets are not available to pay for expenditures in the current period and, therefore, are not reported in the funds.		
Restricted receivables (Net)		5,483,721
Other assets		1,314,032
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(363,850,861)	
Unearned revenue and other	(39,489)	
Interest payable	(4,387,633)	
Compensated absences	(30,274,863)	
Net pension liability and other post retirement benefits	<u>(966,347,736)</u>	(1,364,900,582)
Loss on debt refunding has been deferred in the Statement of Net Position (see Note I.G.)		
		6,580,572
Outflows and inflows related to pension have been deferred in the Statement of Net Position		
		184,468,897
Outflows and inflows related to other post employment benefit amounts have been deferred in the Statement of Net Position		
		(50,602,912)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position.		
		8,240,149
Internal balances due to non-governmental activities related to items listed above		
		<u>(1,864,160)</u>
Net Position of Governmental Activities		<u><u>(\$128,339,295)</u></u>

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

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

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

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

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

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

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

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

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

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

Other assets		(55,069)
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Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

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

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

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

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

511,959

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

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

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

	Business-Type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>							
Current Assets:							
Cash	\$11,719,695	\$3,241,673	\$18,243,506	\$18,051,057	\$7,889,612	\$59,145,543	\$38,987,220
Investments	26,638,811	311,485	30,279,703	5,091,907	1,493,868	63,815,774	
Receivables:							
User Fees Receivable	14,145,254		2,163,867	2,645,973		18,955,094	
Other Receivables	461,565	81,078	30,045	3,491	406,032	982,211	35,933
Less Allowance for Uncollectible Accounts	(8,558,221)		(1,504,560)	(1,440,932)	(35,867)	(11,539,580)	
Inventories and Prepaid Expenses	183,430		32,099	52,776	66,826	335,131	428,551
<b>Total Current Assets</b>	<b>44,590,534</b>	<b>3,634,236</b>	<b>49,244,660</b>	<b>24,404,272</b>	<b>9,820,471</b>	<b>131,694,173</b>	<b>39,451,704</b>
Noncurrent Assets:							
Restricted Investments:							
Reserved for Construction & Capital Acquisitions	17,864,617					17,864,617	
Reserved for Capital Replacement	2,681,850			96,000		2,777,850	
Capital Assets:							
Land	6,040,804	36,699,993	5,194,637	2,887,441		50,822,875	
Land Improvements	354,183	23,498,213	17,199,342	169,259	10,000	41,230,997	
Buildings	5,202,774	114,754,327	800,936	179,393	7,514	120,944,944	
Sewer Plants	304,250,711		88,764			304,339,475	
Sewer Lines	296,634,289		410,356	15,078,206		312,122,851	
Leasehold Improvements		2,087,090				2,087,090	
Vehicles, Equipment, and Furniture	37,270,512	2,769,922	242,814	392,266	2,983,435	43,658,949	
Intangibles	6,620,642	262,270	597,535	1,220,656	1,532,086	10,233,189	
Less Accumulated Depreciation	(242,868,931)	(123,796,736)	(13,699,654)	(2,730,096)	(4,217,796)	(387,313,213)	
Construction in Progress	33,033,572			494,581		33,528,153	
<b>Total Noncurrent Assets</b>	<b>467,085,023</b>	<b>56,275,079</b>	<b>10,834,730</b>	<b>17,787,706</b>	<b>315,239</b>	<b>552,297,777</b>	<b>0</b>
<b>Total Assets</b>	<b>511,675,557</b>	<b>59,909,315</b>	<b>60,079,390</b>	<b>42,191,978</b>	<b>10,135,710</b>	<b>683,991,950</b>	<b>39,451,704</b>
Deferred outflows of resources:							
Deferred Amount on Bond Refunding	\$492,003	\$1,957,968	\$0	\$0	\$0	\$2,449,971	
Deferred Other Post Employment Benefit Amounts	3,240,236		289,282	1,573,893	1,076,203	6,179,614	
Deferred Pension Amounts	4,162,274		396,719	1,995,788	1,492,403	8,047,184	
<b>Total Deferred Outflows of Resources</b>	<b>7,894,513</b>	<b>1,957,968</b>	<b>686,001</b>	<b>3,569,681</b>	<b>2,568,606</b>	<b>16,676,769</b>	<b>0</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$519,570,070</b>	<b>\$61,867,283</b>	<b>\$60,765,391</b>	<b>\$45,761,659</b>	<b>\$12,704,316</b>	<b>\$700,668,719</b>	<b>\$39,451,704</b>

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

	Business-Type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts, Contracts and Retainage Payable	\$4,412,539	\$103,377	\$98,687	\$619,305	\$40,170	\$5,274,078	\$1,183,806
Accrued Payroll	359,253		36,666	173,724	152,520	722,163	
Claims Payable							30,027,749
Bonds Payable		2,510,000		267,134		2,777,134	
Interest Payable		374,922		6,176		381,098	
Unearned Revenue and Other			2,693	217,710		220,403	
Compensated Absences	475,296		8,084	203,493	338,468	1,025,341	
Landfill Closure and Postclosure Care Costs			443,321			443,321	
Payable from Restricted Investments:							
Accounts, Contracts and Retainage Payable	981,265					981,265	
Bonds and Notes Payable	11,564,005					11,564,005	
Interest Payable	878,153					878,153	
<b>Total Current Liabilities</b>	<u>18,670,511</u>	<u>2,988,299</u>	<u>589,451</u>	<u>1,487,542</u>	<u>531,158</u>	<u>24,266,961</u>	<u>31,211,555</u>
Noncurrent Liabilities:							
Bonds and Notes Payable	189,272,513	35,899,948		3,935,849		229,108,310	
Compensated Absences	1,109,023		72,758	203,493	366,111	1,751,385	
Landfill Closure and Postclosure Care Costs			12,278,844			12,278,844	
Net Other Post Employment Benefit Liability	7,323,735		633,352	3,578,579	2,342,766	13,878,432	
Net Pension Liability	23,411,294		2,024,593	11,439,405	7,488,964	44,364,256	
<b>Total Noncurrent Liabilities</b>	<u>221,116,565</u>	<u>35,899,948</u>	<u>15,009,547</u>	<u>19,157,326</u>	<u>10,197,841</u>	<u>301,381,227</u>	<u>0</u>
<b>Total Liabilities</b>	<u>\$239,787,076</u>	<u>\$38,888,247</u>	<u>\$15,598,998</u>	<u>\$20,644,868</u>	<u>\$10,728,999</u>	<u>\$325,648,188</u>	<u>\$31,211,555</u>
Deferred Inflows of Resources							
Deferred Other Post Employment Benefit Amounts	\$1,473,671	\$0	\$127,442	\$720,076	\$471,408	\$2,792,597	
Deferred Pension Amounts	621,984		53,789	303,918	198,965	1,178,656	
<b>Total Deferred Inflows of Resources</b>	<u>2,095,655</u>	<u>0</u>	<u>181,231</u>	<u>1,023,994</u>	<u>670,373</u>	<u>3,971,253</u>	<u>0</u>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<u>\$241,882,731</u>	<u>\$38,888,247</u>	<u>\$15,780,229</u>	<u>\$21,668,862</u>	<u>\$11,399,372</u>	<u>\$329,619,441</u>	<u>\$31,211,555</u>
<b>NET POSITION</b>							
Net Investment in Capital Assets	\$263,469,420	\$19,828,465	\$10,834,730	\$13,488,721	\$315,239	\$307,936,575	\$0
Restricted for:							
Capital Projects	11,219,383					11,219,383	
Capital Projects - Park Acquisition		4,160,315				4,160,315	
Capital Replacement	2,681,850			96,000		2,777,850	
Energy Improvement Projects	316,686					316,686	
Water Quality Incentive Program				6,833,487		6,833,487	
Maintenance and Operations		1,131,267				1,131,267	
Unrestricted		(2,141,011)	34,150,432	3,674,589	989,705	36,673,715	8,240,149
<b>Total Net Position</b>	<u>\$277,687,339</u>	<u>\$22,979,036</u>	<u>\$44,985,162</u>	<u>\$24,092,797</u>	<u>\$1,304,944</u>	<u>371,049,278</u>	<u>\$8,240,149</u>
						1,864,160	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						<u>\$372,913,438</u>	
Net Position of Business-Type Activities						<u>\$372,913,438</u>	

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

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

	Business-Type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>OPERATING REVENUES</b>							
User Charges	\$67,943,984	\$0	\$6,817,528	\$15,433,537	\$0	\$90,195,049	\$45,433,160
Fees	1,892,298	298,207	245,965		4,665,819	7,102,289	
Exactions	58,727					58,727	
License Fees and Permits					759,809	759,809	
Rental Income		5,035,363				5,035,363	
Theater Revenues		77,324				77,324	
Other	7,351,626	306,469	(1,067)	10,209	9,012	7,676,249	
<b>Total Operating Revenues</b>	<u>77,246,635</u>	<u>5,717,363</u>	<u>7,062,426</u>	<u>15,443,746</u>	<u>5,434,640</u>	<u>110,904,810</u>	<u>45,433,160</u>
<b>OPERATING EXPENSES</b>							
Treatment Plant	8,146,604					8,146,604	
Collection System	2,684,663					2,684,663	
Property Management		1,874,471				1,874,471	
Theater Management		69,642				69,642	
Landfill			3,354,014			3,354,014	
Right of Way					545,760	545,760	
Extended School Program					860,305	860,305	
Enhanced 911					5,852,181	5,852,181	
CKY Network					299,418	299,418	
Administration	38,528,583		2,117,153	12,291,173	97,008	53,033,917	3,735,003
Depreciation	16,327,030	3,298,088	625,136	561,272	142,624	20,954,150	
Claims and Benefit Payments							41,041,799
<b>Total Operating Expenses</b>	<u>65,686,880</u>	<u>5,242,201</u>	<u>6,096,303</u>	<u>12,852,445</u>	<u>7,797,296</u>	<u>97,675,125</u>	<u>44,776,802</u>
<b>Operating Income (Loss)</b>	11,559,755	475,162	966,123	2,591,301	(2,362,656)	13,229,685	656,358



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

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

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Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Change in net position of Business-Type Activities

144,399  
\$7,595,823

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

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

**Business-Type Activities**  
**Enterprise Funds**

	<b>Sanitary Sewer System</b>	<b>Public Facilities Corporation</b>	<b>Landfill</b>	<b>Water Quality</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers	\$74,235,874	\$2,146,818	\$6,804,326	\$15,361,836	\$5,378,728	\$103,927,582	\$0
Receipts from Employees and Other Sources							35,517,122
Receipts from Interfund Services Provided		3,524,779				3,524,779	10,244,164
Payments to Suppliers	(35,105,538)	(1,986,653)	(2,772,502)	(4,626,474)	(1,645,067)	(46,136,234)	(3,638,017)
Payments to Employees	(12,938,286)		(1,383,105)	(5,879,818)	(5,263,708)	(25,464,917)	
Payments for Interfund Services Used	(2,653,378)		(225,301)	(945,287)	(110,682)	(3,934,648)	
Payments for Claims							(40,376,222)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>23,538,672</b>	<b>3,684,944</b>	<b>2,423,418</b>	<b>3,910,257</b>	<b>(1,640,729)</b>	<b>31,916,562</b>	<b>1,747,047</b>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Transfers In		284,280			200,000	484,280	
Transfers Out	(120,000)				(204,124)	(324,124)	
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>(120,000)</b>	<b>284,280</b>	<b>0</b>	<b>0</b>	<b>(4,124)</b>	<b>160,156</b>	<b>0</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchase of Capital Assets	(30,217,323)			(909,351)	(113,670)	(31,240,344)	
Proceeds from Note Payable	387,655					387,655	
Principal Paid on Bonds	(11,212,512)	(2,390,000)		(262,351)		(13,864,863)	
Interest and Fiscal Agent Fees Paid on Bonds	(5,041,621)	(1,537,970)		(78,527)		(6,658,118)	
Proceeds on Sale of Capital Assets	1,409,495					1,409,495	
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(44,674,306)</b>	<b>(3,927,970)</b>	<b>0</b>	<b>(1,250,229)</b>	<b>(113,670)</b>	<b>(49,966,175)</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>							
Purchase of Investments	25,322,416	(94)	(52,871)	(4,846)	(951)	25,263,654	
Income on Investments	140,115	94	53,770	31,815	951	226,745	
<b>Net Cash Flows Provided by Investing Activities</b>	<b>25,462,531</b>	<b>0</b>	<b>899</b>	<b>26,969</b>	<b>0</b>	<b>25,490,399</b>	<b>0</b>
<b>Net Increase (Decrease)</b>	<b>4,206,897</b>	<b>41,254</b>	<b>2,424,317</b>	<b>2,686,997</b>	<b>(1,758,523)</b>	<b>7,600,942</b>	<b>1,747,047</b>
<b>Cash at Beginning of Year</b>	<b>7,512,798</b>	<b>3,200,419</b>	<b>15,819,189</b>	<b>15,364,060</b>	<b>9,648,135</b>	<b>51,544,601</b>	<b>37,240,173</b>
<b>Cash at End of Year</b>	<b>\$11,719,695</b>	<b>\$3,241,673</b>	<b>\$18,243,506</b>	<b>\$18,051,057</b>	<b>\$7,889,612</b>	<b>\$59,145,543</b>	<b>\$38,987,220</b>

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

	Business-Type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>							
<b>Operating Income (Loss)</b>	\$11,559,755	\$475,162	\$966,123	\$2,591,301	(\$2,362,656)	\$13,229,685	\$656,358
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>							
Depreciation	16,327,030	3,298,088	625,136	561,272	142,624	20,954,150	
Allowance for Bad Debts	912,720		183,782	(73,900)		1,022,602	
<b>(Increase) Decrease in Assets:</b>							
Accounts Receivable	(3,051,439)		(284,542)	(277,268)		(3,613,249)	
Other Receivables	39,688	(45,766)	24,189		(55,912)	(37,801)	(6,763)
Inventories and Prepaid Expenses	(121,797)		(32,099)	(49,963)	(15,440)	(219,299)	(15,712)
Due from Other Funds	990		792		5,309	7,091	334,889
<b>(Increase) Decrease in Deferred Outflows:</b>							
Deferred Other Post Employment Benefit Amounts	(1,122,330)		(99,556)	(545,164)	(393,480)	(2,160,530)	
Deferred Pension Amounts	824,394		61,166	415,948	123,983	1,425,491	
<b>Increase (Decrease) in Liabilities:</b>							
Accounts Payable	(5,075,782)	(12,828)	(49,152)	(370,080)	(1,478)	(5,509,320)	112,698
Accrued Payroll	57,827		9,091	38,023	16,011	120,952	
Claims Payable							665,577
Unearned Revenue			2,253	195,358		197,611	
Other Liabilities		(29,712)	757,795	(391)		727,692	
Compensated Absences	344,109		12,536	35,706	(9,292)	383,059	
Net Other Post Employment Benefit Liability	1,981,005		171,316	967,973	633,697	3,753,991	
Net Pension Liability	1,679,956		145,281	820,873	537,396	3,183,506	
<b>Increase (Decrease) in Deferred Inflows:</b>							
Deferred Other Post Employment Benefit Amounts	(432,931)		(37,440)	(211,542)	(138,488)	(820,401)	
Deferred Pension Amounts	(384,523)		(33,253)	(187,889)	(123,003)	(728,668)	
<b>Total Adjustments</b>	<u>11,978,917</u>	<u>3,209,782</u>	<u>1,457,295</u>	<u>1,318,956</u>	<u>721,927</u>	<u>18,686,877</u>	<u>1,090,689</u>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u>\$23,538,672</u>	<u>\$3,684,944</u>	<u>\$2,423,418</u>	<u>\$3,910,257</u>	<u>(\$1,640,729)</u>	<u>\$31,916,562</u>	<u>\$1,747,047</u>

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

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

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

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended June 30, 2021

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

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

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

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

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

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

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position				
	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
<b>Lexington Center Corporation</b>									
Lexington Center Operations	\$7,080,469	\$97,500	\$381,000		\$4,214,399				\$4,214,399
Depreciation	4,097,289				(4,097,289)				(4,097,289)
Interest on Long-Term Debt	9,174,984				(9,174,984)				(9,174,984)
Total Lexington Center Corporation	20,352,742	97,500	381,000						(9,057,874)
<b>Lexington Airport Board</b>									
Airport Operations	13,276,324	9,995,526	11,497,728			\$22,756,100			22,756,100
Depreciation	10,739,739					(10,739,739)			(10,739,739)
Interest on Long-Term Debt	2,325,363					(2,325,363)			(2,325,363)
Total Lexington Airport Board	26,341,426	9,995,526	11,497,728						9,690,998
<b>Fayette County Department of Health</b>									
Department of Health Operations	22,686,875	11,514,939					(\$6,931,699)		(6,931,699)
Depreciation	394,713						(394,713)		(394,713)
Total Fayette County Department of Health	23,081,588	11,514,939							(7,326,412)
<b>Nonmajor Component Units</b>									
Department of Health Operations	48,577,316	11,980,293	976,289				(\$32,324,430)		(32,324,430)
Depreciation	\$32,892,079	\$33,588,258	\$12,855,017		(\$9,057,874)	\$9,690,998	(\$7,326,412)	(\$32,324,430)	(\$39,017,718)
Total Component Units									
<b>General Revenues:</b>									
Taxes					\$4,478,857		\$9,347,605	\$42,423,401	\$56,249,863
Income on Investments					283,085	\$648,792	52,413	213,489	1,197,779
Net Change in Fair Value of Investments						(213,245)			(213,245)
Gain on Sale of Capital Assets								4,587.00	4,587
Miscellaneous					(574,326)	258,220		(37,275)	(353,381)
Total General Revenues					4,187,616	693,767	9,400,018	42,604,202	56,885,603
Change in Net Position					(4,870,258)	10,384,765	2,073,606	10,279,772	17,867,885
Net Position, Beginning					128,834,824	144,577,085	(42,115,765)	68,883,188	300,179,332
Adjustment to Opening Net Position (Note 2.D.)							(135,668)		(135,668)
Net Position, Beginning-Restated					128,834,824	144,577,085	(42,251,433)	68,883,188	300,043,664
Net Position, Ending					\$123,964,566	\$154,961,850	(\$40,177,827)	\$79,162,960	\$317,911,549

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Valley View Ferry Authority is a legally separate entity that operates and maintains the Ferry on the Kentucky River at Valley View. The board consists of seven members, two appointed by the Government, three appointed by the Madison County Fiscal Court and two appointed by the Jessamine County Fiscal Court. The Government is not legally responsible for the Valley View Ferry Authority's finances. The Government contributed \$14,000 to support the Ferry's operations in fiscal year 2021.

**D. Basic Financial Statements**

**Government-Wide and Fund Financial Statements**

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

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

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

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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 judgements 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)  
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The Government reports the following major governmental funds:

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

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

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

The Government reports the following major proprietary funds:

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

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

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

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

Additionally, the Government reports the following fund types:

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

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

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

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

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

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*Investment Trust Fund* operates under the Sewer indenture established to provide that the net revenues from the sewer system operations are deposited into a Bond Account held by a Trustee, whereby the bondholders are beneficiaries. In fiscal year 2014 the Government defeased all outstanding debt and entered into a new Sewer indenture agreement. The new indenture provides that the gross income and revenues of the System first be used to pay operating and maintenance expenses of the System. The account must provide coverage of 120% of the maximum annual debt service.

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

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

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

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

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

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

**E. Budgetary Control**

**Budget Policy** – The Urban County Council annually approves the budget ordinance for all operating funds of the Government, which includes governmental, proprietary, fiduciary, and custodial funds. Federal and State Grant funds and capital projects funds adopt project-length budgets. Additional special revenue funds which are budgeted include the Industrial Revenue Bond Fund, Police Confiscated Funds, the Public Safety Fund, County Aid Fund, Municipal Aid Fund, and Mineral Severance Fund. Budgets are adopted on a basis consistent with GAAP except that budgetary basis expenditures include purchase orders and contracts (encumbrances). Budgetary control is maintained at the division level, e.g. Division of Police, Division of Parks and Recreation, etc. The Mayor may authorize transfers within a division; however, the Urban County Council must approve by ordinance any other amendments to the budget. All budgeted amounts presented in the financial statements reflect the original budget and the amended budget which have

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

been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations lapse at year-end; however, uncompleted capital projects may be re-appropriated at the beginning of each fiscal year. The Council made several supplemental budgetary appropriations throughout fiscal year 2021. The net effect of these supplemental appropriations was a decrease of \$10,627,933 in the General Fund and a decrease of \$1,467,669 in the Urban Services Fund, which included re-appropriations of encumbrances from prior fiscal years and various waste management and street light re-appropriations to the following fiscal year 2022, respectively.

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

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

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

Property taxes for fiscal year 2021 were levied on September 15, 2021, on the assessed valuation of property located in Fayette County as of the preceding January 1, the lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

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

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

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

Interfund Transactions – During the course of its operations, the Government has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable

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 NOTES TO FINANCIAL STATEMENTS (Continued)  
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have been recorded as “due to/from other funds”. These accounts are eliminated on the Government-Wide Statement of Net Position. Any residual balances outstanding between the Governmental Activities and Business-Type Activities are reported in the government-wide financial statements as “internal balances.”

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

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2021 are recorded in assets as prepaid items under the consumption method.

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

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

Various purpose general obligation notes account	\$24,312,689
Federal Grants and Contracts	29,299
Debt Service on QECB Bond	<u>1,467,409</u>
Total restricted assets	<u>\$25,809,397</u>

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

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

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



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

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

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

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

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

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

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

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

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

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

Long-term liabilities include the following:

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

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

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

Deferred Outflows – include the differences between reacquisition price and the net carrying amount of refunded debt obligations that is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, it includes differences between expected and actual experience, changes of assumptions, changes in proportionate share, differences between projected and actual earnings, and differences between projected and actual earnings on investments in both pension plans and other paid employee benefit plans, and contributions to pension plans and other paid employee benefit plans made subsequent to the Government's measurement date of June 30, 2020.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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**H. Net Position/Fund Balances**

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

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

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

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

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

Nonspendable – These resources include amounts that cannot be spent because they are either not spendable in form, or are legally or contractually required to be maintained intact. The Government's nonspendable funds consisted of prepaid expenses and inventories as of June 30, 2021.

Restricted – Restricted amounts represent resources that are constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation. The Government had restricted funds for various projects: public works, public safety, capital projects, grants, urban services, and energy improvement as of June 30, 2021.

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

Committed for:

Affordable Housing & Homelessness Intervention	\$2,986,870
Economic Stabilization	37,964,969
Chief Development Officer	2,134,456
Social Services	954,500
Special Programs	379,834
Committed Fund Balance	\$44,420,629

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

It is the Government's policy to:

- Maintain a Contingency Designation Fund funding goal of ten percent (10%) of the previous year's total General Fund Revenues. Interest earned accrues to the fund.
- Budget a deposit of \$50,000 per month, for each fiscal year until meeting the Contingency Designation Fund funding goal of 10% of the last completed fiscal year total General Fund revenues, beginning with the 2007 fiscal year. The Urban County Council suspended this requirement for fiscal year 2021.

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

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

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

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

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

Assigned – Assigned amounts represent resources that the Government intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Urban County Council or by the Commissioner of Finance under the authorization of the Mayor. Amounts classified as assigned have gone before the Government’s Urban County Council subsequent to June 30, 2021 for approval through ordinance.

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

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

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

**I. Use of Estimates**

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

**J. Revenues**

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

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

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

**K. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS), and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The liability was measured at June 30, 2020.

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

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

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) Post Employment Health Insurance Plan (the Plan), and additions to/deductions from CERS the Plan's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The liability was measured at June 30, 2020.

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
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**B. Excess of Expenditures over Appropriations** - The following divisions, in funds that have budgets adopted annually, had excess expenditures over appropriations for the fiscal year ended June 30, 2021:

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

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

**C. Fund Deficits**

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

**D. Prior Period Adjustments**

Primary Government

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

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

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

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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Component Units

The Fayette County Department of Health reduced net position by \$135,668 to recognize grant expenditures from the prior fiscal year.

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

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

Primary Government

The Government's bank balances at June 30, 2021 are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and/or collateralized with securities held by the Government's agent in the Government's name. In accordance with Kentucky Revised Statute (KRS) 66.480 as amended March 18, 2019, and the Government's investment policy, the Government is allowed to invest in the following:

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

In addition, the Pension Trust Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the Government as of June 30, 2021 are summarized and categorized in the following table:

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

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

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

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

**Primary Government (except Fiduciary Funds)**

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

**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	Significant Other	Significant
		Active Markets for	Observable	Unobservable
		Identical Assets	Inputs	Inputs
		Level 1	Level 2	Level 3
Money Market Mutual Funds	\$27,165,360		\$27,165,360	

Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Level 2 fixed income securities are priced by industry standard vendors, such as Interactive Data Corporation (IDC), using inputs such as benchmark yields, reported trades,



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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broker/dealer quotes, and issuer spreads. IDC also monitors market indices and industry and economic events including credit rating agency actions. The Government has no Level 3 inputs.

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

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

		<b>Sewer Investment Trust Fund</b>							
		Investment Maturities (in years)							
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value		
Money Market Mutual Funds	\$27,165,360	\$27,165,360	\$0	\$0	\$0	NA	\$27,165,360		

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

**Pension Trust Funds**

The Government’s Pension Trust Funds are made up of the Policemen’s and Firefighters’ Retirement Fund (PFRF) and the City Employees’ Pension Fund (CEPF). The disclosures below are separate as the pension funds have different investment policies and different objectives. The PFRF is an active, growing fund, while the CEPF has been closed since 1983. Investments of the PFRF as of June 30, 2021 are summarized and categorized in the following table:

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

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

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

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

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

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

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

Investment Type	Fair Value	Policemen's and Firefighters' Retirement Fund Investment Maturities (in years)				S&P Rating	Fair Value
		Less Than 1	1 to 5	6 to 10	More than 10		
Debt Securities						A	\$45,063,448
Bank Loans	1,908,044		\$659,802	\$1,248,242		AA	78,191,850
Corporate Debt	112,612,009	\$2,698,692	54,425,494	42,730,380	\$12,757,443	AAA	6,333,632
International Bonds						B	18,294,387
Municipal Obligations	5,050,371		1,685,219	2,323,460	1,041,692	BB	28,279,902
SL Comingle Fund	39,967,643	25,480,889		13,199,445	1,287,309	BBB	22,607,304
US Agencies	1,310,956		349,895	831,754	129,307	CCC	2,601,871
US Government Obligations	61,352,927	4,645,065	19,315,901	4,724,336	32,667,625	D	114,075
	<u>\$222,201,950</u>	<u>\$32,824,647</u>	<u>\$76,436,311</u>	<u>\$65,057,617</u>	<u>\$47,883,375</u>	NR	829,184,378
Other Investments							
Equity Mutual Funds	\$487,234,954	\$487,234,954					
Equity Real Estate	76,527,440	76,527,440					
Equity Securities - Domestic	1,443,832	1,272,982			170,850		
Equity Securities - International	243,262,670	243,262,670					
	<u>\$1,030,670,846</u>	<u>\$841,122,693</u>	<u>\$76,436,311</u>	<u>\$65,057,617</u>	<u>\$48,054,225</u>		

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

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

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

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

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

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

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

**City Employees Pension Fund**

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

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, 2021

<b>City Employees Pension Fund</b>							
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
<b>Debt Securities:</b>							
Corporate Debt	\$5,479,033	\$1,205,555	\$3,978,570	\$294,908		AAA	\$492,873
US Agencies						AA	3,845,973
US Government Obligations	3,362,255			1,438,447	\$1,923,808	A	3,224,500
	8,841,288	1,205,555	3,978,570	1,733,355	1,923,808	BBB	1,277,942
						NR	26,787,232
<b>Other Investments:</b>							
Equity Mutual Funds	26,787,232	26,787,232					
	\$35,628,520	\$27,992,787	\$3,978,570	\$1,733,354	\$1,923,808		

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

**Component Units**

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

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

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

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

**B. Capital Assets**

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

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

\* Restated beginning balance due to prior period adjustment

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

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

**Governmental Activities:**

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

**Business-Type Activities:**

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

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

\* Restated beginning balance due to prior period adjustment

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

**Construction Commitments**

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

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

Buildings are primarily financed through general obligation bonds for various renovations and construction. Capital repairs & maintenance, and traffic control & markings are funded by intergovernmental revenues and general obligation bonds. Land improvements are funded by a combination of intergovernmental revenues, general obligation bonds, and grant funds. Sanitary sewer projects are financed with both sewer revenues and Kentucky Infrastructure Authority State Revolving Fund Loans. Storm drainage improvements are supported by the water quality management fee revenues. Intergovernmental revenues, local contributions, general obligation bonds, and grants provide funding for major roadway improvements. The Urban Services funds finance the construction of street lighting.

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

The principal purpose of the Government's interfund transfers is indicative of funding for capital projects or subsidies of various Government operations and reallocation of special revenues. Due to our practice of cash management by pooling the Government's funds, interfund balances exist as of June 30, 2021. In addition, Federal and State Grants revenues are based on reimbursable expenditures. The composition of interfund balances as of June 30, 2021, is as follows:

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

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



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

**Interfund Transfers:**

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

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

**D. Long-Term Debt**

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

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

**Primary Government**

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

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

\*Amounts represents draws as of 6/30/2021

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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**Changes in Long-Term Liabilities**

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

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

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

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**Component Units**

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

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

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

**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:

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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1. \$24,190,000 of Tax-Exempt Sewer System Revenue Refunding Bonds, Series 2014A, issued at a premium, and payable annually in principal installments ranging from \$500,000 to \$3,095,000 plus interest over 13 years, to fully refund the Sewer System Revenue Bonds, Series 2009A, (Taxable Build America Bonds). The refunding provided for a cumulative savings of \$1,119,864 over the life of the bonds and a net present value savings of \$1,317,979 or 4.35% including the escrow of the partial BAB subsidy from the Sewer System Revenue Bonds, Series 2009A.
2. \$55,306,428 of Sewer System Revenue Bonds, Series 2019A, issued at a premium and payable annually in principal installments ranging from \$1,275,000 to 3,320,000 plus interest over 20 years for the purpose of financing various improvements to the Sanitary Sewer System mandated by the consent decree agreement with the Environmental Protection Agency.

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

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

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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Kentucky Infrastructure Authority (KIA) State Revolving Fund (SRF) Loans

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

1. KIA Loan A209-09 Radcliffe Road issued in the amount of \$113,523, payable annually in principal installments ranging from \$1,837 to \$3,438 plus interest over 20 years. Financing improvements to the storm water system along Radcliffe Road in Fayette County.
2. KIA Loan A209-08 Streetscape issued in the amount of \$1,254,980, payable annually in principal installments ranging from \$25,671 to \$37,843 plus interest over 20 years. Financing improvements to the storm water system in the city center of Lexington. These funds were used in conjunction with the streetscape project that included upgrades to the sidewalks, sewer and storm water systems. This capital project included South Limestone, East and West Main Street, and Vine Street.
3. KIA Loan A09-01 South Elkhorn Pump station issued in the amount of \$14,045,119, payable annually in principal installments ranging from \$281,600 to \$423,692 plus interest over 20 years. Financing the upgrade of the South Elkhorn pump station and construction of a new 36-inch force main. The Capital Replacement Reserve Fund requirement is \$43,020 annually for 10 years.
4. KIA Loan A10-08 Wolf Run Pump station issued in the amount of \$10,500,000, payable annually in principal installments ranging from \$375,028 to \$536,379 plus interest over 20 years for the upgrade and expansion of the Wolf Run pump station. The Capital Replacement Reserve Fund requirement is \$26,250 annually for 10 years.
5. KIA Loan A13-002 issued in the amount of \$8,888,648, payable annually in principal installments ranging from \$184,181 to \$259,589 for the upgrades to the Bob-O-Link Trunk Line, Wolf Run Trunk Line and the Wolf Run Storage Tank Capacity Upgrade. The Capital Replacement Reserve Fund requirement is \$35,000 annually for 10 years.
6. KIA Loan A13-003 issued in the amount of \$9,997,196, payable annually in principal installments ranging from \$205,263 to \$582,140 plus interest over 20 years for the upgrades to the Eastlake Trunk Line, Century Hills Trunk Line, West Hickman Trunk Line and the Woodhill Trunk Line. The Capital Replacement Reserve Fund requirement is \$25,000 annually for 10 years.
7. KIA Loan A13-007 issued in the amount of \$4,298,547, payable annually in principal installments ranging from \$91,001 to \$252,328 plus interest over 20 years for the upgrades to the Storm Water Systems of Anniston Wickland, Idlehour, Walhampton Rogers, and Perimeter Park Neighborhoods. The Capital Replacement Reserve Fund requirement is \$12,000 annually for 10 years.
8. KIA Loan A13-18 issued in the amount of \$5,264,306, payable annually in principal installments ranging from \$110,486 to \$306,355 plus interest over 20 years for the upgrades to the Expansion Area 2A Wastewater System. The Capital Replacement Reserve Fund requirement is \$15,000 annually for 10 years.
9. KIA Loan A12-16 issued in the amount of \$1,594,025, payable annually in principal installments ranging from \$32,606 to \$48,066 for the acquisition and conversion to a pump station of the Blue Sky Wastewater Treatment plant. The Capital Replacement Reserve Fund requirement is \$4,825 annually for 10 years.
10. KIA Loan A13-15 issued in the amount of \$31,801,000, payable annually in principal installments ranging from \$501,433 to \$704,322 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Town Branch Wastewater Treatment Facility, upgrades to Marquis Avenue, and the UK Trunk Line. The Capital Replacement Reserve Fund requirement is \$80,000 annually for 10 years.

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11. KIA Loan A14-001 issued in the amount of \$12,134,178, payable annually in principal installments ranging from \$252,567 to \$357,777 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Lower Cane Run Pump Station. The Capital Replacement Reserve Fund requirement is \$50,000 annually for 10 years.
12. KIA Loan A15-026 issued in the amount of \$67,944,188 for design and construction of Phase 1 of a multi-phase waste water storage facility at the West Hickman Waste Water Treatment Plant. As of June 30, 2021 the Government has received only a partial draw of \$62,289,235 with the remaining balance of \$5,654,953 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund requirement is \$170,000 annually for 10 years.
13. KIA Loan A17-003 issued in the amount of \$1,286,628, payable annually in principal installments ranging from \$27,003 to \$37,929 for the replacement of 4,700 linear feet of gravity sewer pipes. The Capital Replacement Reserve Fund requirement is \$5,900 annually for 10 years.
14. KIA Loan A17-005 issued in the amount of \$9,969,585 for the replacement of 5,600 linear feet of 12 inch sewer pipes with 21 inch sewer pipes. Additionally a source water pump and a Bio-swale for surface water treatment from paved areas will be installed. As of June 30, 2021 the Government has received only a partial draw of \$4,367,248 with the remaining balance of \$5,602,337 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund Requirement is \$25,000 annually for 10 years.

General Obligation Bonds and Notes

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

1. \$70,610,000, Series 2009B, Taxable General Obligation Pension Funding Bonds, issued at a discount and payable annually in principal installments ranging from \$2,315,000 to \$5,515,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan.
2. \$6,635,000, Series 2010C, General Obligation Refunding Bonds, for refunding the Series 2000E General Obligation Bonds. Issued at a discount and payable annually in principal installments ranging from \$60,000 to \$675,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$675,874 over the life of the bonds resulting in net present value savings of \$593,504 or 8.95% of the refunded principal.
3. \$35,825,000, Series 2010D, Taxable General Obligation Pension Funding Bonds issued at a discount and payable annually in principal installments ranging from \$1,195,000 to \$2,700,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan. Of the outstanding balance \$22,445,000 was refunded through the issuance of Series 2017B, leaving a remaining balance of \$6,480,000.
4. \$4,465,000, Series 2010H, General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2001B. Issued at a discount and payable in annual principal payments ranging from \$30,000 to \$540,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$150,459 over the life of the bonds resulting in a net present value savings of \$126,407 or 3.03% of the refunded principal.

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5. \$31,000,000, Series 2012A, Taxable General Obligation Pension Funding Bonds, issued at a premium and payable annually in principal installments ranging from \$1,170,000 to \$2,110,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan. Of the outstanding balance \$19,645,000 was refunded through the issuance of Series 2020B, leaving a remaining balance of \$4,300,000.
  6. \$6,275,000, Series 2012B, General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2002C and the General Obligation Bond Series 2004C. Issued at a discount and payable in annual principal payments ranging from \$20,000 to \$825,000 plus interest over 12 years. The refunding provided for a cumulative savings of \$597,633 over the life of the bonds resulting in net present value savings of \$545,403 or 8.76% of the refunded principal.
  7. \$11,275,000, Series 2013A, Various Purpose General Obligation Bonds to finance various street and highway improvements including the rehabilitation and paving of existing roads and streets throughout Lexington, Fayette County, Kentucky. Issued at a premium and payable in annual principal payments ranging from \$845,000 to \$1,265,000 plus interest over 10 years.
  8. \$6,005,000, Series 2013B, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2004C, General Obligation Bond Series 2005C and General Obligation Bond Series 2006B. Issued at a premium and payable annually in principal installments ranging from \$40,000 to \$925,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$402,579 over the life of the bonds resulting in net present value savings of \$293,222 or 5.10% of the refunded principal.
  9. \$17,035,000, Series 2013C, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to communications and computer equipment and other equipment, traffic engineering equipment, police and fire equipment, police and fire vehicles, and golf carts, remodeling and renovation of public safety buildings, Kentucky Theatre renovations, maintenance building, fire stations, street and sidewalk improvements, various park projects and improvements, HVAC system maintenance, and weather and emergency systems upgrades. Issued at a premium and payable in principal installments ranging from \$595,000 to \$1,195,000 plus interest over 20 years. Of the outstanding balance \$11,485,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of \$3,085,000
  10. \$55,925,000, Series 2014A, Various Purpose General Obligation Refunding Bonds, for refunding the General Obligation Bond Series 2010A Build America Bonds. Issued at a premium and payable annually in principal installments ranging from \$2,325,000 to \$4,220,000 plus interest over 17 years. The refunding provided for a cumulative savings of \$2,214,916 over the life of the bonds resulting in net present value savings of \$2,437,443 or 4.35% of the refunded principal.
  11. \$24,245,000 Series 2014B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and construction of a new senior center. Issued at a premium and payable in annual principal payments ranging from \$690,000 to \$1,830,000 plus interest over 20 years. Of the outstanding balance \$18,200,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of \$5,185,000



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12. \$2,900,000 Series 2014C, Energy Conservation General Obligation Bonds-Federally Taxable Qualified Energy Conservation Bonds to finance energy conservation measures and other qualifying projects at the Fayette County Detention Center including, but not limited to, LED lighting retrofits, chiller plant optimization, intake HVAC retrofit, inner ring HVAC retrofits, constant-volume reheat fan reset, controls upgrade, demand controlled ventilation, Variable-Air-Volume (VAV) box occupancy controls, energy efficient motors, demand controlled ventilation, kitchen hoods, and installation of new walk-in refrigeration. Issued at par with annual sinking fund payments of \$196,441 and a 70% interest subsidy with a final maturity of 12 years. In March of 2018, \$105,000 in unused proceeds were redeemed in an extraordinary call per IRS guidelines. The new par amount is \$2,795,000.
13. \$19,845,000, Series 2015A, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2006C, General Obligation Bond Series 2009A and full refunding of Series 2010G, Various Purpose General Obligation Public Projects Recovery Zone Economic Development Bonds. Issued at a premium and payable annually in principal installments ranging from \$1,080,000 to \$2,985,000 plus interest over 14 years. The refunding provided for a cumulative savings of \$1,118,502 over the life of the bonds resulting in net present value savings of \$849,671 or 4.28% of the refunded principal.
14. \$24,860,000 Series 2015B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing an ERP software upgrade, new Budgeting system, procurement website upgrade, general repairs, life safety, autos vehicle replacement, roof repair and replacement, HVAC repair and replacement, neighborhood paving, infrastructure improvements, parks improvements and upgrades providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and additional funding for the Emergency Operations Center. Issued at a premium and payable in annual principal payments ranging from \$495,000 to \$2,015,000 plus interest over 20 years.
15. \$22,450,000 Series 2016A, Taxable General Obligation Bonds to finance the restoration and rehabilitation of the historic Fayette County Courthouse (the "Historic Courthouse Project") located at 215 West Main Street in downtown Lexington, Fayette County, Kentucky which Historic Courthouse Project will help preserve the history and architecture of Lexington-Fayette County, enhance the economic development of downtown Lexington, assist in elimination of blight, and reinforce and promote additional redevelopment activities in downtown Lexington-Fayette County. Issued at Par and payable in annual principal payments ranging from \$910,000 to \$1,435,000 plus interest over 20 years.
16. \$8,870,000 Series 2016B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to: financing the design and infrastructure improvements for Town Branch Commons Corridor (TBCC), an innovative multimodal greenway that will link two regional trail systems, the Legacy Trail and Town Branch Trail, and through its unique linear park-like design and stormwater management systems, TBCC will create a livable, sustainable streetscape in downtown Lexington and will connect established and emerging neighborhoods to each other, downtown, and adjacent higher education (collectively, the "Town Branch Commons Corridor Project"); streetscape and sidewalk improvements located in the Versailles Road area; and street improvements including widening, opening, extending, realigning, grading, repaving, resurfacing, and otherwise rehabilitating and improving streets, roads, thoroughfares, avenues, and expressways throughout Lexington-Fayette County. Issued at a premium and payable in annual principal payments ranging from \$190,000 to \$815,000 plus interest over 20 years.
17. \$37,555,000 Series 2016C, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) the construction, installation and equipping of a new fire station, software system upgrades, safety operations and other safety related projects, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and providing financial assistance to Lexington Center Corporation for the expansion

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- and replacement of the Lexington Convention Center, and (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from \$975,000 to \$3,100,000 plus interest over 20 years.
18. \$28,495,000 Series 2016D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2006D Detention Center Refunding Bond. Issued at a premium and payable in annual principal payments ranging from \$2,920,000 to \$4,180,000 plus interest over 8 years. The refunding provided for a cumulative savings of \$3,942,183 over the life of the bonds resulting in net present value savings of \$3,742,315 or 11.47% of the refunded principal.
  19. \$32,435,000 Series 2017A, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to, (i) the construction, installation, renovations, repairs and upgrades and equipping of fire stations, software system upgrades, safety operations and other safety related projects, new firetrucks, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from \$585,000 to \$2,925,000 plus interest over 20 years.
  20. \$22,445,000 Series 2017B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2010D Lexington-Fayette Urban County Government Taxable General Obligation Pension Funding Bonds. Issued at a premium and payable in annual principal payments ranging from \$295,000 to \$2,595,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$ 1,963,714 over the life of the bonds resulting in net present value savings of \$1,964,340 or 9.82% of the refunded principal.
  21. \$42,055,000 Series 2018A Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including but not limited to software system upgrades, safety operations and other safety related projects, new firetrucks, new police cars, road resurfacing, road maintenance, streetscapes and sidewalk improvements, renovations and upgrades related to public buildings, fleet vehicle replacement, and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, and (ii) providing funding for renovations to the Lexington Convention Center. Issued at a premium and payable in annual principal payments ranging from \$1,060,000 to \$3,595,000 plus interest over 20 years.
  22. \$18,110,000 Series 2019A Various Purpose General Obligation Bonds financing repairs and upgrades and equipping of fire stations, safety operations, new firetrucks and other fire safety related projects, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, pedestrian safety improvements, renovations, repairs and upgrades related to public buildings, new voting machines, public art funding and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from \$210,000 to \$1,900,000 plus interest over 20 years.
  23. 6,800,000 Series 2020A Various Purpose General Obligation Bonds financing, new police cars, road resurfacing, traffic signal upgrades, and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from \$545,000 to \$785,000 plus interest over 10 years.
  24. \$22,445,000 Series 2020B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2012A Lexington-Fayette Urban County Government Taxable General Obligation

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- Pension Funding Bonds. Issued at Par and payable in annual principal payments ranging from \$325,000 to \$2,005,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$ 1,998,958 over the life of the bonds resulting in net present value savings of \$1,993,274 or 11.15% of the refunded principal.
25. \$11,485,000 Series 2020C, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2013C Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from \$195,000 to \$1,150,000 plus interest over 13 years. The refunding provided for a cumulative savings of \$1,070,316 over the life of the bonds resulting in net present value savings of \$1,075,104 or 10.67% of the refunded principal.
26. \$18,200,000 Series 2020D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2014B Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from \$370,000 to \$1,785,000 plus interest over 14 years. The refunding provided for a cumulative savings of \$1,353,965 over the life of the bonds resulting in net present value savings of \$1,358,474 or 9.03% of the refunded principal.

Landfill Closure and Postclosure Care Cost

State and Federal laws and regulations require the Government to place final covers on its landfills and to perform certain maintenance and postclosure monitoring functions at its landfills for thirty years. Since the operations and maintenance of the Government’s landfills are accounted for in an Enterprise Fund, the accrued liability for these costs are reported in the Landfill Fund as required by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The liability at June 30, 2021 is based on the estimated cost of maintaining and monitoring the Old Frankfort Pike Landfill (OFPLF) and the Haley Pike Landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations and these costs will be funded by the Landfill Fund. The OFPLF ceased accepting waste decades ago. The Haley Pike Landfill ceased accepting waste in December 2011. Both of these landfills are at 100% capacity. The Haley Pike Landfill has been capped. Environmental monitoring and maintenance of the property will occur over the next 30 years, in accordance with Kentucky State Law.

**NOTE 4. SELF-INSURANCE PROGRAM**

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

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

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

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

Annually, as of June 30, the Fund has a third party actuary review the claim histories for all claim years for which open claims are outstanding. The actuary projects the ultimate claim payment obligation (including the IBNR claims) for each year's claim experience. The Government elected to establish the liability for these claims and loss expenses at their present value, with a discount rate of 3.5%. As of June 30, 2021 the undiscounted estimated liability was \$32,750,742. The discounted estimated liability as of June 30, 2021 was \$28,946,969. Changes in the balances of claims liabilities during the past two years are as follows:

	Auto Liability and Physical Damage	General Liability	Property	Workmens' Compensation	Total
Liability at June 30, 2019	\$1,759,830	\$3,695,230	\$207,831	\$21,086,140	\$26,749,031
Claims and changes in estimates FY20	(1,580,682)	(1,367,803)	(787,871)	(5,050,024)	(8,786,380)
Claims Incurred FY 2020	1,234,764	1,432,895	761,791	6,064,512	9,493,962
Liability at June 30, 2020	1,413,912	3,760,322	181,751	22,100,628	27,456,613
Claims and changes in estimates FY21	(1,474,941)	(868,651)	423,677	(5,389,121)	(7,309,037)
Claims Incurred FY 2021	1,464,707	1,399,466	(458,761)	6,393,980	8,799,393
Liability at June 30, 2021	<u>\$1,403,678</u>	<u>\$4,291,137</u>	<u>\$146,667</u>	<u>\$23,105,487</u>	<u>\$28,946,969</u>

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

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

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

**NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS**

**A. Litigation** – The Government is party to numerous legal proceedings where the ultimate outcome cannot be determined with certainty or cannot be reasonably estimated, many of which normally occur in government operations. The Government’s Department of Law estimates that there are pending cases in which there is a reasonably possible likelihood that the Government will incur some liability. As of June 30, 2021 the Government has accrued approximately \$11,900,000 for potential liabilities for the cases covered by self-insurance (See Note 4.B.).

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

**C. Federal and State Grants** – The Government receives grant funds from various Federal and State government agencies to be used for specific designated purposes and are governed by various rules and regulations of the grantor agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions surrounding the granting of funds. If a grantor’s review indicates that

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the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the Government for its expenditures. In management's opinion, any liability for any refunds or reimbursements which may arise as a result of audits of grant funds would not have a material impact on the financial position of the Government. Continuation of the Government's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

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

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

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

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

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

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

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

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

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

The Airport Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport Corporation manages these risks through the purchase of commercial insurance. The amount of settlements has not exceeded coverage in any of the past three fiscal years.

**F. Lexington Public Library** – The Library is a non-profit, non-stock corporate agency and instrumentality of the Government.

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

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

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

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

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

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

**G. Lexington Convention and Visitors Bureau** – The Bureau has pledged a portion of its occupancy tax receipts to the Lexington Center Corporation (LCC) to support the growth and expansion of the arena and convention facilities. The Bureau's original agreement pledged \$248,000 to the LCC for fiscal year 2019. A new agreement was executed effective January 1, 2019 that terminated the prior agreement and provides financial assistance through fiscal year 2024. The agreement includes five auto renewals to allow the agreement to extend through 2049. This agreement requires the Bureau to pay annually \$750,000 to help meet the LCC expansion project bond requirements. The amount is payable in equal monthly installments of \$62,500 being due the last day of each month. LCC may assign its rights to the Bureau's contributions to the bondholders or lenders and in such event, the Bureau would be required to make payments directly to the lender. As of June 30, 2020, the balance of funds payable under this agreement is \$2,527,500 and is recognized as a deferred outflows of resources in the Statement of Net Position. In FY20 due to the significant loss of Transient Room Tax revenues caused by the COVID-19 Pandemic, Visit Lex and LCC have agreed to the deferral of a portion of the Visit Lex contributions to LCC for a three-year period. Visit Lex contribute the sum of \$97,500 annually in monthly installments of \$8,125 during the period of July 1, 2020 to June 30, 2022, increasing to \$405,000 annually in monthly installment of \$33,750 during the period from July 1, 2022 through June 30, 2023. Visit Lex will resume monthly installments of \$62,500 with an interest rate of 2.63% per annum, by paying an additional monthly amount of approximately \$16,333 for 120 consecutive months.

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

**I. Conduit Debt** – The Government has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector or nonprofit entity served by the bond issue. The Government is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there were 13 series of Industrial Revenue Bonds outstanding with an aggregate amount payable of approximately \$48,083,697.

To provide for the construction of a hospital facility, the PFC issued Lease Revenue Bonds, Series 2011A (Eastern State Hospital Project). The bonds are a special limited obligation of the PFC, payable solely from and secured by a pledge of rentals to be received from a lease agreement between the PFC and the Commonwealth of Kentucky. The bonds do not constitute a debt or pledge of the faith and credit of the PFC or the Government, and accordingly have not been reported in the accompanying financial statements. On June 2, 2021, the Commonwealth of Kentucky



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

**J. Encumbrances** – Encumbrance accounting is utilized during the year to facilitate effective budgetary control. Encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented in this report are on this budgetary basis of accounting. Adjustments necessary to convert from the budgetary basis to GAAP are provided on the face of the budgetary comparison statements. In governmental funds, encumbrances outstanding at year-end represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances are not treated as expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances for the governmental funds at June 30, 2021 were as follows:

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

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

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

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

As of June 30, 2021, the Government has property tax abatement agreements through two programs available for specific projects designated to be within the blighted redevelopment areas as follows (dollars in thousands):

- *Commonwealth Participation Program for Real Property Ad Valorem Tax Revenues* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$443,485 for tax credits related to fiscal year 2020 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of \$10 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; and pledged revenues shall not exceed 100 percent of approved public infrastructure costs. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2021, three state abatement agreements have been entered into with local businesses.

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- *Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$55,500 for tax credits related to fiscal year 2020 under an agreement entered into by the state in the next fiscal year. Projects must meet several qualifications for mixed use and blighted/deteriorated conditions. Participation requirements include being a new economic activity in the Commonwealth; having a positive impact on the Commonwealth; a minimum capital investment of at least \$20 million but not over \$200 million; and recovery of up to 100 percent of approved public infrastructure costs, and costs related to land preparation, demolition and clearance up to 20 years. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2021, four state abatement agreements have been entered into with local businesses.
- *Commonwealth Participation Program for Signature Projects* – The Government’s revenues for realty, business returns, and employee withholdings will be reduced by an estimated \$178,264 for tax credits related to fiscal year 2020 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of \$200 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; pledged revenues shall not exceed 80 percent of approved public infrastructure costs; recovery of up to 100 percent of public infrastructure costs less sales taxes paid, signature costs less sales tax paid, and financing costs related to the public infrastructure costs over a period of up to 30 years; and qualifies for a sales tax refund on the purchase of construction materials that do not qualify as an approved public infrastructure cost or an approved signature cost. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 30 years. As of June 30, 2021, two state abatement agreements have been entered into with local businesses.

The Government participates in the Commonwealth of Kentucky’s Kentucky Business Investment Program. This program is a state administered tax incentive, authorized by KRS 154.32, and approved by the Kentucky Economic Development Finance Authority. In order to be eligible, a company must create ten (10) new full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, pay average hourly wages of at least one hundred fifty percent (150%) of the federal minimum wage, and provide a minimum level of benefits by the activation date. Incentives are approved for up to ten (10) years. The Government participates by providing an inducement of one percent (1%) of payroll taxes to the company per authorized job. This reduces the payroll taxes paid per job from 2.25% to 1.25%. The local inducement is approved by resolution of the Urban County Council. As of June 30, 2021, twenty one (21) companies participated in that program at the local level. Payroll withholdings are reduced by an estimated amount of \$1,047,524.

**L. Affordable Housing Loan Program** – On May 8, 2014, the Government passed Ordinance 52-2014 establishing the affordable housing loan program to promote housing projects by developers to provide more affordable housing options to qualifying residents of Lexington, Kentucky. The Urban County Council also issued a memorandum on August 11, 2014 establishing funding in the amount of \$2,000,000 beginning in fiscal year 2015 and thereafter, for total funding as of June 30, 2021 of \$15,000,000. As of June 30, 2021, there are \$4,454,249 in outstanding loans for this program.

**M. Jobs Fund Loan Program** – On December 5, 2013, the Government passed Ordinance 153-2013 establishing a local economic development incentive program in order to attract or expand the level of employment in Lexington-Fayette County. The purpose of the program is to provide certain qualified businesses with local funding through grants, loans, forgivable loans, or other agreements. The program is focused on attracting innovative businesses and promoting expansion of existing businesses, with a priority focus on advanced manufacturing, technology, professional shared service operations, or healthcare, or which have or will be locating their primary base of operations or headquarters in Lexington-Fayette County. In addition, Ordinance 152-2013 establishes the “Economic Development Investment Board” to perform duties related to the program. The typical maximum of any funding agreement will not exceed \$50,000 for a grant agreement and \$250,000 for a loan or other agreement. Upon the recommendation of the Chief Development Officer and Economic Development Investment Board, the final

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approval for all agreements is given by the Urban County Council. The Urban County Council established funding with ordinance 51-2014 on May 15, 2014, in the amount of \$1,000,000 beginning in fiscal year 2014 and thereafter for total funding as of June 30, 2021 of \$4,020,000. As of June 30, 2021, there are \$1,314,032 in outstanding loans for this program.

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

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

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

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

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

**NOTE 6. THE SINGLE AUDIT ACT**

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

**NOTE 7. SUBSEQUENT EVENTS**

Primary Government

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

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Component Unit

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

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

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

**A. Plan Descriptions**

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

The sworn personnel of the divisions of Police and Fire are eligible to participate in the PFRF. For members whose participation date in the PFRF is prior to March 14, 2013, benefits vest after twenty years of service. The annuity is 2.5% of average salary multiplied by years of total service. For members whose participation date is on or after March 14, 2013, benefits vest after twenty-five years of service. The annuity is 2.25% of average salary multiplied by years of total service. Cost of living adjustments (COLA) will be granted on the following schedule for both current and future retirees beginning on the earlier of a member turning age 50 or being retired for five years until the PFRF, utilizing the current COLA provisions, is 85% funded. At that time, COLA's will be granted each year by an amount, determined by the Board, of between 2% and 5% compounded annually. In addition, those receiving an annuity of over \$100,000 will not be eligible to receive a COLA until the later of the proposed conditions or January 1, 2018.

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

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

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

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Both pension plans are included in the Government's comprehensive annual report and do not issue stand-alone financial reports. Membership for both plans consisted of the following at June 30, 2020:

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

**B. Summary of Significant Accounting Policies**

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

**C. Contributions**

The contribution requirements and benefit provisions for the PFRF are established by state statute and Government ordinance. In fiscal year 2021, the Government contributed 38.63% to the PFRF. Administrative costs were financed by a combination of additional contributions as well as investment income. The required contribution rate is shown in the following table:

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

**D. Net Pension Liability**

The Government's net pension liability/(asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Additional information as of the latest actuarial valuation is presented in the following table.

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

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

The following presents the net pension liability of the Government's CEPF pension plan, calculated using the discount rate of 4.77%, as well as what the CEPF's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

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

The following presents the net pension liability of the Government's PFRF pension plan, calculated using the discount rate of 6.74%, as well as what the PFRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.74%) or 1-percentage-point higher (7.74%) than the current rate:

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

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

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

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

**CEPF**

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

**PFRF**

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

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

**Year ended June 30:**

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

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

**Year ended June 30:**

2022	\$38,853,683
2023	31,624,489
2024	25,383,424
2025	18,359,651
2026	1,926,289
Thereafter	0

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

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

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

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

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

**Plan membership** – As of June 30, 2020 the plan membership data is as follows:

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

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

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

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

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

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

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

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

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

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

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

**AMOUNT OF ALLOWANCE** – For eligible employees the Government pays the single premium for the plan coverage selected by the retiree, but not more than one hundred percent (100%) of the Government’s contribution to



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

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

**RETIREE GROUP HEALTH INSURANCE PLAN OPTIONS:**

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

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

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

Plan Option	Single	Two Party
Humana PPO-A	\$758.91	\$1,388.29
Humana PPO-B	561.61	1,027.36
Humana HSA1	511.15	935.04
Humana HSA2	501.48	797.53
Humana Seniors Medicare Advantage Plan	338.22	676.44
Anthem Seniors Standard Plan	163.31	326.62
Anthem Seniors Comprehensive Plan	191.39	382.78

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

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

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

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

**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation	2.40%
Real Wage growth	N/A
Wage Inflation	N/A
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.75% by 2029
Post-Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.75% by 2023

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

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

*Changes in the Total OPEB Liability (Asset)*

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

- \* The service cost includes interest for the year.
- \*\* The majority of the decrease in the Total OPEB Liability due to experience was due to lower than anticipated Medicare premiums.
- \*\*\* The majority of the increase in the Total OPEB Liability due to assumption changes was due to the change in the Discount Rate, which is based on the Municipal Bond Rate.

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**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the net OPEB liability of the Government, calculated using the discount rate of 2.21%, as well as what the Government’s net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower and 1-percentage point higher than the current discount rate:

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

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

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

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

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

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

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

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

**Payable to the OPEB Plan**

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

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

**F. Pension Plan Financial Statements**

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

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

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

**STATEMENT OF CHANGES IN NET POSITION**  
**June 30, 2021**

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

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

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

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

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

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

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

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

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

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

At June 30, 2020, the Government reported a liability of \$305,778,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Government's proportion of the

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

net pension liability was based on a projection of the Government’s long term share of contributions to the pension plan relative to the projected contributions of all participating governmental agencies, as actuarially determined. At June 30, 2020, the Government’s portion of nonhazardous and hazardous was 3.06% and 2.34%, respectively.

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

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

The \$19,311,623 reported as deferred outflows of resources related to pensions resulting from Government contributions subsequent to the measurement date will be recognized as a reductions of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$10,946,759
2022	7,203,995
2023	3,537,977
2024	3,005,432
2025	0
Thereafter	0

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2020, using generally accepted actuarial principles. There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total Pension liability as of June 30, 2020 is determined using these updated assumptions. It is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 68.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
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The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

**Payable to the Pension Plan**

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

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

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

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

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

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



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

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**Relationship to Combining Financial Statements**

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

The components associated with OPEB expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position as shown in the Combining Statement of Changes in Fiduciary Net Position and in accordance with requirements promulgated by Governmental Accounting Standards Board (GASB) Statements No. 74 and 75. The net OPEB liability at June 30, 2020, is reported in the Notes to Combining Financial Statements and Required Supplementary Information.

**Summary of Significant Accounting and Reporting Policies**

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

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

The CERS Non-hazardous, CERS Hazardous, KERS Non-hazardous, KERS Hazardous Insurance Funds are reported as OPEB trust funds, and are accounted for on the accrual basis of accounting. OPEB contributions are determined by the KRS Board and required by the employers, and the employees contributions are set by Kentucky Revised Statute 61.702(2)(b)(1). KRS recognized employer and employee contributions to the plans through June 30, 2020. OPEB expenses are recognized as the benefits come due for the CERS Non-hazardous, CERS Hazardous, KERS Non-hazardous, and KERS Hazardous Insurance Plans, which includes payments made to the Department of Employee Insurance (DEI), and Humana Inc. for OPEB costs incurred for the fiscal year ended June 30, 2020. KRS contracts with DEI and Humana to administer the claims. DEI administers retiree claims for retirees under the age of 65, and Humana administers retiree claims for members 65 and over. Since, the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

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

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

The Schedule of Employer Allocations reflects employer contributions received for the fiscal year ended June 30, 2020, and includes the following for each individual employer:

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

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

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

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

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

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

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

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

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

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

**Discount Rate**

The projection of cash flows used to determine the discount rate of 5.34% for CERS Non-hazardous, and 5.30% for CERS Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the net actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the CAFR.

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

The following presents the net OPEB liability of the Government’s CERS OPEB Nonhazardous plan, calculated using the discount rate of 5.34%, as well as what the CERS’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

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

The following presents the net OPEB liability of the Government’s CERS OPEB Hazardous plan, calculated using the discount rate of 5.34%, as well as what the CERS’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

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

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

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

**Contributions**

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

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

**Pension Expense, Deferred Inflows and Outflows of Resources**

At June 30, 2020, the Government reported OPEB expense of \$12,979,439. The Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedule of OPEB Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2020, is based on the June 30, 2018, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. At June 30, 2020, the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

The \$6,971,922 reported as deferred outflows of resources related to OPEB resulting from Government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

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

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

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

**Payable to the OPEB Plan**

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

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

**NOTE 9. RECENT GASB PRONOUNCEMENTS**

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

Statement No. 87, *Leases*, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. (FY 2022)

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

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

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

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
User Charges	\$67,500,000	\$67,500,000	\$67,943,984	\$443,984
Fees	2,225,000	2,225,000	1,892,298	(332,702)
Exactions			58,727	58,727
Property Sales			1,409,495	1,409,495
Other	1,001,000	17,222,424	7,351,626	(9,870,798)
Income on Investments	599,000	599,000	700,993	101,993
<b>Total Revenues</b>	<u>71,325,000</u>	<u>87,546,424</u>	<u>79,357,123</u>	<u>(8,189,301)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,980,034	1,806,350	2,200,711	394,361
Administrative Services	242,713	242,377	234,370	(8,007)
Chief Development Officer	45,928	45,928	46,539	611
Environmental Quality & Public Works	29,404,265	44,187,995	43,883,179	(304,816)
Finance	2,517,607	2,518,690	2,253,679	(265,011)
Information Technology	737,211	645,109	590,971	(54,138)
Social Services	160,000	160,000	118,151	(41,849)
General Services	73,163	72,889	874,141	801,252
Law and Risk Management	101,564	103,404	97,269	(6,135)
Debt Service:				
Principal	6,657,983	11,396,772	11,212,512	(184,260)
Interest	2,434,735	5,041,622	4,963,374	(78,248)
Other Debt Service	256,468	265,176	(125,641)	(390,817)
Capital:				
Equipment	2,462,700	2,723,734	2,697,583	(26,151)
Acquisitions and Construction	20,719,930	34,590,905	3,527,666	(31,063,239)
<b>Total Expenditures</b>	<u>67,794,301</u>	<u>103,800,951</u>	<u>72,574,504</u>	<u>(31,226,447)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	3,530,699	(16,254,527)	6,782,619	23,037,146
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	20,943	19,851		(19,851)
<b>Total Other Financing Sources (Uses)</b>	<u>20,943</u>	<u>19,851</u>	<u>0</u>	<u>(19,851)</u>
<b>Net Change in Fund Balance</b>	<u>\$3,551,642</u>	<u>(\$16,234,676)</u>	<u>\$6,782,619</u>	<u>\$23,017,295</u>
<b>Fund Balance, Beginning</b>			<u>271,344,149</u>	
<b>Adjustment to Opening Fund Balance (Note 2.D.)</b>			<u>(439,429)</u>	
<b>Fund Balance, Ending</b>			<u>\$277,687,339</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, 2021**

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



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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget-Positive</b> <b>(Negative)</b>
<b>REVENUES</b>				
User Charges	\$6,775,000	\$6,775,000	\$6,817,528	\$42,528
Fees	265,000	265,000	245,965	(19,035)
Other	130,000	130,000	(1,067)	(131,067)
Theatre Revenues	0	0	0	0
Income on Investments	450,000	450,000	53,770	(396,230)
<b>Total Revenues</b>	<u>7,620,000</u>	<u>7,620,000</u>	<u>7,116,196</u>	<u>(503,804)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	215,454	215,454	222,827	7,373
Administrative Services	76,938	76,938	66,446	(10,492)
Environmental Quality & Public Works	3,686,730	3,684,756	4,469,944	785,188
Finance	642,383	642,173	463,972	(178,201)
Information Technology	102,165	70,066	34,178	(35,888)
Social Services	20,000	20,000	18,229	(1,771)
Law and Risk Management	30,958	30,958	29,463	(1,495)
Capital:				
Equipment		2,199	2,199	0
Acquisitions and Construction	40,000	121,977	789,045	667,068
<b>Total Expenditures</b>	<u>4,814,628</u>	<u>4,864,521</u>	<u>6,096,303</u>	<u>1,231,782</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,805,372	2,755,479	1,019,893	(1,735,586)
<b>Net Change in Fund Balance</b>	<u>\$2,805,372</u>	<u>\$2,755,479</u>	\$1,019,893	<u>(\$1,735,586)</u>
<b>Fund Balance, Beginning</b>			<u>43,995,883</u>	
<b>Adjustment to Opening Fund Balance (Note 2.D.)</b>			<u>(30,614)</u>	
<b>Fund Balance, Ending</b>			<u>\$44,985,162</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, 2021**

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

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

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

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

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

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

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

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

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

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

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

continued

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

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

continued



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

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

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

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

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

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

continued

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

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

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

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

	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
	2014		2015		2016		2017		2018		2019		2020	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
<b>Total pension liability</b>														
Service cost	\$15,273,403	\$0	\$15,682,820	\$0	\$15,545,613	\$0	\$15,736,332	\$0	\$19,289,452	\$0	\$20,003,501	\$0	\$21,523,014	\$0
Interest	53,365,849	852,811	54,617,104	805,933	56,566,064	736,800	58,934,015	712,234	65,525,538	618,238	70,968,916	569,079	72,718,815	442,128
Changes of benefit terms														
Differences between expected and actual experience			7,523,715	(345,366)	14,500,618	291,530	17,343,653	(756,397)	47,795,400	(70,751)	3,305,760	136,834	12,804,385	(348,011)
Changes of assumptions											23,468,904	836,049	63,209,919	486,789
Benefit payments, including refunds of member contributions	(53,597,352)	(1,574,594)	(50,314,337)	(1,470,392)	(53,360,681)	(1,425,983)	(56,718,545)	(1,332,557)	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)
<b>Net change in total pension liability</b>	<b>15,041,900</b>	<b>(721,783)</b>	<b>27,509,302</b>	<b>(1,009,825)</b>	<b>33,251,614</b>	<b>(397,653)</b>	<b>89,052,706</b>	<b>(1,376,720)</b>	<b>73,560,380</b>	<b>(717,224)</b>	<b>56,733,039</b>	<b>307,153</b>	<b>106,544,740</b>	<b>(555,317)</b>
<b>Total pension liability—beginning</b>	<b>738,343,325</b>	<b>12,970,313</b>	<b>753,385,225</b>	<b>12,248,530</b>	<b>780,894,527</b>	<b>11,238,705</b>	<b>814,146,141</b>	<b>10,841,052</b>	<b>903,198,847</b>	<b>9,464,332</b>	<b>976,759,227</b>	<b>8,747,108</b>	<b>1,033,492,266</b>	<b>9,054,261</b>
<b>Total pension liability—ending (a)</b>	<b>\$753,385,225</b>	<b>\$12,248,530</b>	<b>\$780,894,527</b>	<b>\$11,238,705</b>	<b>\$814,146,141</b>	<b>\$10,841,052</b>	<b>\$903,198,847</b>	<b>\$9,464,332</b>	<b>\$976,759,227</b>	<b>\$8,747,108</b>	<b>\$1,033,492,266</b>	<b>\$9,054,261</b>	<b>\$1,140,037,006</b>	<b>\$8,498,944</b>
<b>Plan fiduciary net position</b>														
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	\$32,549,517	\$0
Contributions—member	9,730,115		9,881,338		9,493,378		11,186,704		10,750,008		10,356,318		10,875,896	
Net investment income	96,386,758	4,356,048	16,827,976	898,062	4,396,040	1,365,187	91,231,369	1,329,650	71,009,316	1,369,365	42,194,879	2,030,058	40,611,737	2,111,700
Benefit payments, including refunds of member contributions	(53,597,352)	(1,574,594)	(50,314,338)	(1,470,392)	(53,360,681)	(1,425,983)	(56,718,545)	(1,332,557)	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)
Administrative Expense	(598,923)	(27,178)	(665,175)	(28,356)	(178,943)	(15,639)	(226,211)	(7,240)	(306,716)	(4,994)	(317,040)	(7,210)	(468,526)	(1,320)
Other					80,010		141,051	(2)	8,396		112,421		3,764,246	
<b>Net change in plan fiduciary net position</b>	<b>79,557,071</b>	<b>2,754,276</b>	<b>(1,565,163)</b>	<b>(600,686)</b>	<b>(14,814,576)</b>	<b>(76,435)</b>	<b>75,282,074</b>	<b>(10,149)</b>	<b>49,987,758</b>	<b>99,660</b>	<b>21,609,706</b>	<b>788,039</b>	<b>23,621,477</b>	<b>974,157</b>
<b>Plan fiduciary net position—beginning</b>	<b>556,723,810</b>	<b>28,029,242</b>	<b>636,280,881</b>	<b>30,783,518</b>	<b>634,715,718</b>	<b>30,182,832</b>	<b>619,901,142</b>	<b>30,106,397</b>	<b>695,183,216</b>	<b>30,096,248</b>	<b>745,170,974</b>	<b>30,195,908</b>	<b>766,780,680</b>	<b>30,983,947</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$636,280,881</b>	<b>\$30,783,518</b>	<b>\$634,715,718</b>	<b>\$30,182,832</b>	<b>\$619,901,142</b>	<b>\$30,106,397</b>	<b>\$695,183,216</b>	<b>\$30,096,248</b>	<b>\$745,170,974</b>	<b>\$30,195,908</b>	<b>\$766,780,680</b>	<b>\$30,983,947</b>	<b>\$790,402,157</b>	<b>\$31,958,104</b>
<b>Net pension liability—ending (a) - (b)</b>	<b>\$117,104,344</b>	<b>(\$18,534,988)</b>	<b>\$146,178,809</b>	<b>(\$18,944,127)</b>	<b>\$194,244,999</b>	<b>(\$19,265,345)</b>	<b>\$208,015,631</b>	<b>(\$20,631,916)</b>	<b>\$231,588,253</b>	<b>(\$21,448,800)</b>	<b>\$266,711,586</b>	<b>(\$21,929,686)</b>	<b>\$349,634,849</b>	<b>(\$23,459,160)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	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%
<b>Covered payroll</b>	\$63,248,485	\$0	\$62,102,632	\$0	\$65,934,339	\$0	\$73,360,313	\$0	\$73,131,137	\$0	\$76,794,393	\$0	\$77,788,689	\$0
<b>Net pension liability as a percentage of covered payroll</b>	185.15%	0.00%	235.38%	0.00%	294.60%	0.00%	283.55%	0.00%	316.68%	0.00%	347.31%	0.00%	449.47%	0.00%

\*In 1973 the City of Lexington froze new entrants into the CEPF; In fiscal year 2010 the last active employee retired

**Actuarial Assumptions:**

	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
Valuation date	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open	Level dollar, closed	Level dollar, open
Amortization period	30 years	15 years	29 years	15 years	28 years	15 years	27 years	15 years	26 years	15 years	25 years	15 years	24 years	15 years
Actuarial asset valuation method	5-year smoothed market	Market Value	5-year smoothed market	Market Value	5-year smoothed market	Market Value	5-year smoothed market	Market Value	5-year smoothed market	Market Value	5-year smoothed market	Market Value	5-year smoothed market	Market Value
Investment rate of return	7.50%	7%, including inflation	7.50%	7%, including inflation	7.50%	7%, including inflation	7.50%	7%, including inflation	7.50%	7%, including inflation	7.26%	5.21%, including inflation	6.74%	4.77%, including inflation
Cost of living benefit increases (maximum)	NA	3.00%	NA	3.00%	NA	3.00%	NA	3.00%	NA	3.00%	NA	3.00%	NA	3.00%
Inflation	3.00%	NA	3.00%	NA	3.00%	NA	3.00%	NA	2.75%	NA	2.40%	NA	2.75%	NA
Projected salary increase	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA	3.5% to 10.50%	NA	3.5% to 9.50%	NA	4% to 9.50%	NA
Mortality table	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined	RP-2000 Combined
	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB	Table projected to the valuation date using scale BB

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

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

\*In 1973 the City of Lexington froze new entrants into the CEPF; In fiscal year 2010 the last active employee retired

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

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

	Fiscal Year									
	2017		2018		2019		2020		2021	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Actuarially determined contribution	\$29,808,757	\$0	* \$27,585,160	\$0	\$30,277,170	\$0	\$32,549,517	\$0	\$31,475,926	\$0
Contributions in relation to the actuarially determined contribution	29,808,757		* 27,585,160		30,277,170		32,549,517		31,475,926	
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$73,360,313	\$0	\$73,131,137	\$0	\$76,974,393	\$0	\$77,788,689	\$0	\$75,342,623	\$0
Contributions as a percentage of covered payroll	40.63%	NA	37.72%	NA	39.33%	NA	41.84%	NA	41.78%	NA

**Changes in Assumption:**

2020

Police & Fire - The assumed rate of return was lowered from 7.26% to 6.74%.

2019

City - The assumed rate of return was lowered from 7.00% to 5.21%. The discount rate lowered from 7.00% to 5.21%.

Police & Fire - The assumed rate of return was lowered from 7.50% to 7.26%. The assumed rate of inflation was lowered from 2.75% to 2.40%.

2018

Police & Fire - Inflation was lowered from 3.00% to 2.75%, and wage inflation was lowered from 4.00% to 3.50%. Adopted RP-2000 Combined Table projected to the valuation date using scale BB. Pre-Retirement and Disability retiree mortality rates are assumed to be the same as the postretirement mortality rates. Retirement rates were increased to better match experience. Termination rates were increased at the early years of service. Disability rates were increased to better match experience. The percentage of disabled members who retire as a result of in-service disability was increased from 75% to 95%.

\*Corrected by Actuary

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

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

	2014		2015		2016		2017		2018	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Annual money-weighted rate of return, net of investment expense	7.45%	5.56%	3.08%	3.49%	-0.23%	2.17%	6.20%	3.80%	18.37%	6.48%
	2019		2020		2021					
	Police & Fire	City	Police & Fire	City	Police & Fire	City				
Annual money-weighted rate of return, net of investment expense, cont.	11.09%	6.18%	9.06%	7.60%	6.39%	9.89%				

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

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

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

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

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

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

	2014	2015	2016	2017	2018	2019	2020
The Government's proportion of the net pension liability (asset)	\$115,215,078	\$155,544,394	\$187,010,198	\$241,742,130	\$248,050,278	\$283,836,175	\$305,778,330
The Government's proportionate share of the net pension liability (asset)							
Nonhazardous	2.71%	2.76%	2.96%	3.20%	3.12%	3.09%	3.07%
Hazardous	2.28%	2.39%	2.41%	2.44%	2.41%	2.41%	2.34%
Covered payroll	\$72,558,727	\$74,948,371	\$84,194,948	\$88,823,610	\$89,177,740	\$88,234,162	\$88,620,733
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	158.79%	207.54%	222.12%	272.16%	278.15%	321.69%	345.04%
Plan fiduciary net position as a percentage of the total pension liability	66.06%	66.11%	55.19%	52.57%	52.60%	51.09%	47.00%

**Actuarial Assumptions:**

	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2018
Valuation date	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2018
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	30 years	28 years	28 years	28 years	27 years	26 years	25 years
Actuarial asset valuation method				20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	5-year smoothed market 7.75%	5-year smoothed market 7.50%	5-year smoothed market 7.50%	7.50%	6.25%	6.25%	6.25%
Cost of living benefit increases (maximum)							
Inflation	3.50%	3.25%	3.25%	3.25%	2.30%	2.30%	2.30%
Projected salary increase	4.5%, average, including inflation	4%, average, including inflation	4%, average, including inflation	4%, average, including inflation	3.05% to 18.55%, varies by service	3.05% to 18.55%, varies by service	3.30% to 19.05%, varies by service
Mortality table	1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members.	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)	RP-2000 Combined Table projected to the valuation date using scale BB (set back 1 year for females)

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

Source: Kentucky Retirement Systems



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

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$15,852,724	\$10,836,390	\$10,952,366	\$13,388,248	\$14,087,247	\$21,120,711	\$20,990,058	\$21,851,163
Contribution in relation to the contractually required contribution	16,161,747	16,354,078	16,954,959	13,767,651	14,162,524 *	16,718,583	20,050,133	19,211,623
Contribution deficiency (excess)	<u>(\$309,023)</u>	<u>(\$5,517,688)</u>	<u>(\$6,002,593)</u>	<u>(\$379,403)</u>	<u>(\$75,277)</u>	<u>\$4,402,128</u>	<u>\$939,925</u>	<u>\$2,639,540</u>
Government's covered payroll	\$72,558,727	\$74,948,371	\$84,194,948	\$88,823,610	\$89,177,740	\$88,234,162	\$100,537,948	\$95,652,350
Contributions as a percentage of covered payroll	22.27%	21.82%	20.14%	15.50%	15.88%	18.95%	19.94%	20.08%

**Changes in Assumption:****2015**

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

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

Source: Kentucky Retirement Systems

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

	2016	2017	2018	2019	2020
The Government's proportion of the collective net OPEB liability (asset)	\$62,469,796	\$84,449,594	\$72,503,766	\$69,782,179	\$95,656,368
The Government's proportionate share of the net OPEB liability (asset)					
Nonhazardous	50,412,648	64,271,500	55,313,166	51,948,223	74,032,126
Hazardous	12,057,148	20,178,094	17,190,600	17,833,956	21,624,242
Covered payroll	84,194,948	88,823,610	89,177,740	\$88,234,162	\$88,620,733
The Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	74.20%	95.08%	81.30%	79.09%	107.94%
Plan fiduciary net position as a percentage of the total OPEB liability	359.01%	272.62%	317.54%	383.96%	287.79%

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

Source: Kentucky Retirement Systems

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

See Independent Auditor's Report

	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%

\* Amount corrected in fiscal year 2020

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

Source: Kentucky Retirement Systems

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

### CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continued

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

Capital Projects Funds

	2013 Bond Projects	2014 Bond Projects	2015 Bond Projects	2016 Bond Projects	2017 Bond Projects	2018 Bond Projects	2019 Bond Projects	2020 Bond Projects	2021 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	Total	Total Nonmajor Governmental Funds
<b>ASSETS</b>													
Current Cash	\$8,191	\$2,819	\$1,687	\$0	\$0	\$0	\$0	\$0	\$0	\$493,688	\$4,677,111	\$5,616,908	\$16,877,788
Current Investments										328,441		367,983	957,577
Receivables:													
Other												0	595,879
Inventories and Prepaid Items												0	13,028
Restricted Investments	12,227	332,359	478,121	1,101,074	2,484,811	7,213,401	2,643,805	7,247,098	2,275,807			24,233,034	24,233,034
<b>Total Assets</b>	<u>\$20,418</u>	<u>\$335,178</u>	<u>\$479,808</u>	<u>\$1,101,074</u>	<u>\$2,484,811</u>	<u>\$7,213,401</u>	<u>\$2,643,805</u>	<u>\$7,247,098</u>	<u>\$2,275,807</u>	<u>\$822,129</u>	<u>\$4,677,111</u>	<u>\$30,217,925</u>	<u>\$42,677,306</u>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts and Contracts Payable	\$0	\$0	\$0	\$174,462	\$0	\$2,039	\$36,453	\$361,999	\$671,597	\$0	\$29,063	\$1,275,613	\$1,344,099
Due to Other Funds				23,138	66,798	1,152,801			115,488			1,358,225	1,358,225
Unearned Revenue & Other												0	1,335,013
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>197,600</u>	<u>66,798</u>	<u>1,154,840</u>	<u>36,453</u>	<u>361,999</u>	<u>787,085</u>	<u>0</u>	<u>29,063</u>	<u>2,633,838</u>	<u>4,037,337</u>
Fund Balances:													
Nonspendable												0	13,028
Restricted for:													
Public Works												0	9,722,290
Public Safety												0	898,709
Capital Projects	20,418	335,178	479,808	903,474	2,418,013	6,058,561	2,607,352	6,885,099	1,488,722	822,129	4,648,048	27,584,087	27,584,087
Assigned												0	421,855
<b>Total Fund Balances</b>	<u>20,418</u>	<u>335,178</u>	<u>479,808</u>	<u>903,474</u>	<u>2,418,013</u>	<u>6,058,561</u>	<u>2,607,352</u>	<u>6,885,099</u>	<u>1,488,722</u>	<u>822,129</u>	<u>4,648,048</u>	<u>27,584,087</u>	<u>38,639,969</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$20,418</u>	<u>\$335,178</u>	<u>\$479,808</u>	<u>\$1,101,074</u>	<u>\$2,484,811</u>	<u>\$7,213,401</u>	<u>\$2,643,805</u>	<u>\$7,247,098</u>	<u>\$2,275,807</u>	<u>\$822,129</u>	<u>\$4,677,111</u>	<u>\$30,217,925</u>	<u>\$42,677,306</u>

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

**Special Revenue Funds**

**Capital Projects Funds**

	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										
<b>REVENUES</b>															
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	531,505	5,660,848		308,568		254,627	196,556	185,654	7,137,758						
Income on Investments	65	100		22					187					113	(102)
<b>Total Revenues</b>	<u>531,570</u>	<u>5,660,948</u>	<u>0</u>	<u>308,590</u>	<u>0</u>	<u>254,627</u>	<u>196,556</u>	<u>185,654</u>	<u>7,137,945</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>113</u>	<u>(102)</u>
<b>EXPENDITURES</b>															
Current:															
Environmental Quality & Public Works				124,969	331				125,300						
Police						208,483	128,112		336,595						
Parks and Recreation					10,000				10,000						
Capital:															
Equipment						33,116		161,422	194,538					4,464	
Acquisitions and Construction	782,057	935,325						51,033	1,768,415						17
<b>Total Expenditures</b>	<u>782,057</u>	<u>935,325</u>	<u>0</u>	<u>124,969</u>	<u>10,331</u>	<u>241,599</u>	<u>128,112</u>	<u>212,455</u>	<u>2,434,848</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,464</u>	<u>17</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	(250,487)	4,725,623		183,621	(10,331)	13,028	68,444	(26,801)	4,703,097	0	0	0	0	(4,351)	(119)
<b>OTHER FINANCING SOURCES (USES)</b>															
Transfers Out		(3,798,099)	0				0	(300,000)	(4,098,099)						
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(3,798,099)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(300,000)</u>	<u>(4,098,099)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(250,487)	927,524	0	183,621	(10,331)	13,028	68,444	(326,801)	604,998	0	0	0	0	(4,351)	(119)
<b>Fund Balances (Deficits), Beginning</b>	3,573,194	5,030,964	135,725	238,234	315,701	0	693,553	463,513	10,450,884	43,851	35,864	947	248,089	593,004	
<b>Fund Balances (Deficits), Ending</b>	<u>\$3,322,707</u>	<u>\$5,958,488</u>	<u>\$135,725</u>	<u>\$421,855</u>	<u>\$305,370</u>	<u>\$13,028</u>	<u>\$761,997</u>	<u>\$136,712</u>	<u>\$11,055,882</u>	<u>\$43,851</u>	<u>\$35,864</u>	<u>\$947</u>	<u>\$243,738</u>	<u>\$592,885</u>	

Continued



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

**Capital Projects Funds**

	2013 Bond Projects	2014 Bond Projects	2015 Bond Projects	2016 Bond Projects	2017 Bond Projects	2018 Bond Projects	2019 Bond Projects	2020 Bond Projects	2021 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	Total	Total Nonmajor Governmental Funds
<b>REVENUES</b>													
Charges for Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental												0	7,137,758
Exactions											347,624	347,624	347,624
Other								14,046	16,645			30,691	30,691
Income on Investments	(140)	297	205	1,042	1,001	3,115	1,538	3,950	1,033	123	2,788	14,963	15,150
<b>Total Revenues</b>	<b>(140)</b>	<b>297</b>	<b>205</b>	<b>1,042</b>	<b>1,001</b>	<b>3,115</b>	<b>1,538</b>	<b>17,996</b>	<b>17,678</b>	<b>123</b>	<b>350,412</b>	<b>393,278</b>	<b>7,531,223</b>
<b>EXPENDITURES</b>													
Current:													
General Government						22,047					(1,064)	20,983	20,983
Finance										379		379	379
Environmental Quality & Public Works						42,798	13,125					55,923	181,223
Planning, Preservation, & Development				29,594								29,594	29,594
Police												0	336,595
Community Corrections						323,098						323,098	323,098
General Services						119,620						119,620	119,620
Parks and Recreation												0	10,000
Debt Service:													
Other Debt Service									167,388			167,388	167,388
Capital:													
Equipment	3,720	22,213	4,522	47,116	43,640	148,338	392,624	1,889,394	1,463,813			4,019,844	4,214,382
Acquisitions and Construction		14,355	155,640	2,414,826	561,229	473,743	2,041,640	3,169,883	4,697,837			13,529,170	15,297,585
<b>Total Expenditures</b>	<b>3,720</b>	<b>36,568</b>	<b>160,162</b>	<b>2,491,536</b>	<b>604,869</b>	<b>1,129,644</b>	<b>2,447,389</b>	<b>5,059,277</b>	<b>6,329,038</b>	<b>379</b>	<b>(1,064)</b>	<b>18,265,999</b>	<b>20,700,847</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(3,860)</b>	<b>(36,271)</b>	<b>(159,957)</b>	<b>(2,490,494)</b>	<b>(603,868)</b>	<b>(1,126,529)</b>	<b>(2,445,851)</b>	<b>(5,041,281)</b>	<b>(6,311,360)</b>	<b>(256)</b>	<b>351,476</b>	<b>(17,872,721)</b>	<b>(13,169,624)</b>
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers Out			(6,054)	(16,400)		(1,875,097)						(1,897,551)	(5,995,650)
Issuance of Debt									6,800,000			6,800,000	6,800,000
Premium on Bonds									903,352			903,352	903,352
Discount on Bonds									(182,745)			(182,745)	(182,745)
Issuance of Refunding Debt, par									29,685,000			29,685,000	29,685,000
Payment to Refunded Debt Escrow Agent									(29,405,525)			(29,405,525)	(29,405,525)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(6,054)</b>	<b>(16,400)</b>	<b>0</b>	<b>(1,875,097)</b>	<b>0</b>	<b>0</b>	<b>7,800,082</b>	<b>0</b>	<b>0</b>	<b>5,902,531</b>	<b>1,804,432</b>
<b>Net Change in Fund Balances</b>	<b>(3,860)</b>	<b>(36,271)</b>	<b>(166,011)</b>	<b>(2,506,894)</b>	<b>(603,868)</b>	<b>(3,001,626)</b>	<b>(2,445,851)</b>	<b>(5,041,281)</b>	<b>1,488,722</b>	<b>(256)</b>	<b>351,476</b>	<b>(11,970,190)</b>	<b>(11,365,192)</b>
<b>Fund Balances (Deficits), Beginning</b>	<b>24,278</b>	<b>371,449</b>	<b>645,819</b>	<b>3,410,368</b>	<b>3,021,881</b>	<b>9,060,187</b>	<b>5,053,203</b>	<b>11,926,380</b>	<b>0</b>	<b>822,385</b>	<b>4,296,572</b>	<b>39,554,277</b>	<b>50,005,161</b>
<b>Fund Balances (Deficits), Ending</b>	<b>\$20,418</b>	<b>\$335,178</b>	<b>\$479,808</b>	<b>\$903,474</b>	<b>\$2,418,013</b>	<b>\$6,058,561</b>	<b>\$2,607,352</b>	<b>\$6,885,099</b>	<b>\$1,488,722</b>	<b>\$822,129</b>	<b>\$4,648,048</b>	<b>\$27,584,087</b>	<b>\$38,639,969</b>

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

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

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

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

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

<u>Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Direct/ Pass-through Grantor's Number</u>	<u>Accrued (Deferred) Revenue at July 1, 2020</u>	<u>Revenue Received</u>	<u>Passed Through to Sub recipients Expenditures</u>	<u>Total Expenditures</u>	<u>Accrued (Deferred) Revenue at June 30, 2021</u>
<b>US Department of Homeland Security Office of Domestic Preparedness:</b>							
Direct Programs:							
Fire Prevention	97.044	EMW-2017-FP-00614				23,806	23,806
Passed through Commonwealth of Kentucky:							
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-17000054303	32,175	122,447		420,524	330,252
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-1900001734	255,958	254,128		221,383	223,213
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2000001643		153,693		455,530	301,837
Chemical Stockpile Emergency (CSEPP)	97.040	SC-095-2100001500				11,000	11,000
Disaster Reimbursement-COVID-20	97 UNKNOW	N/A	255,746	255,746			
Emergency Management Assistance	97.042	EMA-2019-EP-00008-S01	65,527	74,311		33,700	24,916
Emergency Management Assistance	97.042	SC-095-2100000605				62,446	62,446
State Homeland Bomb Squad	97.067	SC-094-2100000991	2,893	2,893		8,865	8,865
State Homeland Bomb Squad	97.067	SC-094-2000000841	123,100	123,100			
State Homeland Fire	97.067	SC-094-2000000842	34,965	34,965			
<b>Total US Dept. of Homeland Security Office of Domestic Preparedness</b>			<u>770,364</u>	<u>1,021,283</u>		<u>1,237,254</u>	<u>986,335</u>
Passed through Commonwealth of Kentucky:							
Help America Vote	90.401	N/A	965,600	965,600			
Help America Vote	90.404	N/A	30,720	92,160		61,440	
<b>Total US Department of Energy</b>			<u>996,320</u>	<u>1,057,760</u>		<u>61,440</u>	
<b>US Department of Treasury</b>							
Passed through Commonwealth of Kentucky:							
CARES Act Coronavirus Relief	21.019	FAP111-44-00	20,848,764	27,000,000	2,400	6,148,836	
Coronavirus Relief Fund-General Elections (CRF)	21.019			35,122		35,122	
Emergency Rent Assistance Program (ERAP 1.0)	21.023	ERA-2101080903		9,663,722	5,100,000	174,783	(4,388,939)
Emergency Rent Assistance Program (ERAP 2.0)	21.023	ERA2-0245		3,058,580			(3,058,580)
American Rescue Plan Act	21.027			60,589,029			(60,589,029)
<b>Total US Department of Treasury</b>			<u>20,848,764</u>	<u>100,346,453</u>	<u>5,102,400</u>	<u>6,358,741</u>	<u>(68,036,548)</u>
<b>Total Federal Financial Assistance</b>			<u>\$26,230,932</u>	<u>\$123,814,017</u>	<u>\$8,844,304</u>	<u>\$27,664,535</u>	<u>(\$61,074,246)</u>

Note: Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2021**

Grantor/Program Title	Grantor's Number	Grantor	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Received	Passed Through to Sub recipients Expenditures	Expenditures	Accrued or (Deferred) Revenue at June 30, 2021
Day Treatment	PON25232000003019	Kentucky Dept. of Juvenile Justice	\$0	\$100,000		\$100,000	\$0
Economic Development-Ashland	N/A	Kentucky Cabinet Economic Development	(450,000)				(450,000)
Economic Development-Belcan Engineer.	N/A	Kentucky Cabinet Economic Development	(34,000)				(34,000)
Economic Development-Bingham McCutchen	N/A	Kentucky Cabinet Economic Development	(200,000)				(200,000)
Economic Development-Tiffany	N/A	Kentucky Cabinet Economic Development	(40,800)				(40,800)
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services	(497)				(497)
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services		10,000			(10,000)
Federal Highway Planning	1900001597	Kentucky Transportation Cabinet	4,728	4,728			
Federal Highway Planning	2000001393	Kentucky Transportation Cabinet		19,993			
Fire Training Incentive	155	Kentucky Fire Commission		3,205,078		24,847	4,854
Fire Training Administration	155	Kentucky Fire Commission	(9,648)			1,826	(7,822)
Fire Training Administration	155	Kentucky Fire Commission	(24,197)			12,370	(11,827)
Fire Training Administration	155	Kentucky Fire Commission		37,996		2,811	(35,185)
Home Network	2018-2019-PUBLIC-R	Lexington Fayette County Health Dept	(85,487)			85,487	
Home Network	2019-2020-PUBLIC-R	Lexington Fayette County Health Dept	(43,250)	4,670		11,385	(36,535)
Home Network	2020-2021-PUBLIC-R	Lexington Fayette County Health Dept		27,450		9,920	(17,530)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(111,544)			86,619	(24,925)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(46,653)	159,828		83,914	(75,914)
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		(46,653)			
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		100,000		100,000	
KY_SAP_2020 (Substance Abuse Program)	PON2-527-2000001585-1	Kentucky Department of Corrections	7,290	7,290			
KY_SAP_F_2020 (Substance Abuse Program)	PON2-527-1900003102-1	Kentucky Department of Corrections	6,759	6,759			
KY_SAP_2021 (Substance Abuse Program)	PON2-527-2000001585-1	Kentucky Department of Corrections		8,523		8,523	
Law Enforcement Protection Program	SC-094-1900001258	Kentucky Office Homeland Security	39,423	39,423			
Local Records Grant Project	SY19031LR16	Kentucky Dept. for Libraries & Archives	11,045	11,670			
Paula Nye Memorial Education	2019-07	Kentucky Bicycle and Bikeway Commission		9,000		7,624	(625)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(39,751)			1,252	(1,376)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation	265,261	265,261			(38,499)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(37,046)	3,311			(40,357)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation		2,885,538		3,137,898	252,360
Police Training Administration	N/A	Kentucky Law Enforcement Foundation		35,925			(35,925)
SANE3 (Sexual Assault Treatment Project)	VAWA-2019-LFUCG-ST-00645	Kentucky Justice Cabinet	3,000	6,000		5,400	2,400
SANE3 (Sexual Assault Treatment Project)	VAWA-2020-LFUCG-ST-00719	Kentucky Justice Cabinet		200		5,200	5,000
Senior Citizens	AS-2020-2021	Bluegrass Area Development District		90,110		106,423	16,313
State Homeland Commercial Mobile Radio (2)	PO2 094 1800001195 1	Kentucky Office Homeland Security	54,971	59,031		4,060	
State Homeland Commercial Mobile Radio	SC 094 2100000225 1	Kentucky Office Homeland Security				37,113	37,113
Waste Tire	PO2-625-2100003752	Kentucky Energy & Environmental Cabinet		4,000		4,000	
<b>Total State Financial Assistance</b>			<u>(\$730,396)</u>	<u>\$7,055,131</u>	<u>\$0</u>	<u>\$7,041,750</u>	<u>(\$743,777)</u>

Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for the acquisition, operation, and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes.

The **Right of Way** program was established in 2003 to account for fees levied to monitor and manage public facilities located in public rights-of-way.

The **Extended School Program** was established in 1994 to provide before and after school care for children in participating elementary and middle schools.

The **Enhanced 911 Fund** was established in 1996 to account for the revenues and expenses of developing and operating an enhanced 911 system.

The **Central Kentucky Network Fund** was established in 2014 to ensure the appropriate treatment of revenues or other monies received from jurisdictions participating in the Central Kentucky 911 Network.

The **Small Business Development Fund** was established in 2000 to promote and assist the growth and development of business concerns. This program was previously administered by the Urban County Development Corporation, a component unit of the Government, which was dissolved in March 2000.

The **Public Parking Corporation** was established in 1984 to account for the construction and operation of government-owned parking facilities.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2021**

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

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

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



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

	<u>Right of Way</u>	<u>Extended School Program</u>	<u>Enhanced 911</u>	<u>CKY Network</u>	<u>Small Business Development</u>	<u>Public Parking Corporation</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>							
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers	\$695,779	\$184,083	\$4,116,240	\$382,626	\$0	\$0	\$5,378,728
Payments to Suppliers	3,828,541	26,902	(5,202,079)	(298,431)			(1,645,067)
Payments to Employees	(4,304,930)	(671,204)	(287,574)				(5,263,708)
Payments for Interfund Services Used	(7,930)	(97,008)	(5,744)				(110,682)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>211,460</u>	<u>(557,227)</u>	<u>(1,379,157)</u>	<u>84,195</u>	<u>0</u>	<u>0</u>	<u>(1,640,729)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Transfers In			200,000				200,000
Transfers Out			(4,124)	(200,000)			(204,124)
<b>Net Cash Flows Provided by (Used in) Noncapital Financing Activities</b>	<u>0</u>	<u>0</u>	<u>195,876</u>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>(4,124)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchases of Capital Assets			(113,670)				(113,670)
<b>Net Cash Flows Used in Capital and Related Financing Activities</b>	<u>0</u>	<u>0</u>	<u>(113,670)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(113,670)</u>
<b>Cash Flows Provided by Investing Activities:</b>							
Purchases of Investments			(478)		(473)		(951)
Income on Investments			478		473		951
<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Increase (Decrease)</b>	211,460	(557,227)	(1,296,951)	(115,805)	0	0	(1,758,523)
<b>Cash at Beginning of Year</b>	<u>2,303,732</u>	<u>912,292</u>	<u>6,132,669</u>	<u>144,299</u>	<u>154,640</u>	<u>503</u>	<u>9,648,135</u>
<b>Cash at End of Year</b>	<u>\$2,515,192</u>	<u>\$355,065</u>	<u>\$4,835,718</u>	<u>\$28,494</u>	<u>\$154,640</u>	<u>\$503</u>	<u>\$7,889,612</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>							
<b>Operating Income (Loss)</b>	\$207,725	(\$776,767)	(\$1,868,700)	\$75,086	\$0	\$0	(\$2,362,656)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>							
Depreciation	6,324	3,111	133,189				142,624
<b>(Increase) Decrease in Assets:</b>							
Other Receivables	(64,030)	426	(430)	8,122			(55,912)
Inventories and Prepaid Expenses	(13,750)	395	(2,725)	640			(15,440)
Due from Other Funds			5,309				5,309
<b>(Increase) Decrease in Deferred Outflows:</b>							
Deferred Other Post Employment Benefit Amounts	(33,046)	(76,102)	(284,332)				(393,480)
Deferred Pension Amounts	31,466	106,374	(13,857)				123,983
<b>Increase (Decrease) in Liabilities:</b>							
Accounts Payable	(7,324)	923	4,576	347			(1,478)
Accrued Payroll	1,020	(21,622)	36,613				16,011
Compensated Absences	(4,456)	(13,478)	8,642				(9,292)
Net Other Post Employment Benefit Liability	60,980	152,929	419,788				633,697
Net Pension Liability	51,713	129,689	355,994				537,396
<b>Increase (Decrease) in Deferred Inflows:</b>							
Deferred Other Post Employment Benefit Amounts	(13,326)	(33,421)	(91,741)				(138,488)
Deferred Pension Amounts	(11,836)	(29,684)	(81,483)				(123,003)
<b>Total Adjustments</b>	<u>3,735</u>	<u>219,540</u>	<u>489,543</u>	<u>9,109</u>	<u>0</u>	<u>0</u>	<u>721,927</u>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u>\$211,460</u>	<u>(\$557,227)</u>	<u>(\$1,379,157)</u>	<u>\$84,195</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,640,729)</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing on a cost-reimbursement basis of services provided by one department to other departments within the Government and outside agencies associated with the Government. Individual funds included in this fund type are as follows:

The **Health, Dental, and Vision Care Insurance Fund** accounts for the Government's self-insurance programs for employee medical, dental, and vision care benefits.

The **Insurance and Risk Management Fund** accounts for the Government's self-insurance programs for workers' compensation, vehicle liability and physical, general liability and property damage coverage.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2021**

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, & CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended June 30, 2021**

	<u>Health, Dental, and Vision Care Insurance</u>				<u>Insurance and Risk Management</u>	<u>Total</u>
	<u>Health</u>	<u>Dental</u>	<u>Vision Care</u>	<u>Total</u>		
<b>Operating Revenues</b>						
Premiums	\$32,671,992	\$2,390,602	\$454,528	\$35,517,122	\$9,916,038	\$45,433,160
<b>Total Operating Revenues</b>	<u>32,671,992</u>	<u>2,390,602</u>	<u>454,528</u>	<u>35,517,122</u>	<u>9,916,038</u>	<u>45,433,160</u>
<b>Operating Expenses</b>						
Claims and Benefit Payments	28,908,075	2,415,218	458,826	31,782,119	9,259,680	41,041,799
Operating Supplies and Expense	3,735,003			3,735,003		3,735,003
<b>Total Operating Expenses</b>	<u>32,643,078</u>	<u>2,415,218</u>	<u>458,826</u>	<u>35,517,122</u>	<u>9,259,680</u>	<u>44,776,802</u>
<b>Operating Income (Loss)</b>	28,914	(24,616)	(4,298)	0	656,358	656,358
<b>Change in Net Position</b>	<u>28,914</u>	<u>(24,616)</u>	<u>(4,298)</u>	<u>0</u>	<u>656,358</u>	<u>656,358</u>
<b>Net Position, Beginning</b>	<u>226,520</u>	<u>(228,771)</u>	<u>2,251</u>	<u>0</u>	<u>7,583,791</u>	<u>7,583,791</u>
<b>Net Position, Ending</b>	<u>\$255,434</u>	<u>(\$253,387)</u>	<u>(\$2,047)</u>	<u>\$0</u>	<u>\$8,240,149</u>	<u>\$8,240,149</u>

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

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

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the Government in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. These include pension trust, expendable trust, and agency funds. Individual funds included in this fund type are as follows:

### **INVESTMENT TRUST FUND**

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

### **CUSTODIAL FUNDS**

The **Neighborhood Sewer Projects Fund** is a custodial fund that accounts for the collection of special assessments and debt service payments on financing for neighborhood capital projects.

The **Juvenile & Adult Probation Fund** accounts for funds collected by the divisions of Youth Services and Detention Services from juvenile and adult offenders and disbursed to victims in accordance with court decrees and funds collected from and disbursed for inmates on work release.

The **Property & Evidence Fund** accounts for monies collected from prisoners. Once the case has been adjudicated through the court system, money is distributed as ordered.

The **Domestic Relations Fund** accounts for the child support payments collected by the Government from non-custodial parents and disbursed to custodial parents.

The **Representative Payee Fund** accounts for funds managed by the Government on behalf of adults who are unable to manage their own money in order to prevent the exploitation, abuse, and neglect of these citizens.

The **Prisoners' Account System** was transferred to the Government in 1994 and accounts for the operations of the commissary at the Fayette County Detention Center.

**Statement of Net Position**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2021**

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

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

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



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

See Independent Auditors' Report

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

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

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	<u>Domestic Relations Fund</u>	<u>Juvenile and Adult Probation</u>	<u>Neighborhood Sewer Projects Fund</u>	<u>Representative Payee Program</u>	<u>Property &amp; Evidence Fund</u>	<u>Prisoner Account</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>							
Contributions:							
Employer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plan Members	4,834	44,863			626,690	2,374,549	3,050,936
Other Governments				216,500		275,764	492,264
<b>Total Contributions</b>	<u>4,834</u>	<u>44,863</u>	<u>0</u>	<u>216,500</u>	<u>626,690</u>	<u>2,650,313</u>	<u>3,543,200</u>
<b>Total Additions</b>	<u>4,834</u>	<u>44,863</u>	<u>0</u>	<u>216,500</u>	<u>626,690</u>	<u>2,650,313</u>	<u>3,543,200</u>
<b>DEDUCTIONS</b>							
Benefit Payments	4,834	48,715		210,468	199,092	1,805	464,914
Administrative Expense						2,407,330	2,407,330
<b>Total Deductions</b>	<u>4,834</u>	<u>48,715</u>	<u>0</u>	<u>210,468</u>	<u>199,092</u>	<u>2,409,135</u>	<u>2,872,244</u>
<b>Net Increase (Decrease)</b>	0	(3,852)	0	6,032	427,598	241,178	670,956
<b>Net Position, Beginning</b>	314,277	337,425	714	65,771	1,298,395	917,280	2,933,862
<b>Net Position, Ending</b>	<u>\$314,277</u>	<u>\$333,573</u>	<u>\$714</u>	<u>\$71,803</u>	<u>\$1,725,993</u>	<u>\$1,158,458</u>	<u>\$3,604,818</u>

## **NONMAJOR COMPONENT UNITS**

The **Lexington Transit Authority** is authorized to promote and develop mass transportation, including acquisition, operation, and extension of the existing mass transit system.

The **Lexington Public Library** provides educational, informational, and recreational services to Lexington and Fayette County through circulating and reference materials.

The **Lexington Convention and Visitors Bureau** promote recreational, convention, and tourist activity in Lexington and Fayette County.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS**

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

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

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Total Nonmajor Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lexington Transit Authority	Lexington Public Library	Lexington Convention and Visitors Bureau	
<b>Lexington Transit Authority</b>								
Transit Operations	\$24,730,229	\$2,987,701	\$11,611,945	\$871,289	(\$9,259,294)			(\$9,259,294)
Depreciation	3,246,783				(3,246,783)			(3,246,783)
Interest on Long-Term Debt	60,930				(60,930)			(60,930)
Total Lexington Transit Authority	28,037,942	2,987,701	11,611,945	871,289				(12,567,007)
<b>Lexington Public Library</b>								
Library Operations	13,465,591	308,603	224,125	105,000		(\$12,827,863)		(12,827,863)
Depreciation	1,586,172					(1,586,172)		(1,586,172)
Interest on Long-Term Debt	302,139					(302,139)		(302,139)
Total Lexington Public Library	15,353,902	308,603	224,125	105,000				(14,716,174)
<b>Lexington Convention and Visitors Bureau</b>								
Convention and Tourism Operations	4,846,003		144,223				(\$4,701,780)	(4,701,780)
Depreciation	339,469						(339,469)	(339,469)
Total Lexington Convention and Visitors Bureau	5,185,472	0	144,223	0				(5,041,249)
Total Nonmajor Component Units	\$48,577,316	\$3,296,304	\$11,980,293	\$976,289	(\$12,567,007)	(\$14,716,174)	(\$5,041,249)	(\$32,324,430)
<b>General Revenues:</b>								
Taxes					\$19,957,760	\$17,502,163	\$4,963,478	\$42,423,401
Income on Investments						191,617	21,872	213,489
Gain on Sale of Capital Assets					1,534	3,053		4,587
Miscellaneous					(215,307)	160,887	17,145	(37,275)
<b>Total General Revenues</b>					19,743,987	17,857,720	5,002,495	42,604,202
Change in Net Position					7,176,980	3,141,546	(38,754)	10,279,772
Net Position, Beginning					50,109,424	16,036,911	2,736,853	68,883,188
Net Position, Ending					\$57,286,404	\$19,178,457	\$2,698,099	\$79,162,960



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# STATISTICAL SECTION

The Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Government's overall financial health.

Financial Trends: Tables 1 – 6

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.

Revenue Capacity: Tables 7 – 12

These schedules contain information to help the reader assess the Government's most significant local revenue sources.

Debt Capacity: Tables 13 – 17

These schedules present information to help the reader assess the affordability of the Government's current level of outstanding debt and the Government's ability to issue additional debt in the future.

Demographic & Economic Indicators: Tables 18 – 21

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activity takes place.

Operating Information: Tables 22 – 24

These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the government provides and the activities it performs.



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NET POSITION  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$899,350,344	\$877,691,469	\$860,074,409	\$838,877,310	\$813,823,945	\$752,686,501	\$718,483,933	\$667,270,316	\$693,353,437	\$631,903,811
Restricted	20,289,131	26,895,407	22,045,314	34,719,227	58,884,930	61,892,472	69,345,687	67,240,794	63,237,509	53,003,957
Unrestricted (Deficit)	(98,714,274)	(94,638,121)	(83,112,939)	(350,353,804)	(370,433,940)	(403,166,799)	(741,550,665)	(766,027,807)	(841,868,598)	(813,247,063)
Total governmental activities net position	<u>820,925,201</u>	<u>809,948,755</u>	<u>799,006,784</u>	<u>523,242,733</u>	<u>502,274,935</u>	<u>411,412,174</u>	<u>46,278,955</u>	<u>(31,516,697)</u>	<u>(85,277,652)</u>	<u>(128,339,295)</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	217,434,369	217,313,258	222,913,279	227,825,104	231,848,112	235,845,376	247,162,736	275,607,655	301,488,408	307,936,575
Restricted	57,712,759	66,194,803	68,209,300	60,086,906	69,892,072	77,840,186	74,759,178	15,450,619	16,856,445	26,438,988
Unrestricted (Deficit)	29,435,424	27,429,362	33,237,351	36,179,971	38,061,916	41,169,488	39,300,274	54,867,555	43,004,483	38,537,875
Total business-type activities net position	<u>304,582,552</u>	<u>310,937,423</u>	<u>324,359,930</u>	<u>324,091,981</u>	<u>339,802,100</u>	<u>354,855,050</u>	<u>361,222,188</u>	<u>345,925,829</u>	<u>361,349,336</u>	<u>372,913,438</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	1,116,784,713	1,095,004,727	1,082,987,688	1,066,702,414	1,045,672,057	988,531,877	965,646,669	942,877,971	994,841,845	939,840,386
Restricted	78,001,890	93,090,210	90,254,614	94,806,133	128,777,002	139,732,658	144,104,865	82,691,413	80,093,954	79,442,945
Unrestricted (Deficit)	(69,278,850)	(67,208,759)	(49,875,588)	(314,173,833) *	(332,372,024)	(361,997,311)	(702,250,391) **	(711,160,252)	(798,864,115)	(774,709,188)
Total primary government net position	<u>\$1,125,507,753</u>	<u>\$1,120,886,178</u>	<u>\$1,123,366,714</u>	<u>\$847,334,714</u>	<u>\$842,077,035</u>	<u>\$766,267,224</u>	<u>\$407,501,143</u>	<u>\$314,409,132</u>	<u>\$276,071,684</u>	<u>\$244,574,143</u>

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

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

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities:										
Administrative Services	\$21,143,480	\$11,761,053	\$5,342,699	\$7,433,487	\$7,800,854	\$9,578,189	\$10,332,453	\$10,124,062	\$11,693,590	\$14,349,559
Chief Development Officer	470,018	620,665	192,555	513,854	2,074,348	207,793	263,297	1,207,709	4,475,178	9,346,711
Community Corrections	31,286,365	32,631,937	34,000,937	30,066,104	30,814,432	33,771,433	40,748,826	42,468,842	40,829,856	39,571,500
Environmental Quality										
Environmental Quality & Public Works	80,559,723	83,878,537	45,339,718	54,933,912	60,134,890	61,270,031	65,541,170	64,882,901	99,634,822	96,885,122
Finance	19,357,661	14,744,087	16,726,346	14,049,319	39,135,165	49,393,398	36,669,013	36,311,239	38,586,921	33,442,989
Fire & Emergency Services	66,413,015	62,781,239	67,689,682	56,832,342	66,853,053	84,838,719	92,898,310	89,329,598	97,423,698	105,140,016
General Government	22,985,046	23,692,990	26,973,537	25,480,664	30,180,917	45,598,791	24,040,021	45,808,696	32,298,976	35,042,036
General Services**	10,041,709	10,898,533	10,551,162	11,827,132	12,486,401	22,964,722	13,442,525	12,376,066	13,771,668	14,409,495
Health, Dental and Vision Insurance	26,211,457	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355
Information Technology**			6,983,029	8,401,242	9,464,131	11,174,379	11,011,888	12,247,559	11,932,762	11,754,934
Law	3,497,483	4,006,240	3,811,867	2,650,481	2,109,025	5,652,482	2,602,304	2,886,923	2,276,542	2,310,561
Parks & Recreation	19,386,251	19,653,677	19,693,483	18,854,526	21,010,506	23,375,486	24,127,163	24,799,178	21,973,908	20,251,657
Planning, Preservation, & Development*		3,767,295	47,343,980	42,415,735	53,776,224	45,359,659	46,217,442	46,408,689	658,637	643,085
Police	68,164,371	69,945,322	69,822,219	56,418,416	64,145,155	74,436,600	94,799,943	87,225,335	98,572,293	97,958,013
Public Safety**	13,042,036	14,666,437	10,776,283	12,593,479	12,560,199	14,759,631	14,913,489	14,632,438	15,881,668	15,536,244
Public Works										
Social Services	9,780,945	10,194,745	10,478,516	10,964,083	11,754,471	13,035,311	14,222,704	15,086,794	14,413,447	14,282,123
Interest on Long-Term Debt	12,835,920	13,116,205	13,053,635	13,116,151	13,722,941	15,336,458	15,273,176	16,044,874	15,587,055	13,486,302
Total governmental activities	405,175,480	401,365,596	413,673,193	391,551,819	460,655,438	537,647,840	534,867,022	550,346,772	548,538,910	552,113,702
Business-type Activities:										
Sanitary Sewer System	40,124,346	39,014,016	43,664,387	41,207,716	44,271,125	50,078,962	53,354,239	63,106,251	65,670,252	71,045,009
Public Facilities	10,333,320	9,419,886	8,895,507	8,829,979	9,596,104	8,666,540	8,049,921	6,915,288	6,898,732	6,519,030
Public Parking	847,894	84,866	265,226	66,994	66,987	1,965,274				
Landfill	5,271,593	4,099,770	6,060,197	4,426,038	5,542,566	3,962,016	4,071,987	4,799,382	4,677,693	6,096,303
Right of Way	298,896	284,470	308,683	280,214	336,415	493,872	529,580	593,476	626,891	552,084
Extended School Program	2,339,148	2,198,555	1,977,394	1,951,359	2,262,605	2,023,018	2,137,227	2,152,127	1,802,941	960,424
Prisoners' Account System	1,373,473	1,393,543	1,844,393	1,253,423	1,716,855	3,002,164	2,930,224			
Enhanced 911	2,973,088	2,930,379	2,384,796	2,638,373	3,940,313	4,170,674	4,701,497	4,797,403	5,074,477	5,985,370
CKY Network	29,307	10,668	450,919	1,307,829	879,328	412,763	266,242	421,115	417,102	299,418
Water Quality	9,182,669	8,308,501	9,139,302	8,618,921	11,290,945	12,062,937	13,618,632	13,628,042	14,744,923	12,930,972
Total Business-Type Activities	72,773,734	67,744,654	74,990,804	70,580,846	79,903,243	86,838,220	89,659,549	96,413,084	99,913,011	104,388,610
Total Primary Government	\$477,949,214	\$469,110,250	\$488,663,997	\$462,132,665	\$540,558,681	\$624,486,060	\$624,526,571	\$646,759,856	\$648,451,921	\$656,502,312

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Administrative Services***	\$1,603,453	\$559,050	\$367,363	\$351,158	\$498,615	\$769,505	\$2,123,003	\$395,756	\$480,879	\$567,300
Chief Development Officer***			6,281	76,504	2,500	6,569	9,159	40,428	190,118	134,655
Community Corrections	7,707,225	8,286,565	9,161,315	8,574,892	9,330,723	9,263,554	9,309,583	10,424,478	9,225,735	7,770,541
Environmental Quality										
Environmental Quality & Public Works***	2,912,917	2,757,405	2,681,977	3,140,243	2,485,454	3,113,988	3,005,644	3,180,175	4,851,621	5,170,881
Finance	2,511,142	2,413,363	3,358,781	1,912,603	472,126	55,401	462,509	459,930	399,959	181,688
Fire & Emergency Services	7,340,946	6,952,394	7,036,029	8,211,753	9,210,668	6,422,785	6,817,192	8,178,353	8,724,174	10,212,082
General Government	15,086,369	23,141,015	17,046,255	19,035,778	19,035,469	18,642,898	19,438,510	21,877,626	17,275,262	17,505,729
General Services**	63,132	28,827	4,155	97,971	18,346	1,700	16,548	4,139	7,724	96,112
Health, Dental, and Vision	26,211,457	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355
Information Technology**			4,271	3,821	3,096	981	213	3,376	598	8
Law	35,293	36,944	49,006	15,013	31,416	17,700	1,087	2,638	20,731	344
Parks & Recreation	4,810,535	4,156,325	3,869,990	4,327,985	4,403,431	4,333,455	4,325,061	4,483,856	3,418,739	3,980,164
Planning, Preservation, & Development* ***			240,168	2,245,228	2,709,381	3,119,969	3,114,354	3,100,837	(651)	0
Police	1,528,342	1,942,297	2,039,209	1,640,754	1,513,686	1,717,739	2,068,459	1,987,333	1,889,897	1,613,296
Public Safety** ***	2,045,401	1,857,059	64,898	247,994	69,522	73,187	69,023	73,867	792,741	570,258
Public Works										
Social Services	1,766,790	1,857,123	1,703,695	1,804,885	1,662,363	1,586,791	1,864,271	2,129,603	2,097,349	1,875,735
Operating Grants & Contributions	14,139,426	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
Capital Grants & Contributions	8,316,236	6,272,539	9,200,572	8,190,685	8,319,315	6,269,038	5,718,463	5,188,577	9,710,448	16,406,353
<b>Total Governmental Activities</b>	<b>96,078,664</b>	<b>98,573,466</b>	<b>98,840,995</b>	<b>100,429,782</b>	<b>96,193,389</b>	<b>95,431,225</b>	<b>96,743,087</b>	<b>101,633,043</b>	<b>121,796,937</b>	<b>118,258,244</b>
<b>Business-Type Activities:</b>										
Charges for Services										
Sanitary Sewer System	47,287,791	52,927,780	50,480,049	52,007,762	58,394,719	63,890,717	64,451,293	75,961,739	77,458,054	77,390,312
Public Facilities	7,156,666	5,830,285	6,375,794	6,405,783	6,987,558	7,303,362	6,145,356	5,949,941	5,978,762	5,717,363
Public Parking	977,414	4,560			705					
Landfill	7,183,611	6,845,329	7,064,989	7,211,864	7,050,937	7,060,342	7,028,050	7,173,603	7,217,580	7,062,426
Right of Way	419,676	392,466	520,812	475,126	495,490	703,959	656,344	682,221	773,172	759,809
Extended School Program	2,338,243	2,379,751	2,202,171	2,229,896	2,289,089	1,904,620	2,060,463	2,126,102	1,500,645	183,657
Prisoners' Account System	1,524,127	1,619,626	2,372,285	1,227,415	1,621,110	3,146,187	3,165,206			
Enhanced 911	3,999,658	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
CKY Network	51,798	25,738	111,576	1,269,890	815,110	400,735	319,414	498,913	458,376	374,504
Water Quality	12,095,514	12,296,476	13,119,524	13,341,859	13,661,911	13,565,209	14,082,286	14,784,064	15,343,166	15,444,468
<b>Total Business-Type Activities</b>	<b>83,034,498</b>	<b>85,839,645</b>	<b>86,520,306</b>	<b>87,979,682</b>	<b>95,443,490</b>	<b>102,404,830</b>	<b>102,450,861</b>	<b>111,353,185</b>	<b>113,199,933</b>	<b>111,049,209</b>
<b>Total Primary Government</b>	<b>179,113,162</b>	<b>184,413,111</b>	<b>185,361,301</b>	<b>188,409,464</b>	<b>191,636,879</b>	<b>197,836,055</b>	<b>199,193,948</b>	<b>212,986,228</b>	<b>234,996,870</b>	<b>229,307,453</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(309,096,816)	(302,792,130)	(314,832,198)	(291,122,037)	(364,462,049)	(442,216,615)	(438,123,935)	(448,713,729)	(426,741,973)	(433,855,458)
Business-Type Activities	10,260,764	18,094,991	11,529,502	17,398,836	15,540,247	15,566,610	12,791,312	14,940,101	13,286,922	6,660,599
<b>Total Primary Government</b>	<b>(298,836,052)</b>	<b>(284,697,139)</b>	<b>(303,302,696)</b>	<b>(273,723,201)</b>	<b>(348,921,802)</b>	<b>(426,650,005)</b>	<b>(425,332,623)</b>	<b>(433,773,628)</b>	<b>(413,455,051)</b>	<b>(427,194,859)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes	52,860,840	53,597,311	54,759,199	55,241,837	56,751,090	58,636,843	62,072,333	64,573,949	66,619,933	68,365,906
Licenses and Permits	230,580,201	238,924,158	248,271,270	265,596,253	275,539,490	288,771,661	304,625,553	303,562,887	304,493,274	320,966,286
Grants & Contributions Not Restricted to Specific Programs:										
Community Development Block Grant	2,171,901	2,176,035	2,009,120	1,719,372	8,018,438	1,154,744	1,951,474	3,352,871	2,433,102	2,079,748
Income on Investments	589,967	(509,890)	263,242	1,941,282	1,341,333	602,208	1,029,385	2,733,373	1,974,061	(276,837)
Sale of Assets	311,259	283,406		413,379	413,379	1,144,379	149,226	421,745		
Transfers	(346,507)	(1,106,585)	(871,447)	(2,546)	(313,102)	1,210,302	(800,072)	564,725	(349,759)	(160,156)
<b>Total Governmental Activities</b>	<b>286,167,661</b>	<b>293,364,435</b>	<b>304,431,384</b>	<b>324,496,198</b>	<b>341,750,628</b>	<b>351,520,137</b>	<b>369,027,899</b>	<b>375,209,550</b>	<b>375,170,611</b>	<b>390,974,947</b>
<b>Business-Type Activities:</b>										
Income on Investments	1,029,866	(215,314)	1,021,558	(604,800)	547,366	159,737	962,755	1,730,075	1,652,479	775,068
Sale of Assets	7,824			10,168		536,905	28,641	19,254		
Transfers	346,507	(11,902,981)	871,447	2,546	313,102	(1,210,302)	800,072	(564,725)	349,759	160,156
<b>Total Business-Type activities</b>	<b>1,384,197</b>	<b>(12,118,295)</b>	<b>1,893,005</b>	<b>(592,086)</b>	<b>860,468</b>	<b>(513,660)</b>	<b>1,791,468</b>	<b>1,184,604</b>	<b>2,002,238</b>	<b>935,224</b>
<b>Total Primary Government</b>	<b>287,551,858</b>	<b>281,246,140</b>	<b>306,324,389</b>	<b>323,904,112</b>	<b>342,611,096</b>	<b>351,006,477</b>	<b>370,819,367</b>	<b>376,394,154</b>	<b>377,172,849</b>	<b>391,910,171</b>
<b>Change in Net Position</b>										
Governmental activities	(22,929,155)	(9,427,695)	(10,400,814)	33,374,161	(22,711,421)	(90,696,478)	(69,096,036)	(73,504,179)	(51,571,362)	(42,880,511)
Business-type activities	11,644,961	5,976,696	13,422,507	16,806,750	16,400,715	15,052,950	14,582,780	16,124,705	15,289,160	7,595,823
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		378,175		(17,074,699)	(690,596)		(8,215,642)	(31,421,064)	134,347	3,968,279
<b>Total Primary Government</b>	<b>(\$1,284,194)</b>	<b>(\$4,621,575)</b>	<b>\$2,480,536</b>	<b>(\$276,032,000)</b>	<b>(\$5,257,679)</b>	<b>(\$75,809,811)</b>	<b>(\$358,766,081)</b>	<b>(\$93,092,011)</b>	<b>(\$38,337,448)</b>	<b>(\$31,497,541)</b>

\*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

\*\*In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nonspendable	1,461,447	1,405,198	1,627,367	2,064,127	2,102,194	2,343,585	2,480,783	2,290,430	2,374,571	2,182,047
Restricted for:										
Public Safety				198,175	397,688	602,807	812,350	1,026,212	1,222,654	1,419,095
Energy Improvement Projects		408,227	636,874	552,989	552,011	676,218	595,075	628,995	261,950	221,462
Committed for:										
General Government		6,612,684	11,249,146	11,606,932	13,353,512	5,941,545	3,640,127	4,228,784	5,312,381	6,455,660
Economic Stabilization	18,482,971	23,290,466	25,224,221	29,685,851	30,687,844	31,408,506	34,015,454	35,345,181	42,476,494	37,964,969
Assigned to:										
Capital Projects	6,972,224	8,060,560	8,137,251	20,449,635	13,924,969	4,913,896	1,660,938	2,318,361		999,854
General Government	11,583,075	10,325,000	12,700,000	14,500,000	21,200,000	14,000,000	15,400,000	16,145,000	28,197,020	43,894,927
Urban Services	2,500,000									
Unassigned	3,265,872	4,309,677	4,176,646	4,273,341	4,789,658	5,419,629	5,757,987	5,931,602	4,069,019	12,348,918
<b>Total</b>	<b>44,265,589</b>	<b>54,411,812</b>	<b>63,751,505</b>	<b>83,331,050</b>	<b>87,007,876</b>	<b>65,306,186</b>	<b>64,362,714</b>	<b>67,914,565</b>	<b>83,914,089</b>	<b>105,486,932</b>
<b>Urban Services</b>										
Reserved										
Nonspendable	604	175	11,112	2,735	2,603	22,900	62,543	94,468	78,519	32,783
Restricted for:										
Urban Service Projects	22,767,570	28,631,854	29,855,868	31,391,398	30,368,714	23,836,031	28,107,799	25,745,424	23,788,028	26,694,268
Energy Improvement Projects		10,383	13,314	2,930	2,930	5,860	11,720	2,930	2,930	50,860
<b>Total</b>	<b>22,768,174</b>	<b>28,642,412</b>	<b>29,880,294</b>	<b>31,397,063</b>	<b>30,374,247</b>	<b>23,864,791</b>	<b>28,182,062</b>	<b>25,842,822</b>	<b>23,869,477</b>	<b>26,777,911</b>
<b>All Other Governmental Funds</b>										
Reserved										
Undesignated, reported in:										
Nonspendable	6,604	22,376	77,859	106,066	2,680					13,028
Restricted for:										
Public Works	8,238,721	9,032,953	11,534,007	8,202,688	6,271,461	5,618,682	7,765,585	8,233,228	9,055,584	9,722,290
Public Safety	2,812,852	1,659,378	1,569,569	1,529,730	1,460,930	1,418,500	1,253,572	1,429,926	1,157,066	898,709
Capital Projects	19,027,031	25,214,697	20,133,026	33,754,253	57,700,163	41,101,200	47,044,427	43,874,848	39,554,277	27,584,087
Grants Projects	1,262,100	1,262,100	1,262,100	210,880	232,138	241,043	250,200	259,010	266,013	269,294
Committed for:										
General Government	447,605									
Assigned to:										
General Government		445,690	1,721,084	1,327,774	720,741	457,767	390,941	244,977	238,234	421,855
Unassigned	(370,103)				(82,433)		(36,392)			
<b>Total</b>	<b>\$31,424,810</b>	<b>\$37,637,194</b>	<b>\$36,297,645</b>	<b>\$45,131,391</b>	<b>\$66,305,680</b>	<b>\$48,837,192</b>	<b>\$56,668,333</b>	<b>\$54,041,989</b>	<b>\$50,271,174</b>	<b>\$38,909,263</b>

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LFUCG elected to implement GASB Statement No. 54, Fund Balance Reporting and the Governmental Fund Type Definitions, in fiscal year 2011. This statement allows the entity to apply prospectively in the statistical section. Therefore, LFUCG has not reclassified prior information.

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

TABLE 4

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>											
Licenses and Permits	\$228,816,452	\$235,226,117	\$243,655,298	\$253,581,959	\$271,354,443	\$281,240,662	\$294,952,524	\$310,378,790	\$310,116,817	\$310,886,231	\$328,788,906
Taxes	52,548,109	52,860,840	53,597,311	54,759,199	55,241,837	56,751,090	58,636,843	62,072,333	64,573,949	66,619,933	68,365,906
Charges for Services	24,158,224	26,262,822	26,365,849	26,797,087	28,036,635	29,175,200	27,222,202	27,327,074	29,687,509	27,348,530	28,167,517
Fines and Forfeitures	220,449	176,319	311,930	258,112	235,626	222,201	234,820	185,061	231,863	182,230	182,939
Intergovernmental	33,622,666	35,125,072	32,365,491	38,199,741	35,010,716	38,232,668	28,719,916	27,179,190	29,163,862	54,678,597	50,893,614
Exactions	96,613	129,603	532,410	486,643	2,074,477	317,370	514,337	148,447	243,198	79,066	347,624
Property Sales	2,681,463	453,540	462,570	181,052	529,770	585,626	1,766,593	332,635	542,862	599,831	763,263
Income on Investments	129,839	589,902	(509,785)	263,298	1,941,301	1,341,478	602,208	1,029,385	2,733,373	1,974,061	(276,837)
Other	8,998,513	4,002,075	3,436,946	4,067,219	5,244,909	4,536,586	5,011,982	6,771,390	5,953,044	5,468,172	5,065,116
<b>Total Revenues</b>	<b>351,272,328</b>	<b>354,826,290</b>	<b>360,218,020</b>	<b>378,594,310</b>	<b>399,669,714</b>	<b>412,402,881</b>	<b>417,661,425</b>	<b>435,424,305</b>	<b>443,246,477</b>	<b>467,836,651</b>	<b>482,298,048</b>
<b>Expenditures</b>											
Administrative Services***	1,209,504	19,612,467	10,370,972	5,014,372	7,431,873	8,060,766	9,259,948	9,397,369	9,524,646	11,771,749	14,526,272
Chief Development Officer***		458,932	613,743	190,339	537,986	1,107,841	963,105	1,322,146	1,305,739	4,187,070	9,273,861
Environmental Quality	22,544,214										
Environmental Quality & Public Works***		36,315,403	37,037,311	36,407,046	40,387,589	42,819,684	43,305,223	46,744,561	47,066,717	50,127,256	49,958,294
Finance	9,271,854	5,405,089	5,115,502	5,020,225	5,225,806	5,536,971	5,977,862	6,004,097	5,872,974	5,570,958	5,484,950
General Government	7,382,550	5,059,177	5,647,407	5,678,539	6,306,980	6,542,424	6,556,907	6,354,511	7,962,989	5,152,565	6,018,206
General Services**	25,763,110	24,095,490	26,517,790	24,348,481	26,139,238	29,278,819	30,038,997	30,457,511	30,817,638	28,833,781	25,638,638
Information Technology**	8,450,628			6,018,607	7,513,809	9,187,214	9,964,616	13,127,259	12,010,209	10,550,550	10,597,824
Law	10,237,207	3,571,448	3,994,327	4,035,393	2,844,757	2,275,312	10,462,417	2,590,350	2,904,061	2,349,463	2,237,365
Outside Agencies	19,244,315	20,571,727	20,260,096	24,739,506	23,623,807	28,736,538	22,958,277	23,470,932	25,103,810	25,427,994	30,473,637
Planning, Preservation, & Development* ***			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
Public Safety** ***	160,552,216	193,328,465	172,413,558	173,507,393	177,216,505	186,290,364	209,591,012	211,574,153	216,669,362	224,825,855	217,479,323
Public Works	21,858,996										
Social Services	8,402,054	7,804,749	8,222,664	8,196,041	8,422,005	9,190,567	10,296,721	10,852,548	11,188,437	10,874,167	11,206,332
Debt Service:											
Principal	20,035,000	18,465,000	17,855,000	21,925,000	20,850,000	22,010,000	21,470,000	26,855,000	29,245,000	31,840,000	33,720,000
Interest and Other	13,703,243	12,927,929	13,108,740	13,667,645	12,558,133	13,938,702	15,073,088	15,356,878	16,167,674	15,951,685	14,025,339
Capital	49,010,038	29,785,796	28,336,917	48,815,941	51,092,128	70,848,354	95,073,861	43,876,088	61,177,621	46,466,887	46,046,870
<b>Total Expenditures</b>	<b>377,664,929</b>	<b>377,401,672</b>	<b>353,153,928</b>	<b>386,234,545</b>	<b>400,586,967</b>	<b>448,310,292</b>	<b>505,606,546</b>	<b>462,490,008</b>	<b>490,356,361</b>	<b>474,027,461</b>	<b>476,716,505</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(26,392,601)	(22,575,382)	7,064,092	(7,640,235)	(917,253)	(35,907,411)	(87,945,121)	(27,065,703)	(47,109,884)	(6,190,810)	5,581,543
<b>Other Financing Sources (Uses)</b>											
Transfers In	3,843,657	18,102,675	7,226,272	28,308,895	21,319,957	24,833,948	11,581,277	12,385,610	11,979,061	10,850,178	20,034,961
Transfers Out	(3,773,123)	(18,493,131)	(7,822,695)	(29,163,490)	(21,316,119)	(25,134,821)	(11,801,402)	(12,710,446)	(11,141,975)	(11,107,641)	(20,195,117)
Debt Proceeds (net of bond refunding)	19,720,000	37,275,000	21,177,299	78,350,131	49,993,988	56,180,000	70,278,668	54,808,279	42,055,000	18,110,000	6,800,000
Issuance of Refunding Debt, par											49,330,000
Payment to Refunded Debt Escrow Agent											(48,867,263)
Premium (Discount) on Bonds Issued	(4,580,255)	(6,014,921)	(4,549,025)	(60,617,275)	(19,150,513)	3,362,960	(27,626,773)	(15,467,353)	2,804,065	2,174,949	616,374
<b>Total Other Financing Sources (Uses)</b>	<b>15,210,279</b>	<b>30,869,623</b>	<b>16,031,851</b>	<b>16,878,261</b>	<b>30,847,313</b>	<b>59,242,087</b>	<b>42,431,770</b>	<b>39,016,090</b>	<b>45,696,151</b>	<b>20,027,486</b>	<b>7,718,955</b>
<b>Net Change in Fund Balances</b>	<b>(\$11,182,322)</b>	<b>\$8,294,241</b>	<b>\$23,095,943</b>	<b>\$9,238,026</b>	<b>\$29,930,060</b>	<b>\$23,334,676</b>	<b>(\$45,513,351)</b>	<b>\$11,950,387</b>	<b>(\$1,413,733)</b>	<b>\$13,836,676</b>	<b>\$13,300,498</b>
Debt Service as a Percentage of Noncapital Expenditures	10.2%	8.7%	9.1%	10.1%	9.1%	9.0%	7.8%	9.7% ****	9.9% ****	10.8%	10.8%

\*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

\*\*In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

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

\*\*\*\*Correction on Debt Service Percentage for FY18 & FY19

TABLE 5

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
CHANGES IN FUND BALANCE, GENERAL FUND  
LAST TEN FISCAL YEARS  
(Budgetary Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Licenses and Permits	\$233,898,045	\$242,304,633	\$252,196,981	\$269,928,753	\$279,796,674	\$293,445,670	\$308,811,807	\$308,462,028	\$309,112,252	\$326,612,154
Taxes	20,880,351	21,368,326	21,899,738	21,826,464	22,599,975	23,068,237	24,528,574	25,221,927	25,901,995	26,768,336
Charges for Services	23,879,484	24,202,174	24,643,221	25,633,499	27,409,249	24,604,479	24,865,154	28,196,399	26,275,627	27,072,970
Fines and Forfeitures	170,001	309,442	257,039	234,615	220,612	234,363	184,729	230,914	182,230	182,915
Intergovernmental	1,942,553	1,978,891	1,720,761	797,537	858,600	546,939	775,621	975,875	857,714	800,012
Property Sales	152,194	137,719	56,688	318,536	205,560	1,265,147	248,629	236,248	379,746	217,207
Income on Investments	390,823	(556,777)	432,454	1,564,895	775,012	339,889	556,641	1,604,513	1,282,752	165,279
Other	2,213,409	2,388,300	2,509,949	4,198,344	3,669,875	3,502,017	4,131,498	4,981,187	3,601,621	4,208,261
Total Revenues	283,526,860	292,132,708	303,716,831	324,502,643	335,535,557	347,006,741	364,102,653	369,909,091	367,593,937	386,027,134
<b>Expenditures and Other</b>										
<b>Financing Sources (Uses)</b>										
Administrative Services***	15,973,425	8,112,087	2,656,141	5,617,560	6,177,391	7,524,232	7,751,744	7,773,340	9,666,087	12,750,700
Chief Development Officer***	158,932	163,743	182,074	267,683	1,001,763	845,523	1,288,532	1,305,739	3,141,622	8,001,842
Environmental Quality										
Environmental Quality & Public Works***	8,380,410	8,103,750	7,366,215	9,814,924	11,746,025	11,730,796	12,369,277	11,441,398	14,806,608	14,703,360
Finance	5,387,968	5,101,158	5,022,088	5,350,469	5,494,593	5,909,131	5,938,150	5,875,301	5,504,228	5,432,310
General Government	1,700,098	3,476,730	3,664,554	4,109,338	4,265,335	4,333,737	3,444,293	5,124,053	1,568,837	2,842,117
General Services**	24,165,031	26,774,613	29,847,860	27,906,695	31,355,145	31,546,178	30,722,576	28,716,761	27,672,668	25,283,448
Information Technology**			6,018,605	8,213,083	8,887,236	10,471,207	10,804,309	10,738,780	9,789,884	9,627,381
Law	3,494,863	3,926,008	3,974,171	2,315,205	2,182,164	10,186,108	2,454,494	2,548,860	2,256,394	2,205,664
Outside Agencies	17,206,291	17,121,904	18,935,337	19,540,759	20,264,359	20,528,503	20,987,191	22,289,443	22,816,635	21,492,688
Planning, Preservation, & Development* ***		2,738,011	7,742,329	9,540,472	11,872,258	13,588,891	13,399,720	12,365,983		
Public Safety** ***	187,071,884	167,821,104	165,631,441	172,810,800	186,461,715	206,803,147	203,622,135	207,963,308	195,419,594	203,443,509
Public Works										
Social Services	6,003,513	6,566,634	6,633,883	6,821,502	7,870,878	9,209,025	9,262,532	9,067,801	8,802,817	9,423,574
Debt Service	30,937,819	29,748,196	34,160,768	31,970,746	34,481,109	35,216,103	41,330,879	44,051,251	46,781,637	47,577,951
Other Financing (Sources) Uses	(37,031,128)	2,332,547	2,541,672	643,862	1,181,014	694,993	366,171	(2,874,377)	79,306	1,488,614
Financing Sources (Uses)	263,449,106	281,986,485	294,377,138	304,923,098	333,240,985	368,587,574	363,742,003	366,387,641	348,306,317	364,273,158
Net Change in Fund Balance	\$20,077,754	\$10,146,223	\$9,339,693	\$19,579,545	\$2,294,572	(\$21,580,833)	\$360,650	\$3,521,450	\$19,287,620	\$21,753,976

\*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

\*\*In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

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

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>											
Sewer Service Charges	\$45,663,797	\$44,334,743	\$45,990,027	\$46,577,092	\$46,845,571	\$53,005,210	\$60,085,888	\$60,398,087	\$61,524,855	\$63,750,674	\$67,943,984
Sewer Tap on Fees	1,523,169	1,944,010	2,325,787	2,013,656	2,482,245	3,249,636	2,154,652	2,923,533	2,119,925	2,338,996	1,892,298
Exactions	885,730	150,120	4,002,945	801,569	426,085	411,513	294,332	329,120	273,763	131,575	58,727
Rental Income									358,303		
Other Income	776,339	615,624	609,021	1,155,128	2,297,116	1,127,145	912,835	82,988	12,257,683	11,013,992	7,351,626
<b>Total Revenues</b>	<b>48,849,035</b>	<b>47,044,497</b>	<b>52,927,780</b>	<b>50,547,445</b>	<b>52,051,017</b>	<b>57,793,504</b>	<b>63,447,707</b>	<b>63,733,728</b>	<b>76,534,529</b>	<b>77,235,237</b>	<b>77,246,635</b>
<b>Operating Expenses</b>											
Treatment Plant	8,411,093	7,933,477	8,217,471	7,935,854	7,318,958	6,713,706	7,116,239	8,157,629	7,745,135	8,491,727	8,146,604
Collection System	5,544,184	5,064,273	4,405,020	4,461,052	4,187,968	4,413,641	4,536,910	1,832,856	2,467,916	2,337,284	2,684,663
Administration	18,243,183	17,142,578	16,216,619	20,773,379	20,119,458	21,566,883	24,011,158	28,262,383	37,748,088	36,559,715	38,528,583
Depreciation	7,214,960	7,299,442	7,683,896	8,047,827	8,471,363	9,130,305	10,568,196	12,137,121	12,517,562	13,649,916	16,327,030
<b>Total Operating Expenses</b>	<b>39,413,420</b>	<b>37,439,770</b>	<b>36,523,006</b>	<b>41,218,112</b>	<b>40,097,747</b>	<b>41,824,535</b>	<b>46,232,503</b>	<b>50,389,989</b>	<b>60,478,701</b>	<b>61,038,642</b>	<b>65,686,880</b>
Operating Income	9,435,615	9,604,727	16,404,774	9,329,333	11,953,270	15,968,969	17,215,204	13,343,739	16,055,828	16,196,595	11,559,755
Net Nonoperating Revenues/(Expenses)	(2,486,197)	(1,697,841)	(2,649,715)	(1,451,967)	(1,710,547)	(2,005,954)	(4,005,015)	(2,289,314)	(1,444,433)	(3,656,358)	(4,657,136)
Transfers In	3,010,299	422,187	1,208,935	88,369,088	6,230			150,000	172,823,976	280,000	
Transfers Out	(4,283,344)	(466,138)	(1,039,194)	(88,351,969)	354	(4,236)	(185,026)	56,435	(172,680,119)	(187,703)	(120,000)
<b>Net Income/Change in Net Position</b>	<b>\$5,676,373</b>	<b>\$7,862,935</b>	<b>\$13,924,800</b>	<b>\$7,894,485</b>	<b>\$10,249,307</b>	<b>\$13,958,779</b>	<b>\$13,025,163</b>	<b>\$11,260,860</b>	<b>\$14,755,252</b>	<b>\$12,632,534</b>	<b>\$6,782,619</b>

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

TABLE 7

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NET ASSESSED VALUE  
REAL, TANGIBLE, & INTANGIBLE PROPERTY  
(In Thousands)

Fiscal Year	Residential	Farms	Commercial	Oil, Mineral & Timber Rights	Tangible	Intangible	Total	Less Intangible	Total Taxable Assessed Value	Total Direct Tax Rate (Per \$100 of Assessed value)
2012	\$15,164,243	\$898,982	\$6,421,877	\$1,880	\$5,014,698		\$27,501,680		\$27,501,680	0.2535
2013	15,235,648	897,667	6,523,119	1,499	5,333,542		27,991,475		27,991,475	0.2535
2014	15,299,695	899,945	6,757,308	1,127	5,395,493		28,353,568		28,353,568	0.2535
2015	15,741,024	919,466	7,162,151	1,080	5,793,103		29,616,824 *		29,616,824	0.2535
2016	15,497,091	911,673	6,935,829	995	5,527,611		28,873,199 *		28,873,199	0.2538
2017	16,346,959	948,410	7,509,402	1,345	5,801,304		30,607,420		30,607,420	0.2538
2018	17,358,420	746,352	8,117,423	1,740	5,953,135		32,177,070		32,177,070	0.2533
2019	17,859,282	752,367	8,789,535	1,889	5,810,802		33,213,875		33,213,875	0.2533
2020	18,607,797	767,150	9,147,948	1,889	6,110,074		34,634,858		34,634,858	0.2536
2021	18,979,626	784,560	9,375,806	1,731	6,097,093		35,238,816		35,238,816	0.2536

Note: Property is assessed at 100% fair market value. The intangible property tax rate was repealed as of January 1, 2006 per Kentucky Revised Statute 132.208.

\* Year 2015 & 2016 data was flipped: Corrected Error

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



TABLE 8

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012	\$52,631,283	\$52,011,046	98.8%	\$620,237 *	\$52,631,283	100.0%
2013	53,136,159	52,567,908	98.9%	568,251 *	53,136,159	100.0%
2014	53,598,026	53,147,356	99.2%	450,670 *	53,598,026	100.0%
2015	54,798,187	53,072,141	96.9%	1,699,084	54,771,226	100.0%
2016	55,935,427	54,402,567	97.3%	987,040	55,389,607	99.0%
2017	58,046,716	56,107,829	96.7%		56,107,829	96.7%
2018	61,778,968	59,899,917	97.0%		59,899,917	97.0%
2019	63,891,892	62,113,756	97.2%		62,113,756	97.2%
2020	66,517,997	64,288,746	96.6%		64,288,746	96.6%
2021	67,116,194	66,715,808	99.4%		66,715,808	99.4%

Note: Data provided by the Sheriff's Tax Settlement Report  
\*Corrected to reflect collections to date by fiscal year of levies

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

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						
	General	Urban Services			Total Direct	Fayette County School	Commonwealth of Kentucky	Extension Services	Soil & Water Conservation	Health Department	Lextran	Total
		Refuse	Street Lights	Street Cleaning								
2012	0.0800	0.1431	0.0210	0.0094	0.2535	0.6280	0.1220	0.0032	0.0004	0.0280	0.0600	1.0951
2013	0.0800	0.1431	0.0210	0.0094	0.2535	0.6280	0.1220	0.0032	0.0004	0.0280	0.0600	1.0951
2014	0.0800	0.1431	0.0210	0.0094	0.2535	0.6740	0.1220	0.0033	0.0004	0.0280	0.0600	1.1412
2015	0.0800	0.1431	0.0210	0.0094	0.2535	0.6960	0.1220	0.0034	0.0005	0.0280	0.0600	1.1634
2016	0.0800	0.1431	0.0210	0.0097	0.2538	0.7400	0.1220	0.0035	0.0005	0.0280	0.0600	1.2078
2017	0.0800	0.1431	0.0210	0.0097	0.2538	0.7500	0.1220	0.0035	0.0006	0.0280	0.0600	1.2179
2018	0.0800	0.1426	0.0210	0.0097	0.2533	0.7500	0.1220	0.0035	0.0006	0.0280	0.0600	1.2174
2019	0.0800	0.1426	0.0210	0.0097	0.2533	0.8100	0.1220	0.0035	0.0006	0.0280	0.0600	1.2774
2020	0.0800	0.1426	0.0213	0.0097	0.2536	0.8100	0.1220	0.0035	0.0006	0.0280	0.0600	1.2777
2021	0.0800	0.1423	0.0212	0.0096	0.2531	0.8080	0.1190	0.0040	0.0006	0.0280	0.0600	1.2727

Note: All taxpayers in Fayette County are subject to the General Service rate. Total Direct rate is for taxpayers receiving complete urban services. Rates would be reduced for those taxpayers receiving less than full urban services.

The annual increase in real property tax revenue, excluding new assessments, must be 4% or less. Any amount over 4% is subject to a recall vote.

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

TABLE 10

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Name	2021			2013		
	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
Fayette Mall SPE LLC	\$138,573,200	1	0.40%			
Hap Property Owner, LP	106,574,900	2	0.31%			
Fritz Farm Retail Company LLC	84,450,000	3	0.24%			
Passco Fritz Farm Mngr LLC TTEE	64,157,000	4	0.19%			
Fayette Middle Anchor LLC	63,000,000	5	0.18%	\$117,000,000	1	0.42%
Healthsouth Kentucky Real Estate	56,446,100	6	0.16%			
Newtown Crossing II LLC	53,000,000	7	0.15%	37,000,000	10	0.13%
War Admiral Place LLC	52,718,900	9	0.15%	44,970,900	5	0.16%
Mid American Apts LLC	52,426,800	8	0.15%	37,400,000	9	0.13%
Strata Racquet LLC	51,500,000	10	0.15%			
Fourth Quarter Properties*				101,405,300	2	0.36%
Lexmark International Inc.				55,806,600	3	0.20%
Sir Forty 57 LLC				52,500,000	4	0.19%
Weingarten Realty Inc.				40,417,900	6	0.14%
Fayette Plaza CMBS LLC				40,000,000	7	0.14%
Beaumont Lexington				37,525,300	8	0.13%
Total	<u>\$722,846,900</u>		<u>2.08%</u>	<u>\$564,026,000</u>		<u>2.00%</u>

\*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 Rate	Fayette County School	Total
2012	2.25%	0.50%	2.75%
2013	2.25%	0.50%	2.75%
2014	2.25%	0.50%	2.75%
2015	2.25%	0.50%	2.75%
2016	2.25%	0.50%	2.75%
2017	2.25%	0.50%	2.75%
2018	2.25%	0.50%	2.75%
2019	2.25%	0.50%	2.75%
2020	2.25%	0.50%	2.75%
2021	2.25%	0.50%	2.75%

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

TABLE 12

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
TEN MAJOR OCCUPATIONAL TAX WITHHOLDERS  
CURRENT YEAR AND NINE YEARS AGO

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

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

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	% of Personal Income	Primary Government Debt Per Capita
	General Obligation Bonds	QECB Bond	Lease Revenue Notes Payable	Bond Anticipation Notes	Revenue Bonds	Mortgage Revenue Bonds	Notes Payable			
2012	\$315,714,650				\$48,121,327	\$56,708,664	\$14,766,530	\$435,311,171	3.4%	\$1,425
2013	314,541,343				45,400,398	54,830,752	14,403,727	429,176,220	3.3%	1,390 *
2014	310,040,731				42,590,809	52,872,841	27,785,157	433,289,538	3.2% *	1,391 *
2015	319,736,652	2,900,000 **			38,561,469	53,625,000	36,968,889	451,792,010	3.2% *	1,435 *
2016	356,149,549	2,900,000 **			35,850,000	51,315,000	64,267,000	510,481,549	3.6%	1,603
2017	375,507,126	2,900,000 **			33,017,706	49,080,404	86,872,538	547,377,774	3.5%	1,699
2018	386,251,016	2,795,000 **			30,129,000	46,578,000	120,023,000	585,776,016	3.6%	1,809
2019	399,625,856	2,795,000 **			30,129,000	43,965,000	522,444,000	998,958,856	6.0%	3,091
2020	385,703,338	2,795,000			77,836,589	41,248,000	138,742,000	646,324,927	na	2,004
2021	361,055,860	2,795,000			72,801,603	38,409,948	132,237,000	607,299,411	na	na

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.  
See table 18 for population data.  
Personal income data 2019 & 2020 not available at time of publication.

\* Updated in 2017

\*\* Moved the Qualified Energy Conservation Bond (QECB) from the General Obligation Bonds total.

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

TABLE 14

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	% of Assessed Value of Property	Per Capita
2012	\$315,714,650	1.15%	\$1,033 *
2013	314,541,343	1.12%	1,018 *
2014	310,040,731	1.09%	996 *
2015	322,636,652 **	1.09%	1,025 *
2016	359,049,549 **	1.24%	1,127
2017	378,407,126 **	1.24%	1,174
2018	389,046,016 **	1.21%	1,202
2019	402,420,856 **	1.21%	1,245
2020	388,498,338 **	1.12%	1,204
2021	363,850,860	1.03%	n/a

Notes: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.

See Table 7 for property value date and Table 18 for population data.

Population 2021 was not available at time of publication.

\* Updated in 2017

\*\*Updated formula to include QECB bond on Table 13

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

TABLE 15

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF DIRECT AND OVERLAPPING INDEBTEDNESS  
AS OF JUNE 30, 2021

	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Lexington Center Corporation			
Mortgage Revenue Bonds, Series 2018	\$163,035,000	2.12%	\$3,456,597
Mortgage Revenue Bonds, Series 2018A	38,450,000	2.12%	815,200
Mortgage Revenue Bonds, Series 2018B	31,865,000	2.12%	675,588
Lexington Public Library			
Variable Rate, Revenue Bonds Series 2014A	537,500	0.65%	3,473
Lexington-Fayette Urban County Government Airport Corporation			
Variable Rate General Airport, Revenue, and Refunding Bond 2009B (AMT)	5,400,000	2.85%	153,893
Fixed Rate General Airport, Revenue, and Refunding Bond 2016A (non-AMT)	180,000	2.85%	5,130
Fixed Rate General Airport, Revenue, and Refunding Bond 2016B (AMT)	180,000	2.85%	5,130
Fixed Rate General Airport, Revenue, and Refunding Bond 2016C (Fed Taxable)	32,340,000	2.85%	921,650
Fixed Rate General Airport, Revenue, and Refunding Bond 2016D (non-AMT)	4,915,000	2.85%	140,071
Fixed Rate General Airport, Revenue, and Refunding Bond 2016E (AMT)	3,745,000	2.85%	106,728
Fixed Rate General Airport, Revenue, and Refunding Bond 2019A (Fed Taxable)	32,000,000	2.85%	911,960
Fayette County School & Kentucky School Commission Bonds	481,400,000	100.00%	481,400,000
Subtotal, Overlapping Debt			488,595,420
LFUCG, Direct Debt			363,850,860
Total Direct and Overlapping Indebtedness			<u>\$852,446,280</u>

## Notes

(1) Industrial Revenue Bonds, Industrial Development Bonds, and Multi-Family and Single Family Housing Bonds are not included in this schedule of overlapping debt as they are not secured by the full faith and credit of Lexington-Fayette Urban County Government.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in LFUCG or by ratio of total revenue of overlapping unit to total revenue of LFUCG.

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



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (In Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value	\$27,501,680	\$27,991,475	\$28,353,568	\$29,616,824	\$28,873,199	\$30,607,420	\$32,177,070	\$33,213,875	\$34,634,858	\$35,238,816
Debt limit (10% of Assessed Value)	\$2,750,168	\$2,799,148	\$2,835,357	\$2,961,682	\$2,887,320	\$3,060,742	\$3,217,707	\$3,217,707	\$3,463,486	\$3,523,882
Total net debt applicable to limit	203,817	194,414	200,820	171,917	162,861	184,801	183,990	362,029	362,797	324,130
Legal debt margin	\$2,546,351	\$2,604,734	\$2,634,537	\$2,789,765	\$2,724,459	\$2,875,941	\$3,033,717	\$2,855,678	\$3,100,689	\$3,199,752
Total net debt applicable to the limit as a percentage of debt limit	7.41%	6.95%	7.08%	5.80%	5.64%	6.04%	5.72%	11.25%	10.47%	9.20%

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

TABLE 17

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

Fiscal Year	Sanitary Sewer System						Public Facilities Corporation					
	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2012	\$48,023	\$30,140	\$17,883	\$11,117	\$3,181	1.25	\$7,157	\$2,697	\$4,460	\$1,970	\$2,495	1.00
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

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

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

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

TABLE 18

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Population		Personal Income (Thousands)	Per Capita Personal Income		Civilian Labor Force			
						Employed	Unemployed	Unemployment Rate	
2012	305,201	*	\$12,701,835	\$41,618	*	156,579	9,688	5.8%	*
2013	308,501	*	12,826,933	41,578	*	158,648	9,769	5.8%	*
2014	310,725	*	13,472,243	43,357	*	158,848	7,983	4.8%	*
2015	314,767	*	14,224,629	45,191	*	160,099	6,423	3.9%	*
2016	318,449	*	14,338,062	45,025	*	163,637	6,153	3.6%	*
2017	322,193	**	15,602,893	48,427	**	167,944	6,360	3.6%	*
2018	323,780	**	16,247,217	50,180	**	169,048	5,801	3.3%	
2019	323,152		16,709,370	51,707		170,028	5,836	3.3%	
2020	322,570		na	na		162,405	9,879	5.70%	
2021	na		na	na		na	na	na	

\* Updated in 2018

\*\* Updated in 2019

Note:

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

Employed, Unemployed and Unemployment Rate date for 2021 not available at time of publication.

Source: The Bureau of Economic Analysis

Source: U.S. Census Bureau

Source: The Bureau of Labor Statistics

TABLE 19

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
PRINCIPAL EMPLOYERS, FAYETTE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

Name	2021			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Kentucky	15,541	1	9.57%	14,000	1	9.16%
Amazon.com	5,727	2				
Fayette County Public Schools	5,620	3	3.46%	5,374	2	3.52%
Baptist Healthcare	4,502	4		2,496	7	1.63%
Lexington-Fayette Urban County Government	2,884	5	1.78%	2,699	4	1.77%
CHI St. Joseph	2,621	6	1.61%			
Conduent	2,500	7	1.54%			
Veterans Medical Center	2,000	8	1.23%			
Lockheed Martin	1,500	9	0.92%	1,867	9	1.22%
Lexmark International	1,400	10	0.86%	2,656	5	1.74%
KentuckyOne Health				3,000	3	1.96%
Xerox				2,530	6	1.66%
Wal-Mart				2,027	8	1.33%
Kroger				1,665	10	1.09%
	<u>44,295</u>		<u>20.97%</u>	<u>38,314</u>		<u>25.08%</u>

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Source: Lexington Chamber of Commerce

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

\*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	%
<b>Population and Number of Households</b>				
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>	100.0%	<u>295,803</u>	100.0%
Number of Households	108,288		123,043	
<b>Economic and Education</b>				
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>	100.0%	<u>69,424</u>	100.0%
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>	100.0%	<u>191,593</u>	100.0%
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
Administrative Services	129	94	47	49	76	78	79	74	77	76
General Government	66	66	67	69	65	67	67	71	72	72
Finance & Administration	68	65	69	70	73	74	73	71	74	70
Information Technology			44	52	52	51	49	54	52	50
General Services										
Parks & Recreation	140	139	138	144	146	144	139	139	136	131
Other	97	93	98	102	102	97	92	93	95	97
Law	37	40	39	42	23	23	23	21	20	18
Planning, Preservation, & Development		39	128	137	143	146	147	133	132	127
Public Safety										
Fire & Emergency Services										
Firefighters & Officers	500	520	566	560	565	558	568	623	625	624
Civilians	17	16	16	18	18	26	25	16	14	14
Police										
Officers	504	524	542	518	554	572	604	597	585	553
Civilians	127	126	122	112	87	104	112	105	109	109
Community Corrections	321	312	330	298	293	340	320	313	304	281
Other	81	80	68	74	73	92	91	74	76	65
Public Works & Development										
Other										
Environmental Quality & Public	508	484	451	453	468	475	488	504	493	487
Waste Management										
Water & Air Quality										
Other										
Social Services	94	96	96	98	108	109	114	111	108	110
	<u>2,689</u>	<u>2,694</u>	<u>2,821</u>	<u>2,796</u>	<u>2,846</u>	<u>2,956</u>	<u>2,991</u>	<u>2,999</u>	<u>2,972</u>	<u>2,884</u>

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 Lexcall was created in Administrative Services. The Division of Code Enforcement moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divisions, Emergency Management and Enhanced 911.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Fire and Emergency Services</b>											
Emergency Medical Calls	37,000	36,619	37,971	42,151	43,076	46,476	47,930	51,245	46,544	47,813	
False Calls	2,673	2,585	2,983	3,077	2,898	2,915	3,108	3,154	3,074	3,118	
Fire Incidents	1,564	1,293	1,226	1,249	1,248	1,364	1,125	1,028	1,154	1,091	
Good Intent Calls	1,153	1,107	1,108	1,180	1,180	1,128	169	1,252	1,289	1,233	
Hazardous Materials Calls	1,248	1,451	1,686	1,766	2,021	1,976	1,827	1,900	1,776	1,739	
Other	60	44	54	40	34	46	32	25	36	36	
Rescues	421	449	443	462	501	545	570	740	784	777	
Rupture - Gas, Water, etc.	36	34	31	35	41	44	45	40	78	35	
Service Calls	1,707	1,598	2,209	1,968	2,099	2,336	2,838	3,061	3,376	3,460	
<b>Police</b>											
Physical Arrests	20,214	14,592	13,773	17,442	16,356	* 10,990	** 12,481	** 14,801	11,937	10,426	**
Parking Violations	41,849	47,201	46,709	43,055	45,360	48,776	43,305	44,488	40,141	33,561	
Traffic Violations	52,086	40,478	48,193	44,795	36,561	37,635	37,173	47,019	33,150	27,282	
<b>Parks and Recreation</b>											
Rounds of Golf	95,382	96,607	90,410	91,407	101,535	102,082	90,915	85,906	88,458	106,412	
Pool Visits	205,353	169,820	142,062	145,911	167,351	152,466	137,855	141,382	0	67,303	****
<b>Building Inspection</b>											
Permits Issued	13,623	13,860	16,141	15,363	16,653	*** 13,343	*** 9,752	*** 9,188	12,348	9,052	***
Inspections	23,957	24,518	23,262	21,909	27,406	*** 13,517	*** 15,850	*** 18,951	22,098	20,737	***
<b>Sanitary Sewers</b>											
Tap-on Inspections	644	861	897	930	786	811	573	584	872	515	
Average daily sewage treatment (mgd)	39	39	42	41	41	33	35	47	43	38	
<b>Solid Waste</b>											
Annual Tons of Refuse Collected	134,788	135,595	137,728	138,714	149,226	155,493	159,320	175,537	179,204	183,303	
Annual Tons of Recyclables Collected	21,834	22,446	22,583	22,509	21,436	21,041	19,502	15,052	12,947	16,212	
Annual Tons of Yard Waste Collected	21,801	20,492	19,984	21,609	21,933	24,053	21,425	29,181	16,789	12,446	
<b>Other Public Works</b>											
Street Resurfacing (miles)	28	22	27	27	51	61	41	106	75	116	

\* The physical arrest data was based on the jail import data.

\*\* The physical arrest data is based on ticket data.

\*\*\* In the prior fiscal years permits were counted as issued, in the new system permits are counted by address. In prior fiscal years inspections were counted, including drive-by inspections. The current system limits the number of inspections per day, eliminating drive-by inspections.

\*\*\*\* Due to COVID19 Public Pools did not open

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



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fire and Emergency Services</b>										
Number of Fire Stations	23	23	23	23	23	23	23	23	24	24
Number of Engines	22	22	22	22	22	22	22	22	25	23
Number of Aerials	7	7	7	7	7	7	7	7	7	7
Number of EC Units	10	10	10	11	11	11	12	12	12	12
Number of Haz-Mat Units	2	2	2	2	2	2	2	2	1	1
Number of Special Operations*					1	1	1	1	9	9
<b>Police</b>										
Canine Facility	0	0	0	0	0	0	0	0	1	1
Stations	3	3	3	3	3	3 *	3 *	3 *	4	4
Patrol Units	429	424	424	430	457	480	517	550	522	462
<b>Parks and Recreation</b>										
Acres of Parks	4,282	4,282	4,282	4,282	4,282	4,282	4,273	4,273	4,276	4,295
Number of Golf Courses	5	5	5	5	5	5	5	5	5	5
Number of Swimming Pools	7	7	7	7	7	7	7	6	6	6
<b>Sanitary Sewers</b>										
Treatment Capacity (mgd)	64	64	64	64	64	64	64	64	64	64
<b>Solid Waste</b>										
Collection Trucks	119	119	116	118	123	135	127	128	132	129
<b>Other Public Works</b>										
Streets (miles)	1,636	1,638	1,641	1,652	1,663	1,667	1,673	1,669	1,675	1,687
Acres in County	182,762	182,762	182,762	182,762	182,762	182,762	182,762	182,761	182,761	182,761
Acres in Urban Services Area	54,618	54,618	54,618	54,618	54,618	54,618	54,618	54,662	54,662	54,662
Traffic Signals	382	376	378	365	374	377	379	384	388	390

\* Updated the number of Polic Stations FY2017-2019

Source: Department of Finance, Lexington-Fayette Urban

**APPENDIX C  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF INDEBTEDNESS**

**KY CONST. §§157 AND 158  
KRS §66.041**

1. The assessed valuation of all the taxable property in the County as estimated on the last certified assessment is ..... \$34,193,878,003
2. The current population of the LFUCG is ..... 322,570
3. The total of *all* bonds, notes and other obligations currently issued and outstanding, including the present issue of \$43,460,000 is ..... \$906,630,283
4. Bonds, notes and other obligations excluded from the calculation of net indebtedness are as follows:
  - (a) Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations..... \$0
  - (b) Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year ..... \$0
  - (c) Obligations, which are not self-supporting obligations, issued after July 15, 1996 by any instrumentality of the LFUCG created for the purpose of financing public projects for which there has been no pledge to the payment of debt charges of any tax of the LFUCG or for which there is no covenant by the LFUCG to collect or levy a tax to pay debt charges..... \$0
  - (d) Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the LFUCG or for which there is no covenant by the LFUCG to collect or levy a tax to pay debt charges ..... \$0
  - (e) Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year..... \$0

- (f) Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases ..... \$447,175,283
- (g) Bonds issued in the case of an emergency, when the public health or safety should so require ..... \$0
- (h) Bonds issued to fund a floating indebtedness ..... \$0
- Total Exempt Obligations ..... \$447,175,283

- 5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is..... \$459,455,000
- 6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10%+ of the assessed valuation of all the taxable property in the LFUCG or \$3,419,387,800.
- 7. The current tax rate of the LFUCG, for other than school purposes, upon the value of the taxable property therein is \$0.2531 (which includes 0.1733 which is dedicated for specific purposes) per \$100 for real and personal property which does not exceed the maximum permissible tax rate for the LFUCG as set forth in Section 157 of the Kentucky Constitution.
- 8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the LFUCG as set forth in Section 157 of the Kentucky Constitution.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 10<sup>th</sup> day of August, 2022.

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Commissioner of Finance  
Lexington-Fayette Urban County Government

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+ 10% for cities having a population of fifteen thousand or more; 5% for cities having a population of less than fifteen thousand but not less than three thousand; and 3% for cities having a population of less than three thousand.

**APPENDIX D**  
**FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL**

*The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth as follows. The actual opinion will be delivered on the date of delivery of the Series 2022B Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.*

[Closing Date]

Lexington-Fayette Urban County Government  
Lexington, Kentucky

Re: \$43,460,000 Lexington-Fayette Urban County Government Tax-Exempt Various Purpose General Obligation Bonds, Series 2022B (the “Series 2022B Bonds”), dated August 10, 2022

Ladies and Gentlemen:

We have examined the transcript of proceedings relative to the issuance by the Lexington-Fayette Urban County Government (the “Issuer”) of the above-referenced Series 2022B Bonds. The Series 2022B Bonds are issued in definitive form as registered bonds in the denomination of \$5,000 or any integral multiple thereof, numbered from 1 upward. The Series 2022B Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen of the Series 2022B Bonds.

Based upon the foregoing, it is our opinion that, as of the date hereof:

1. The Series 2022B Bonds constitute valid obligations of the Issuer in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer without limitation as to rate.

2. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2022B Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Series 2022B Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code.

3. The interest on the Series 2022B Bonds is exempt from income taxation by the Commonwealth of Kentucky and the Series 2022B Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

We express no other opinion as to the federal or state tax consequences of purchasing, holding or disposing of the Series 2022B Bonds.

The Issuer has not designated the Series 2022B Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by officials of the Issuer and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Series 2022B Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion.

Very truly yours,

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

[SEE ATTACHED]

## CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Certificate”) is executed and delivered the 10<sup>th</sup> day of August, 2022 by the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT** (the “Issuer”) in connection with the issuance of its \$43,460,000, Various Purpose General Obligation Bonds, Series 2022B (the “Series 2022B Bonds”). The Series 2022B Bonds are being issued pursuant to Ordinance No. 068-2022 adopted by the Lexington-Fayette Urban County Council (the “Urban County Council”) on July 7, 2022 (the “Authorizing Ordinance”). In connection with the issuance of the Series 2022B Bonds, the Issuer hereby certifies, covenants and agrees as follows:

### **SECTION 1. Purpose of the Certificate.**

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Series 2022B Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”).

### **SECTION 2. Definitions; Scope of this Certificate.**

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Rule, Authorizing Legislation and/or the Series 2022B Bonds. Notwithstanding the foregoing, the term “Disclosure Agent” shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“*Annual Financial Information*” shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using Governmental Accounting Standards Board (GASB), provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

“*Beneficial Owner*” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022B Bonds (including personal holding Series 2022B Bonds through nominees, depositories or other intermediaries).

“*Bondholders*” shall mean any holder of the Series 2022B Bonds and any Beneficial Owner thereof.

“*Event*” shall mean any of the following events with respect to the Series 2022B Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);



(xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Series 2022B Bonds.

For purposes of this transaction with respect to Events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Series 2022B Bonds;
- (b) there are no credit enhancements applicable to the Series 2022B Bonds;
- (c) there are no liquidity providers applicable to the Series 2022B Bonds; and
- (d) there is no property securing the repayment of the Series 2022B Bonds.

*“Financial Obligation”* means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

*“MSRB”* shall mean the Municipal Securities Rulemaking Board.

*“Offering Document”* shall mean the Official Statement dated July 20, 2022.

*“Operating Data”* shall mean an update of the Operating Data contained in the Offering Document as provided in Appendix B thereto.

“*Participating Underwriter*” shall mean any of the original underwriters of the Series 2022B Bonds required to comply with the Rule in connection with the offering of the Series 2022B Bonds.

“*SEC*” shall mean the Securities and Exchange Commission.

“*State*” shall mean the Commonwealth of Kentucky.

### **SECTION 3. Disclosure of Information.**

(A) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than nine months following the end of the Issuer’s fiscal year beginning with the fiscal year ending June 30, 2021 and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Operating Data and later than the date required above for the filing of the Annual Financial Information and Operating Data if they are not available by that date.

(2) Event Notices. Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(4) Other. Notice of any material change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, or any failure to appropriate funds necessary to perform this Continuing Disclosure Certificate.

(B) Information Provided to Public. Annual Financial Information and, subject to the timing requirement set forth in subsection (A)(2) of this Section 3, notice of all Event occurrences shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Series 2022B Bonds, if required pursuant to the Authorizing Legislation or the Series 2022B Bonds, and shall not be made public before the date of such notice.

(C) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Agent under this Certificate if it is transmitted as provided in subsection (C)(2) of this Section 3 by the following means:

(a) to the Bondholders of outstanding Series 2022B Bonds, by first class mail, postage prepaid;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in *Exhibit A* hereto); and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (A) of this Section 3 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

(c) to the extent the Issuer is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Bondholders, the Issuer or Disclosure Agent may require payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Issuer's or Disclosure Agent's administrative expenses incurred in providing the information.

**SECTION 4. Amendment or Modification.**

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein

to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

#### **SECTION 5. Miscellaneous.**

(A) Termination. The Issuer's obligations under this Certificate shall terminate when all of the Series 2022B Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of an Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of an Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of an Event.

(C) Defaults: Remedies. In the event of a failure of the Issuer or the Disclosure Agent to comply with any provision of this Certificate any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer or the Disclosure Agent to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Series 2022B Bonds and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriter and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

#### **SECTION 6. Additional Disclosure Obligations.**

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

[Remainder of page intentionally left blank]

**SECTION 7. Notices.**

Any notices or communications to the Issuer may be given as follows:

Lexington-Fayette Urban County Government  
200 East Main Street  
Lexington, KY 40507  
Attention: Commissioner of Finance  
Phone: (859) 258-3300  
Fax: (859) 258-3385

[Remainder of page intentionally left blank]

[Signature page to the Continuing Disclosure Certificate]

**IN WITNESS WHEREOF**, the Issuer has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

**LEXINGTON-FAYETTE URBAN COUNTY  
GOVERNMENT**

By: \_\_\_\_\_

Erin Hensley  
Commissioner of Finance

## EXHIBIT A

### MSRB PROCEDURES FOR SUBMISSION OF CONTINUING DISCLOSURE DOCUMENTS AND RELATED INFORMATION

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing

disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at [www.emma.msrb.org](http://www.emma.msrb.org).