OFFICIAL STATEMENT DATED NOVEMBER 8, 2023

New Issue – Book Entry Only | **Ratings: Moody's: "Aa2"**
S&P: "AA"
(See "RATINGS" herein.)

In the opinion of Dinsmore & Shohl, LLP, Lexington, Kentucky, Bond Counsel to the Board (as defined below), under existing law, including current statutes, regulations, rulings and judicial decisions and assuming continuing compliance by the Board with certain covenants and the Tax Regulatory and No-Arbitrage Certificate (as defined herein), (a) interest on the 2023 Series A Bonds and the 2023 Series B Bonds (each as defined herein and together, the "Tax-Exempt Series 2023 Bonds") is excludible from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any 2023 Series B Bond during any period that it is held by a "substantial user" of the facilities financed with proceeds of the 2023 Series B Bonds or a "related person" of such "substantial user," as such quoted terms are defined for purposes of Section 147(a) of the Code, and (b) interest on the Taxable 2023 Series C Bonds (as defined herein) is fully includible in gross income for federal income tax purposes. In the further opinion of Bond Counsel, under present law: (i) interest on the 2023 Series A Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; and (ii) interest on the 2023 Series B Bonds is an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Kentucky, as presently enacted and construed, interest on the Series 2023 Bonds (as defined herein) is exempt from income taxation and the Series 2023 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions and taxing authorities. Ownership of the Series 2023 Bonds may result in certain collateral federal income tax consequences to certain Holders thereof. See "TAX MATTERS" herein for a more complete discussion.

$47,250,000
LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD, KENTUCKY

$29,160,000
General Airport Revenue and Revenue Refunding Bonds 2023 Series A (Lexington-Fayette Urban County Government General Obligation) (Non-AMT)

$1,170,000
General Airport Revenue Bonds 2023 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT)

$16,920,000
General Airport Revenue Bonds 2023 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable)

Dated: Date of Delivery | **Due:** As shown on inside front cover

The Lexington-Fayette Urban County Airport Board (the "Board") will issue the above-referenced bonds (collectively, the "Series 2023 Bonds") pursuant to the General Bond Resolution adopted by the Board on October 15, 2008, the 2023 Series Bond Resolution adopted by the Board on May 24, 2023, and the Trust Indenture, dated as of November 1, 2008, as supplemented and amended (as so supplemented and amended, the "Trust Indenture"), by and between the Board and U.S. Bank Trust Company, National Association, as trustee (as further described herein, the "Trustee"). The Series 2023 Bonds will bear interest, payable each January 1 and July 1, commencing on January 1, 2024 and mature all as more fully described herein. The Series 2023 Bonds are subject to optional and mandatory redemption prior to maturity, as described herein.

The Series 2023 Bonds will be dated the date of delivery and will bear interest from that date to their respective maturity dates. The Series 2023 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2023 Bonds will be made in book-entry-only form in denominations of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2023 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2023 Bonds. Interest on, together with the principal and redemption premium, if any, of, the Series 2023 Bonds, will be paid directly to DTC by the Trustee, in Louisville, Kentucky, as Paying Agent under the Trust Indenture, so long as DTC or its nominee is the registered owner of the Series 2023 Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2023 Bonds will be the responsibility of DTC, the Direct Participants and the Indirect Participants, all as more fully described in "DESCRIPTION OF THE SERIES 2023 BONDS - Book-Entry Only System."

The Series 2023 Bonds are being issued by the Board for the purpose of providing funds, together with other moneys legally available therefor, to: (a) finance the costs of the 2023 Project (as defined herein); (b) refund all or a portion of the remaining outstanding principal amount of certain Outstanding Obligations; (c) fund capitalized interest; and (d) pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 Bonds will be secured, on a parity basis with any Obligations heretofore or hereafter issued and outstanding from time to time, and certain other obligations of the Board under the Trust Indenture, together with other moneys legally available for the payment of amounts due in connection therewith, by: (1) a pledge of and lien on the General Revenues of the Board, which generally consist of all the revenues, payments, proceeds, fees, charges, rent and all other income of any nature derived by or for the Board from the operation or ownership of the Airport, except for those items specifically excluded pursuant to the Trust Indenture; (2) a pledge of all of the Board's right, title and interest in various funds and accounts under the Trust Indenture; and (3) the rental payments (the "Lease Rental Payments") made by the Lexington-Fayette Urban County Government (the "Urban County Government") to the Board pursuant to the Lease Agreement, dated as of November 1, 2008, as supplemented and amended (such Lease Agreement, as so supplemented and amended, the "Lease"), between the Board, as lessor, and the Urban County Government, as the lessee, the amounts of which are intended to be sufficient to pay the principal of and interest on the Series 2023 Bonds and any such Obligations heretofore or hereafter issued and outstanding from time to time (see "SECURITY FOR THE SERIES 2023 BONDS"). THE OBLIGATION OF THE URBAN COUNTY GOVERNMENT CREATED BY THE LEASE CONSTITUTES A FULL GENERAL OBLIGATION OF THE URBAN COUNTY GOVERNMENT, AND THE FULL FAITH, CREDIT AND REVENUE OF THE URBAN COUNTY GOVERNMENT ARE PLEDGED FOR THE PROMPT PAYMENT OF THE LEASE RENTAL PAYMENTS (See ***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE").

EXCEPT AS PROVIDED IN THE LEASE WITH RESPECT TO THE URBAN COUNTY GOVERNMENT, THE SERIES 2023 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR PLEDGE OF THE CREDIT OR TAXING POWER, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER, OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION OR GOVERNMENTAL UNIT THEREOF, THE URBAN COUNTY GOVERNMENT OR THE BOARD. SEE "SECURITY FOR THE SERIES 2023 BONDS."

This cover page contains information for quick reference only and is not a summary of the Series 2023 Bonds. Investors must read the entire Official Statement, including the appendices hereto, to obtain information essential to making an informed investment decision, paying particular attention to the matters discussed under "BONDHOLDER RISKS."

The Series 2023 Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approving opinion of Dinsmore & Shohl LLP, Lexington, Kentucky, Bond Counsel. Certain legal matters will be passed upon for the Board by Stites & Harbison, PLLC, Louisville, Kentucky, General Counsel, and for the Underwriter by Squire Patton Boggs (US) LLP, counsel to the Underwriter. Certain additional legal matters will be passed upon for the Board by Dinsmore & Shohl LLP, Lexington, Kentucky, as disclosure counsel to the Board. Hilltop Securities Inc., Charlotte, North Carolina, has acted as Financial Advisor to the Board in connection with the issuance of the Series 2023 Bonds. It is expected that the Series 2023 Bonds will be ready for delivery through the facilities of DTC in New York, New York, on or about November 30, 2023.

JEFFERIES

MATURITY SCHEDULES

$29,160,000
Lexington-Fayette Urban County Airport Board
General Airport Revenue and Revenue Refunding Bonds, 2023 Series A
(Lexington-Fayette Urban County Government General Obligation) (Non-AMT)

Year (July 1)	Amount	Interest Rate	Yield	Price	CUSIP®†
Serial Bonds					
2027	$ 100,000	5.000%	3.540%	104.873	52908W BE2
2028	1,265,000	5.000%	3.520%	106.214	52908W BF9
2029	1,275,000	5.000%	3.540%	107.338	52908W BG7
2030	1,360,000	5.000%	3.590%	108.201	52908W BH5
2031	1,485,000	5.000%	3.630%	109.010	52908W BJ1
2032	3,395,000	5.000%	3.670%	109.716	52908W BK8
2033	3,690,000	5.000%	3.680%	110.578	52908W BL6
2034	1,365,000	5.000%	3.740%	110.069+	52908W BM4
SUBTOTAL	$13,935,000				
Term Bonds					
2038	$4,480,000	5.000%	4.230%	106.012+	52908W BN2
2043	2,720,000	5.000%	4.550%	103.460+	52908W BP7
2048	3,525,000	5.250%	4.730%	103.966+	52908W BQ5
2053	4,500,000	5.250%	4.810%	103.343+	52908W BR3
SUBTOTAL	$15,225,000				
GRAND TOTAL	$29,160,000				

+Priced to the July 1, 2033 call date.

† CUSIP® (the acronym refers to the Committee on Uniform Security Identification Procedures) is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP® numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Board, the Underwriter, Bond Counsel, or Underwriter's Counsel is responsible for the selection or use of these CUSIP® numbers nor makes any representation with respect to such numbers or undertake any responsibility for their accuracy now on the bonds or the cover page hereof 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.

$1,170,000
Lexington-Fayette Urban County Airport Board
General Airport Revenue Bonds, 2023 Series B
(Lexington-Fayette Urban County Government General Obligation) (AMT)

Year (July 1)	Amount	Interest Rate	Yield	Price	CUSIP®[†]
Term Bonds					
2033	$ 135,000	4.000%	4.330%	97.430	52908W BS1
2038	280,000	4.500%	4.840%	96.468	52908W BT9
2043	450,000	5.000%	5.060%	99.255	52908W BU6
2048	305,000	5.000%	5.200%	97.237	52908W BV4
TOTAL	$1,170,000				

$16,920,000
Lexington-Fayette Urban County Airport Board
General Airport Revenue Bonds, 2023 Series C
(Lexington-Fayette Urban County Government General Obligation) (Federally Taxable)

Year (July 1)	Amount	Interest Rate	Yield	Price	CUSIP®[†]
Term Bonds					
2038	$ 2,080,000	5.962%	5.962%	100.000	52908W BW2
2043	3,505,000	6.024%	6.024%	100.000	52908W BX0
2053	11,335,000	6.124%	6.124%	100.000	52908W BY8
TOTAL	$16,920,000				

[†] CUSIP® (the acronym refers to the Committee on Uniform Security Identification Procedures) is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP® numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Board, the Underwriter, Bond Counsel, or Underwriter's Counsel is responsible for the selection or use of these CUSIP® numbers nor makes any representation with respect to such numbers or undertake any responsibility for their accuracy now on the bonds or the cover page hereof 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.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

Name	Office
Daniel B. Mason	Chair
Gregory “Brian” Wells	Vice Chair and Secretary
Shirie Hawkins	Treasurer
Clay Angelucci	Member
Ronnie J. Bastin	Member
Garyen Denning	Member
Tonya Jackson	Member
Marc Matthews	Member
Don Mosier	Member
Dave Sevigny	Member (Councilmember of the Lexington-Fayette Urban County Government)

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Stites & Harbison, PLLC
Louisville, Kentucky
Counsel to the Board

Dinsmore & Shohl, LLP
Lexington, Kentucky
Bond Counsel and Disclosure Counsel

Hilltop Securities Inc.
Charlotte, North Carolina
Financial Advisor to the Board

REGARDING USE OF THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Board or the Urban County Government. The information and expressions of opinion herein are subject to change without notice, and 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 Board or the Urban County Government since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement does not constitute an offer to sell the Series 2023 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, salesman or any other person has been authorized by the Board, the Urban County Government or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board, the Urban County Government or the Underwriter.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts, projections or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

This Official Statement, and particularly the information contained herein under the headings "PLAN OF FINANCE," "ESTIMATED DEBT SERVICE CHARGES," "SECURITY FOR THE SERIES 2023 BONDS," and "AIRPORT OPERATIONS," contain statements relating to future results that are "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the air transportation industry in general, federal legislation and/or regulations and regulatory and other restrictions. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The Board does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SERIES 2023 BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety to make an informed investment decision. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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TABLE OF CONTENTS

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INTRODUCTORY STATEMENT

General

The purpose of this Official Statement, which includes the cover page, Table of Contents and Appendices, is to provide certain information concerning (1) the Lexington-Fayette Urban County Airport Board (the "Board"), (2) the Lexington-Fayette Urban County Government (the "Urban County Government") and (3) the following Bonds to be issued by the Board on November 30, 2023 (the "Date of Issuance"), the proceeds of which will be used to finance or refinance improvements to the Blue Grass Airport (the "Airport"), located in Lexington, Kentucky (see "PLAN OF FINANCE" herein):

(a) $29,160,000 aggregate principal amount of General Airport Revenue and Revenue Refunding Bonds, 2023 Series A (Lexington-Fayette Urban County Government General Obligation) (Non-AMT) (the "2023 Series A Bonds");

(b) $1,170,000 aggregate principal amount of General Airport Revenue Bonds, 2023 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT) (the "2023 Series B Bonds"); and

(c) $16,920,000 aggregate principal amount of General Airport Revenue Bonds, 2023 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable) (the "Taxable 2023 Series C Bonds").

The 2023 Series A Bonds, the 2023 Series B Bonds, and the Taxable 2023 Series C Bonds are referred to herein collectively as the "Series 2023 Bonds." The 2023 Series A Bonds and the 2023 Series B Bonds are referred to herein together as the "Tax-Exempt Series 2023 Bonds."

Definitions

Appendix C – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE" attached hereto contains definitions of certain terms used herein. Capitalized terms not defined in such ***Appendix C***, under "REGARDING USE OF THE OFFICIAL STATEMENT" herein, or elsewhere herein shall have the meanings given thereto in (i) the Trust Indenture, including the Tenth Supplemental Trust Indenture, entered into in connection with the issuance of the Series 2023 Bonds, by and between the Board and U.S. Bank Trust Company, National Association, as trustee (the "Trustee")[1] and/or (ii) the Lease, including the Eighth Supplemental Lease Agreement, entered into in connection with the issuance of the Series 2023 Bonds (as further described in ***Appendix C***, the "Lease"), all between the Board, as lessor, and the Urban County Government, as the lessee.

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[1] More specifically, "Trustee" refers to U.S. Bank Trust Company, National Association, as successor trustee to U.S. Bank National Association, as successor trustee to The Bank of New York Mellon Trust Company, N.A.

References to "Fiscal Year" or "FY" refer to the fiscal years of the Airport and the Urban County Government, each of which begin on July 1 of a calendar year and end on June 30 of the following calendar year. References to the federal fiscal year refer to a fiscal year beginning on October 1 of a calendar year and ending on September 30 of the following calendar year and are noted as "FFY."

Outstanding Obligations

The following Obligations in the aggregate total principal amount of $92,120,000 will be outstanding under the Trust Indenture as of the Date of Issuance:

Obligation	Outstanding Principal Amount
Taxable 2016 Series C Bonds	$23,135,000
2016 Series D Bonds	4,215,000
2016 Series E Bonds	2,165,000
Taxable 2019 Series A Bonds[(a)]	15,355,000
2023 Series A Bonds[(b)]	29,160,000
2023 Series B Bonds	1,170,000
Taxable 2023 Series C Bonds	16,920,000
TOTAL:	$92,120,000

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See "PLAN OF FINANCE" herein for additional information related to the footnotes below.

[(a)] A portion of the remaining outstanding principal amount of the Taxable 2019 Series A Bonds will be refunded and defeased on the Date of Issuance with a portion of the proceeds of the 2023 Series A Bonds.

[(b)] The entire remaining outstanding principal amount of the Reissued 2009 Series B Bonds will be defeased and refunded on the Date of Issuance with a portion of the proceeds of the 2023 Series A Bonds.

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See ***Appendix D*** hereto for a summary of all of the Prior Obligations issued under the Trust Indenture. See "SECURITY FOR THE SERIES 2023 BONDS - Additional Obligations Issued on a Parity Basis with the Series 2023 Bonds" with respect to the anticipated issuance of an Additional Obligation in the fourth quarter of 2023, in connection with the establishment of a line of credit.

Series 2023 Bonds

Authority for Issuance. The Series 2023 Bonds are to be issued by the Board pursuant to (a) Chapter 183 of the Kentucky Revised Statutes (the "Act"), (b) the General Bond Resolution (the "General Bond Resolution") adopted by the Board on October 15, 2008 and the 2023 Series Bond Resolution (the "2023 Series Bond Resolution") adopted by the Board on May 24, 2023 (collectively, the "Resolutions"), and (c) the Trust Indenture.

Purpose. The Series 2023 Bonds are being issued by the Board for the purpose of providing funds, to be applied, together with other moneys legally available therefor, to: (a) finance the costs of the 2023 Project (as defined herein); (b) refund all or a portion of the remaining outstanding principal amount of certain Outstanding Obligations; (c) fund capitalized interest; and (d) pay the costs of issuance of the Series 2023 Bonds.

Security for the Obligations.

General. Any Obligations issued and outstanding from time to time, including the Series 2023 Bonds and certain other obligations of the Board under the Trust Indenture, are payable from and secured by a pledge of: (1) the General Revenues of the Airport; (2) all of the Board's right, title, and interest in the Pledged Funds; and (3) all of the Board's rights, title and interest in, to, and under the Lease, including all Lease Rental Payments (as further described below); without any preference, priority or distinction whatsoever of any Obligation over any other, except as otherwise provided in the Trust Indenture; See "SECURITY FOR THE SERIES 2023 BONDS" and ***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

Lease Rental Payments as General Obligation Indebtedness of the Urban County Government. Pursuant to the Lease, the Board has leased the Airport, including the Project, which includes the 2023 Project, to the Urban County Government. The Lease constitutes a "tax-supported lease" under Chapter 66 of the Kentucky Revised Statutes and the full faith, credit, and taxing power of the Urban County Government are irrevocably pledged to the payment of the lease rental payments (the "Lease Rental Payments") under such Lease, as a general obligation of the Urban County Government. Such Lease Rental Payments are payable in amounts equal to the principal and interest payments on all Outstanding Obligations under the Trust Indenture (see "INTRODUCTION – Outstanding Obligations"). See "SECURITY FOR THE SERIES 2023 BONDS" and ***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

THE LEASE RENTAL PAYMENTS DO NOT SECURE THE PAYMENT OF THE PURCHASE PRICE OF ANY VARIABLE RATE OBLIGATIONS OUTSTANDING UNDER THE TRUST INDENTURE. See "SECURITY FOR THE SERIES 2023 BONDS - Lease - *General Obligation Pledge*."

Impact of the COVID-19 Pandemic

Information regarding the impact of the COVID-19 Pandemic on the Airport is primarily provided herein under "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT" and "AIRPORT OPERATIONS," with additional information being provided in other sections, as applicable. See also the detailed information provided in the Airport FY 2023 Audit, which is attached hereto as ***Appendix B***.

Information regarding the impact of the COVID-19 Pandemic on the Urban County Government is provided in its Annual Comprehensive Financial Report ("ACFR") for FY 2022, including its audited annual financial statements (the "LFUCG FY 2022 ACFR"), which is attached hereto as ***Appendix A***.

THE BOARD

The Lexington-Fayette Urban County Airport Board is a political subdivision of the Commonwealth of Kentucky created in 1946 pursuant to the Act, and the prior existence of the Board was specifically recognized in the Charter of the Urban County Government Sec. 7.18, which provides that the merger of the City of Lexington and Fayette County would not change the Airport Board's statutory enabling acts and operation of the Board. The Board continues its autonomous status as intended under the statutes. The Board consists of ten members who are appointed by the Mayor of the Urban County Government.

The Board is the owner of the Airport and provides for the management and operation of the Airport by employment of a President & Chief Executive Officer and such staff as is deemed necessary to properly operate, develop, manage and maintain the Airport. The President & Chief Executive Officer is directly responsible to the Board for all of the Airport's business and operational activities. See "THE AIRPORT" herein. The President & Chief Executive Officer is assisted by six Vice Presidents, with one Vice President assigned with respect to each of the following functions: Administration and Finance, Public Safety and Operations, Engineering and Maintenance, Human Resources, Air Service Development, Marketing and Community Relations, and Commercial Development. In total, the Board has 90 full time and 35 part time employees.

The Airport FY 2023 Audit is attached hereto as ***Appendix B***. See "FINANCIAL STATEMENTS" herein.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

General

The Urban County Government is 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 ("Fayette County"). It exists as the single unit of general local government exercising jurisdiction throughout the geographical boundaries of Fayette County. The Urban County Government operates under a Mayor-Council form of government whereby the executive and administrative functions are vested with the Mayor and legislative authority is vested with the Urban County Council.

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 districts who serve two-year terms and three at-large members who serve four-year terms. The Vice-Mayor is the at-large member who receives the most votes in the general election.

The Mayor is assisted in the administration of the Urban County Government by department commissioners who are appointed by the Mayor with the approval of the Urban County Council. The Urban County Government has eight 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 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; coordination of the Annual Budget and publication of the Annual Comprehensive Financial

Report. This department includes the divisions of Accounting, Budgeting, Procurement, Revenue, and the Police and Fire Retirement Fund.

Elected and Appointed Officials of the Lexington-Fayette Urban County Government

Mayor
Linda Gorton

Council Members at Large
Dan Wu (Vice Mayor)
James Brown
Chuck Ellinger II

Council Members by District

1st District Tanya Fogle	5th District Liz Sheehan	9th District Whitney Elliott Baxter
2nd District Shayla Lynch	6th District Denise Gray	10th District David Sevigny
3rd District Hannah LeGris	7th District Preston Worley	11th District Jennifer Reynolds
4th District Brenda Monarrez	8th District Fred Brown	12th District Kathy Plomin

Commissioner of Finance
Erin Hensley

Clerk of the Lexington-Fayette Urban County Council
Abigail Allan

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See ***Appendix A*** – "FINANCIAL INFORMATION WITH RESPECT TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT" attached hereto, which contains further information and data regarding the Urban County Government.

AUTHORITY FOR ISSUANCE

The Series 2023 Bonds are to be issued by the Board pursuant to the Act, the Resolutions, and the Trust Indenture. The Lease has been entered into under the provisions of Section 65.940 to 65.956 of the Kentucky Revised Statutes. The Resolutions and the Ordinances also approved the form of the Lease, including the supplements thereto, and authorized the Board and the Urban County Government, respectively, to enter into and perform the Lease.

SUMMARY OF DISCLOSURE INFORMATION

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The Board deems this Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(3) (the "Rule"). The form of the Continuing Disclosure Certificate to be delivered on the date of issuance of the Series 2023 Bonds is attached hereto as ***Appendix F***. For additional information see "CONTINUING DISCLOSURE" herein.

Copies of the basic documentation relating to the Series 2023 Bonds, including the Resolutions, the Ordinances, the Trust Indenture, and the Lease, are available from the Trustee.

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SOURCES AND USES OF FUNDS

The sources and uses of funds related to the issuance of the Series 2023 Bonds are as follows:

	2023 Series A Bonds	2023 Series B Bonds	Taxable 2023 Series C Bonds	Total
SOURCES				
Series 2023 Bond Proceeds				
Principal Amount of Bonds	$29,160,000.00	$1,170,000.00	$16,920,000.00	$47,250,000.00
Plus Original Issue Premium	1,933,686.05	--	--	1,933,686.05
Less Original Issue Discount	--	(25,138.75)	--	(25,138.75)
Total Series 2023 Bond Proceeds	31,093,686.05	1,144,861.25	16,920,000.00	49,158,547.30
Other Sources				
Release from the Debt Service Reserve Fund	584,852.97	--	--	584,852.97
Contribution from the Debt Service Fund	174,065.71	--	--	174,065.71
Equity Contribution (Refunding of the Refunded Taxable 2019A Bonds (Non-AMT))	115,619.80			115,619.80
Equity Contribution (2023C Project)	--		1,890,000.00	1,890,000.00
Total Other Sources	874,538.48		1,890,000.00	2,764,538.48
TOTAL SOURCES	$31,968,224.53	$1,144,861.25	$18,810,000.00	$51,923,085.78
USES				
Deposits to the respective 2023 Project Accounts	$10,850,000.00	$1,040,000.00	$17,000,000.00	$28,890,000.00
Deposits to the Escrow Fund				
Cash	5,515,620.11	--	--	5,515,620.11
Defeasance Obligations	13,364,905.00	--	--	13,364,905.00
Total Deposit to Escrow Fund	18,880,525.11	--	--	18,880,525.11
Deposits to the respective Debt Service Payment Accounts (Capitalized Interest)	1,796,789.06	83,779.87	1,546,818.48	3,427,387.41
Costs of Issuance†	440,910.36	21,081.38	263,181.52	725,173.26
TOTAL USES	$31,968,224.53	$1,144,861.25	$18,810,000.00	$51,923,085.78

† Includes Underwriter's discount, legal and financial advisor fees, fees of the Trustee and the Verification Agent, advertising, printing, and miscellaneous costs.

PLAN OF FINANCE

Use of Series 2023 Bond Proceeds

The proceeds of the Series 2023 Bonds are intended to be used, along with other legally available funds of the Board, as follows:[2]

(a) ***2023 Series A Bonds.*** The proceeds of the 2023 Series A Bonds are intended to be used to:

(i) finance all or a portion of the costs of the construction of a fuel farm, the replacement of the deicing contamination facility, the rehabilitation of air carrier parking ramps, the replacement of existing HVAC systems with a central HVAC plant, and the expansion of the Airport Rescue and Fire Fighting Training Center building (the "2023A Project");

(ii) refund all or a portion of the remaining outstanding principal amount of the following Outstanding Obligations:

(1) the entire remaining outstanding principal amount of the Reissued 2009 Series B Bonds (the "Refunded Reissued 2009 Series B Bonds," as further identified below) and

(2) a portion of the remaining outstanding principal amount of the Taxable 2019 Series A Bonds, allocable to the refunding of portions of the 2012 Series B Bonds and the 2016 Series A Bonds, which were issued to finance Non-AMT Airport Facilities (the "Refunded Taxable 2019 Series A Bonds (Non-AMT))" as further identified below);

(iii) fund capitalized interest; and

(iv) pay the costs of issuance related to such 2023 Series A Bonds.

(b) ***2023 Series B Bonds.*** The proceeds of the 2023 Series B Bonds are intended to be used to:

(i) finance all or a portion of the costs of terminal renovations and the construction of passenger boarding bridges (the "2023B Project");

(ii) fund capitalized interest, and

(iii) pay the costs of issuance related to such 2023 Series B Bonds.

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[2] See also "SOURCES AND USES OF FUNDS" herein.

(c) ***Taxable 2023 Series C Bonds.*** The proceeds of the Taxable 2023 Series C Bonds are intended to be used to:

(i) finance all or a portion of the costs of the construction of a new hangar to accommodate a variety of corporate general aviation aircraft (the "2023C Project")[3];

(ii) fund capitalized interest; and

(iii) pay the costs of issuance related to such 2023 Series C Bonds.

The Refunded Reissued 2009 Series B Bonds and the Refunded Taxable 2019 Series A Bonds (Non-AMT) are referred to collectively herein as the "Refunded Prior Bonds."

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[3] The new 50,000-square foot hangar will include 30-foot high doors to accommodate large corporate aircraft and will also include associated offices, storage spaces, and vehicle parking.

Refunding of the Refunded Prior Bonds

Refunded Reissued 2009 Series B Bonds. A portion of the proceeds of the 2023 Series A Bonds, together with other legally available moneys of the Board (together, the "Refunded Reissued 2009 Series B Escrow Deposit"), will be irrevocably deposited into an escrow fund (the "Escrow Fund") established pursuant to an Escrow Agreement, to be dated the Date of Issuance of the Series 2023 Bonds (the "Escrow Agreement"), by and between the Board and the Trustee, in its capacity as escrow trustee (the "Escrow Trustee"), to be held in trust thereunder, in an amount sufficient to provide for the payment on December 1, 2023 (the "Redemption Date") of the redemption price of the Refunded Reissued 2009 Series B Bonds (as further identified below) of 100% of the remaining outstanding principal amount thereof (the "Redemption Price"), plus accrued interest to the Redemption Date. According to the terms of the Trust Indenture, upon the funding of the irrevocable Escrow Fund with the Refunded Reissued 2009 Series B Escrow Deposit on the Date of Issuance of the Series 2023 Bonds, the Refunded Reissued 2009 Series B Bonds will be deemed paid and discharged.

Refunded Reissued 2009 Series B Bonds

Maturity Date (July 1)	Interest Rate	Original Principal Amount	Principal Amount to be Refunded	Redemption Date	Redemption Price
2038	Variable	$5,400,000	$5,400,000+	12/01/2023	100.00%

\+ Represents prepayments of principal due as follows:

Year (July 1)	Amount
2032	$1,930,000
2033	2,150,000
2034	605,000
2035	405,000
2036	115,000
2037	100,000
2038	95,000
TOTAL	$5,400,000

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Refunded Taxable 2019 Series A Bonds (Non-AMT). A portion of the proceeds of the 2023 Series A Bonds, together with other legally available moneys of the Board (together, the "Taxable 2019 Series A (Non-AMT) Escrow Deposit"), will be irrevocably deposited into the Escrow Fund to be held in trust thereunder. The Taxable 2019 Series A (Non-AMT) Escrow Deposit will be used to purchase certain direct noncallable obligations of the United States of America (which constitute Government Bonds under the Trust Indenture, referred to herein as "Defeasance Obligations") having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, sufficient, together with any remaining moneys from such Taxable 2019 Series A (Non-AMT) Escrow Deposit after such purchase, to provide for the payment of principal and interest with respect to the Refunded Taxable 2019 Series A Bonds (Non-AMT) (as further described below) when due as scheduled through final maturity. According to the terms of the Trust Indenture, upon the funding of the irrevocable Escrow Fund with the Taxable 2019 Series A (Non-AMT) Escrow Deposit on the Date of Issuance of the Series 2023 Bonds, the Refunded Taxable 2019 Series A Bonds (Non-AMT) will be deemed paid and discharged.

Refunded Taxable 2019 Series A Bonds (Non-AMT)

Maturity Date (July 1)	Interest Rate	Original Principal Amount	Principal Amount to be Refunded
Serial Bonds			
2027	2.589%	$ 945,000	$ 400,000
2028	2.669%	3,655,000	1,565,000
2029	2.739%	3,705,000	1,565,000
2030	2.789%	3,865,000	1,615,000
2031	2.839%	4,040,000	1,720,000
2032	2.889%	2,280,000	1,755,000
2033	2.939%	2,355,000	1,820,000
2034	2.989%	1,550,000	995,000
SUBTOTAL		$22,395,000	$11,435,000
Term Bond			
2038	3.248%	$4,705,000	$3,010,000†
SUBTOTAL		$4,705,000	$3,010,000
GRAND TOTAL		$27,100,000	$14,445,000

† Comprised of mandatory sinking fund redemption payments as follows:

Year (July 1)	Original Principal Amount	Principal Amount to be Refunded
2035	$1,530,000	$960,000
2036	1,510,000	920,000
2037	890,000	625,000
2038+	775,000	505,000
TOTAL	$4,705,000	$3,010,000

+Maturity

Defeasance Obligations and Verification Agent. As set forth above, the Board will provide for the purchase of Defeasance Obligations in the form of State and Local Government Securities direct noncallable obligations of the United States of America (in accordance with the Trust Indenture) for deposit by the Escrow Trustee into the Escrow Fund in the amounts required, together with any remaining monies, to pay all principal and interest requirements when due as scheduled in connection with the Refunded Taxable 2019 Series A Bonds (Non-AMT), through the applicable final maturities.

Causey Demgen & Moore P.C., a firm of independent public accountants (the "Verification Agent"), will deliver to the Board its verification report (the "Verification Report") indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Accountants, the mathematical accuracy of the computations of the adequacy of the cash and the maturing principal of and interest on the Defeasance Obligations to pay all principal and interest requirements when due as scheduled in connection with the Refunded Taxable 2019 Series A Bonds (Non-AMT) through the applicable final maturities. The Verification Report will also include mathematical computations of yield for each series of the Tax-Exempt Series 2023 Bonds, to be used by Bond Counsel to support its opinion that interest on each series of the Tax-Exempt Series 2023 Bonds will be excluded from gross income for federal income tax purposes.

The examination performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the Underwriter and/or the Financial Advisor. The procedures of the Verification Agent will be restricted to recalculating the computations provided by the Underwriter and/or the Financial Advisor and the Verification Agent will not evaluate or examine the assumptions or information used thereby in preparing such computations.

Costs of Issuance

A portion of the proceeds of the Series 2023 Bonds will be used to pay certain costs in connection with the issuance thereof, including, without limitation, legal and financial advisor fees, advertising, printing, and miscellaneous costs.

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DEBT SERVICE CHARGES

Table 1 - Debt Service on the Outstanding Obligations

(As of the Date of Issuance)

FISCAL YEAR ENDING	TAXABLE 2016 SERIES C BONDS	2016 SERIES D BONDS	2016 SERIES E BONDS	2019 SERIES A BONDS	2023 SERIES A BONDS	2023 SERIES B BONDS	TAXABLE 2023 SERIES C BONDS	TOTAL	%OF DEBT SVC. REMAINING
06/30/24†	$ 367,538.75	$ 80,328.13	$ 43,300.00	$ 210,953.06	$ 127,277.60	$ 4,800.70	$ 88,634.70	$ 922,832.94	99.37%
06/30/25	3,883,607.50	405,656.26	635,400.00	1,292,617.71	1,478,062.50	55,750.00	1,029,306.20	8,780,400.17	93.38%
06/30/26	3,951,143.75	404,156.26	652,200.00	1,292,758.81	1,478,062.50	55,750.00	1,029,306.20	8,863,377.52	87.34%
06/30/27	3,763,837.50	405,781.26	603,700.00	1,290,922.92	1,478,062.50	55,750.00	1,029,306.20	8,627,360.38	81.46%
06/30/28	3,117,175.00	401,781.26	438,600.00	897,602.49	1,575,562.50	55,750.00	1,029,306.20	7,515,777.45	76.33%
06/30/29	1,400,602.50	402,156.26	0.00	2,407,656.41	2,706,437.50	55,750.00	1,029,306.20	8,001,908.87	70.88%
06/30/30	1,397,155.00	403,356.26	0.00	2,400,458.06	2,652,937.50	80,250.00	1,029,306.20	7,963,463.02	65.45%
06/30/31	1,396,588.75	405,456.26	0.00	2,449,774.51	2,672,062.50	79,250.00	1,029,306.20	8,032,438.22	59.97%
06/30/32	1,398,668.75	403,756.26	0.00	2,455,465.86	2,725,937.50	78,250.00	1,029,306.20	8,091,384.57	54.45%
06/30/33	1,396,471.25	403,406.26	0.00	619,949.83	4,513,937.50	82,150.00	1,029,306.20	8,045,221.04	48.97%
06/30/34	1,395,367.50	402,531.26	0.00	614,504.38	4,631,812.50	80,950.00	1,029,306.20	8,154,471.84	43.41%
06/30/35	1,392,531.25	406,046.88	0.00	618,348.08	2,180,437.50	79,675.00	1,029,306.20	5,706,344.91	39.52%
06/30/36	1,392,866.25	403,931.25	0.00	615,796.80	2,253,562.50	78,325.00	1,490,146.45	6,234,628.25	35.27%
06/30/37	1,391,276.25	396,337.50	0.00	616,958.40	1,890,437.50	116,075.00	1,490,932.65	5,902,017.30	31.24%
06/30/38	0.00	0.00	0.00	278,073.20	1,551,812.50	117,812.50	1,489,930.25	3,437,628.45	28.90%
06/30/39	0.00	0.00	0.00	274,384.80	1,402,937.50	114,437.50	1,487,139.25	3,278,899.05	26.66%
					1,039,937.50	120,625.00	1,501,772.80	2,662,335.30	24.85%
					1,034,687.50	116,375.00	1,503,520.40	2,654,582.90	23.04%
					1,033,312.50	117,000.00	1,507,707.80	2,658,020.30	21.23%
					1,030,687.50	117,375.00	1,509,184.40	2,657,246.90	19.41%
					1,041,437.50	112,625.00	1,507,950.20	2,662,012.70	17.60%
					1,034,775.00	68,875.00	1,508,434.60	2,612,084.60	15.82%
					1,040,650.00	71,000.00	1,510,308.90	2,621,958.90	14.03%
					1,039,556.25	68,000.00	1,513,661.90	2,621,218.15	12.24%
					1,036,625.00	69,875.00	1,513,340.50	2,619,840.50	10.46%
					1,036,725.00	66,625.00	1,514,191.60	2,617,541.60	8.67%
					1,020,118.75		1,515,909.00	2,536,027.75	6.94%
					1,021,675.00		1,518,186.50	2,539,861.50	5.21%
					1,025,737.50		1,520,717.90	2,546,455.40	3.48%
					1,027,175.00		1,523,197.00	2,550,372.00	1.74%
					1,021,118.75		1,525,317.60	2,546,436.35	0.00%
TOTALS	$27,644,830.00	$5,324,681.36	$2,373,200.00	$18,336,225.32	$50,803,558.85	$2,119,100.70	$40,062,552.60	$146,664,148.83	

Note to Table 1: The principal amounts of the Outstanding Obligations as of the Date of Issuance are set forth herein under "INTRODUCTORY STATEMENT – Outstanding Obligations."

†Amounts listed for FY 2024 have been reduced to account for the Debt Service Charges paid by the Board on July 1, 2023 in the aggregate amount of $5,849,585.97.

DESCRIPTION OF THE SERIES 2023 BONDS

General

The Series 2023 Bonds will be dated their date of issuance and will mature as shown under "MATURITY SCHEDULES" herein.

The Series 2023 Bonds will be issuable only in fully registered form and in denominations of $5,000 or any integral multiple thereof. The Series 2023 Bonds will bear interest from the date of issuance, payable on January 1 and July 1 of each year to maturity, commencing on January 1, 2024 (each an "Interest Payment Date"), at the rates set forth herein under "MATURITY SCHEDULE." Interest on the Series 2023 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Interest payable on any Interest Payment Date will be payable to the registered owner of the Series 2023 Bonds as of the Regular Record Date for such payment; provided that if the Series 2023 Bonds are held by a Depository or at the written request addressed to the Trustee by any registered owner of Series 2023 Bonds in the aggregate principal amount of at least $1,000,000, interest payable on any Series 2023 Bond shall be payable to the registered owner on the applicable Interest Payment Date in immediately available funds by electronic wire transfer to a bank in the United States for credit to the ABA routing number and account number of such registered owner filed with the Trustee no later than five Business Days before a Regular Record Date for any interest payment.

The Series 2023 Bonds initially are registered through a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the Series 2023 Bonds and the book-entry system are described herein under the subcaption "-Book-Entry Only System."

Mandatory Sinking Fund Redemption

General. The Series 2023 Bonds which are being issued as term bonds (collectively herein the "Series 2023 Term Bonds") are subject to mandatory sinking fund redemption as set forth below:

(a) *2023 Series A Bonds.* The 2023 Series A Bonds which are being issued as term bonds (the "2023 Series A Term Bonds") shall be subject to mandatory sinking fund redemption and payment prior to stated maturity on July 1 in the years, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2023 Series A Term Bonds maturing on July 1, 2038

Year (July 1)	Principal Amount to be Redeemed
2035	$1,510,000
2036	1,215,000
2037	930,000
2038†	825,000
TOTAL	$4,480,000

†Maturity

2023 Series A Term Bonds maturing on July 1, 2043

Year (July 1)	Principal Amount to be Redeemed
2039	$ 495,000
2040	515,000
2041	540,000
2042	565,000
2043†	605,000
TOTAL	$2,720,000

†Maturity

2023 Series A Term Bonds maturing on July 1, 2048

Year (July 1)	Principal Amount to be Redeemed
2044	$ 630,000
2045	670,000
2046	705,000
2047	740,000
2048†	780,000
TOTAL	$3,525,000

†Maturity

2023 Series A Term Bonds maturing on July 1, 2053

Year (July 1)	Principal Amount to be Redeemed
2049	$ 805,000
2050	850,000
2051	900,000
2052	950,000
2053†	995,000
TOTAL	$4,500,000

†Maturity

(b) *2023 Series B Bonds.* The 2023 Series B Bonds which are being issued as term bonds (the "2023 Series B Term Bonds") shall be subject to mandatory sinking fund redemption and payment prior to stated maturity on July 1 in the years, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

2023 Series B Term Bonds maturing on July 1, 2033

Year (July 1)	Principal Amount to be Redeemed
2029	$ 25,000
2030	25,000
2031	25,000
2032	30,000
2033†	30,000
TOTAL	$135,000

†Maturity

2023 Series B Term Bonds maturing on July 1, 2038

Year (July 1)	Principal Amount to be Redeemed
2034	$30,000
2035	30,000
2036	70,000
2037	75,000
2038†	75,000
TOTAL	$280,000

†Maturity

2023 Series B Term Bonds maturing on July 1, 2043

Year (July 1)	Principal Amount to be Redeemed
2039	$85,000
2040	85,000
2041	90,000
2042	95,000
2043†	95,000
TOTAL	$450,000

†Maturity

2023 Series B Term Bonds maturing on July 1, 2048

Year (July 1)	**Principal Amount to be Redeemed**
2044	$55,000
2045	60,000
2046	60,000
2047	65,000
2048†	65,000
TOTAL	$305,000

†Maturity

(c) *Taxable 2023 Series C Bonds.* The Taxable 2023 Series C Bonds which are being issued as term bonds (the "Taxable 2023 Series C Term Bonds") shall be subject to mandatory sinking fund redemption and payment prior to stated maturity on July 1 in the years, at 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Taxable 2023 Series C Term Bonds maturing on July 1, 2038

Year (July 1)	**Principal Amount to be Redeemed**
2035	$ 475,000
2036	505,000
2037	535,000
2038†	565,000
TOTAL	$2,080,000

†Maturity

Taxable 2023 Series C Term Bonds maturing on July 1, 2043

Year (July 1)	**Principal Amount to be Redeemed**
2039	$ 615,000
2040	655,000
2041	700,000
2042	745,000
2043†	790,000
TOTAL	$3,505,000

†Maturity

Taxable 2023 Series C Term Bonds maturing on July 1, 2053

Year (July 1)	Principal Amount to be Redeemed
2044	$ 840,000
2045	895,000
2046	955,000
2047	1,015,000
2048	1,080,000
2049	1,150,000
2050	1,225,000
2051	1,305,000
2052	1,390,000
2053†	1,480,000
TOTAL	$11,335,000

†Maturity

Mandatory Sinking Fund Redemption Procedures. The Trustee shall, in each year in which Series 2023 Term Bonds are to be mandatorily redeemed as described above, make timely selection of such Series 2023 Term Bonds or portions thereof to be so redeemed by lot in authorized denominations of principal amount in such manner as the Trustee may determine and shall give notice thereof without further instructions from the Board. At the option of the Board, to be exercised on or before the 45th day next preceding each mandatory redemption date, the Board may: (1) deliver to the Trustee for cancellation such Series 2023 Term Bonds in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Series 2023 Term Bonds from any Holder thereof in the open market at a price not in excess of 100% of the principal amount thereof, plus accrued interest thereon to the date of purchase, whereupon the Trustee shall expend such funds for such purposes to such extent as may be practical; or (3) elect to receive a credit in respect to the mandatory redemption obligation for any Series 2023 Term Bonds of the same series and maturity which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund redemption requirements described above) and cancelled by the Trustee and not theretofore applied as a credit against any such mandatory redemption obligation.

Each Series 2023 Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof against the obligation of the Board to redeem Series 2023 Term Bonds of the same series and maturity on the next mandatory redemption date applicable to such series of the Series 2023 Term Bonds that is at least 45 days after receipt by the Trustee of such instructions from the Board, and any excess of such amount shall be credited against future mandatory redemption obligations for Series 2023 Term Bonds of the same series and maturity in chronological order or such other order as the Board may designate in writing, and the principal amount of the Series 2023 Term Bonds of the same series and maturity to be redeemed on such future mandatory redemption dates shall be reduced accordingly. If the Board intends to exercise any option described in clauses (1), (2) or (3) of the preceding paragraph, the Board shall, on or before the 45th day next preceding the applicable mandatory redemption date, provide the Trustee with a certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory redemption payment.

Optional Redemption

General. The Series 2023 Bonds are subject to optional redemption prior to maturity as set forth below:

(a) *Optional Redemption.* The Series 2023 Bonds maturing on or after July 1, 2034, are subject to redemption prior to maturity at the option of the Board, on 30 days' notice to the registered owners of the Series 2023 Bonds to be redeemed, on or after July 1, 2033, in whole or in part on any Business Day (less than all of a maturity of such Series 2023 Bonds to be selected by lot in such manner as determined by the Trustee), at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

(b) *Make-Whole Redemption (Taxable 2023 Series C Bonds only).* The Board reserves the right, at its option, to redeem any of the Taxable 2023 Series C Bonds prior to July 1, 2033 at a redemption price equal to the greater of: (a) 100% of the principal amount of the Taxable 2023 Series C Bonds to be redeemed; or (b) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Taxable 2023 Series C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable 2023 Series C Bonds are to be redeemed, discounted to the date on which such Taxable 2023 Series C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below), plus 20 basis points, with respect to the Taxable 2023 Series C Bonds maturing on July 1 in each of the years 2038, 2043 and 2053, and at the Treasury Rate, plus, in each case, interest accrued on the Taxable 2023 Series C Bonds to be redeemed on the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Taxable 2023 Series C Bond (taking into account any sinking fund installments for such Taxable 2023 Series C Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Taxable 2023 Series C Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case, as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data reasonably selected by the Trustee.

Selection of Series 2023 Bonds for Optional Redemption. In the event less than all of a maturity of any of the Series 2023 Bonds are to be optionally redeemed, the Series 2023 Bonds to be redeemed shall be selected by lot in such manner as determined by the Trustee.

Notice of Redemption to Holders

Unless waived by any Holder of any Series 2023 Bonds to be redeemed, notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Holder of each of the Series 2023 Bonds subject to redemption in whole or in part at the Holder's address shown on the Register on the Business Day preceding that mailing date.

With respect to optional redemptions, notice of redemption may be conditioned upon moneys being on deposit with the Trustee on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, such notice shall be of no force and effect, the Trustee shall not redeem such Series 2023 Bonds, and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2023 Bonds will not be redeemed and the Holders thereof are restored to their prior position.

Book-Entry Only System

The Trust Indenture provides that as long as any Obligations are registered in the name of a Depository, or its nominee, the Trustee agrees to comply with the terms and provisions of the related Letter of Representations, including the provisions of the Letter of Representations with respect to any delivery of the Obligations to the Trustee, which provisions shall supersede the provisions of the Trust Indenture with respect thereto. The Board has provided a blanket Letter of Representations to DTC (the "DTC BLOR") in order to make certain Obligations, such as the Series 2023 Bonds, eligible for deposit therewith. The provisions of such DTC BLOR are summarized below. Please note that certain terms which are capitalized as defined terms elsewhere in this Official Statement appear in lower case for purposes of this section.

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds 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 Series 2023 Bond certificate will be issued for each maturity of each series of Series 2023 Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC, the world's largest 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 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 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.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond ("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 Series 2023 Bonds 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 the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds 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 Series 2023 Bonds 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 Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds 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 the Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, defaults, and proposed amendments to the Trust Indenture. For example, Beneficial Owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board 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 the Series 2023 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Series 2023 Bonds 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 Board or the Trustee 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, the Trustee or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, 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 Series 2023 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bond certificates will be printed and delivered to DTC.

The information in this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

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SECURITY FOR THE SERIES 2023 BONDS

General

The Series 2023 Bonds and any Obligations heretofore or hereafter issued and outstanding from time to time, and certain other obligations of the Board under the Trust Indenture[4] (collectively, the "Obligations," as further defined in ***Appendix C*** hereto) are payable from and secured by a pledge of: (1) the General Revenues of the Airport; (2) all of the Board's right, title, and interest in the Pledged Funds (including the Debt Service Fund, the Debt Service Reserve Fund and any other funds or accounts permitted by, established under or identified in the Trust Indenture, as it may hereafter be further amended or supplemented, as further defined in ***Appendix C*** hereto); and (3) all of the Board's rights, title and interest in, to, and under the Lease, including all Lease Rental Payments; without any preference, priority or distinction whatsoever of any Obligation over any other, except as otherwise provided in the Trust Indenture; PROVIDED THAT, THE LEASE RENTAL PAYMENTS DO NOT SECURE THE PAYMENT OF THE PURCHASE PRICE OF ANY VARIABLE RATE OBLIGATIONS OUTSTANDING UNDER THE TRUST INDENTURE.

EXCEPT AS PROVIDED IN THE LEASE, THE SERIES 2023 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER, OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION OR GOVERNMENTAL UNIT THEREOF, THE URBAN COUNTY GOVERNMENT, OR THE BOARD.

General Revenues

Definition. "General Revenues" means for any Fiscal Year, except to the extent excluded under the Trust Indenture as described below, all revenues, payments, proceeds, fees, charges, rent and all other income of any nature, including investment income on moneys held under the Trust Indenture or on other funds of the Airport, derived directly or indirectly by or for the Board for such Fiscal Year for the use of, and for the services and facilities furnished by, or from the operation or ownership of, or with respect to the Airport, and any proceeds of business interruption insurance and any other insurance proceeds which are deemed to be revenues in accordance with Governmental Accounting Standards.

Notwithstanding the foregoing, the following shall not be included in General Revenues:

(a) the proceeds of any Passenger Facility Charge ("PFCs") or similar charge levied by or on behalf of the Board (and investment income thereon);

(b) the proceeds of any Customer Facility Charge ("CFCs") or similar charge levied by or on behalf of the Board (and investment income thereon);

[4] Such other obligations include, but are not limited to, any obligation of the Board to pay Hedge Payments under any Interest Rate Hedge Agreements and any obligation of the Board to reimburse Credit Support Providers for amounts provided under any Credit Support Instruments entered into by the Board.

(c) any grants, gifts, bequests, contributions or donations, including any such funds provided by any person or entity, including an airline, doing business at the Airport, including, but not limited to, Federal Aviation Administration ("FAA") and other governmental grants;

(d) the proceeds from the sale, transfer or other disposition of title by the Board to all or any part of the Airport;

(e) the proceeds of any taxes collected at the Airport;

(f) the proceeds of any condemnation award or insurance received by the Board except condemnation awards and insurance proceeds which are deemed to be revenues in accordance with Governmental Accounting Standards;

(g) the proceeds of any court or arbitration award or settlement in lieu thereof received by the Board except (a) awards or settlements which are deemed to be revenues in accordance with Governmental Accounting Standards or (b) awards or settlements which constitute reimbursements for costs previously incurred as Operation and Maintenance Expenses;

(h) amounts derived by the Board with respect to debt service on Special Facility Revenue Obligations;

(i) the proceeds of any bonds or other indebtedness of the Board;

(j) payments to the Board of the principal of and interest, if any, on any loan made by the Board for Airport purposes;

(k) investment income on moneys held in the Project Fund as created by the Trust Indenture;

(l) Lease Rental Payments; and

(m) any other amounts which are not deemed to be revenues in accordance with Governmental Accounting Standards or which are restricted as to their use.

The General Revenues consist primarily of airline revenues, public parking revenues, rental car revenues, concession, rental and miscellaneous revenues and interest income. Airline revenues are derived from landing fees and terminal rents paid by airlines operating at the Airport. Since 2001, the Board has established airline rates and charges annually using a compensatory based cost recovery methodology. Beginning in Fiscal Year 2014, the Airport management requires each airline serving the Airport to execute a month to month Aircraft Operator Airport Use Permit (the "Permit"), which sets forth its basic rights and obligations for the use of the Airport and the occupancy of space in the Airport terminal building.

As a matter of policy, the Board has declared that it will establish cost recovery rentals, fees and charges to the users of the Airport and make amendments thereto at periodic intervals as needed to assure that the Airport will be a self-sufficient entity to the fullest extent possible. See

"AIRPORT OPERATIONS - Historical Airport Revenues" for a further description of the revenues collected and the charges imposed by the Board for the use of the Airport.

Rate Covenant. *The following provisions are referred to in the Trust Indenture as the "General Covenant" and herein as the "Rate Covenant."*

(a) The Board covenants that it will fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of the Airport and for certain services rendered by the Board in the operation thereof in order that in each Fiscal Year, General Revenues, together with any cash balances as of the first day of such Fiscal Year that are available for the following, will be at least sufficient:

(i) to provide for (A) the payment of Operation and Maintenance Expenses, (B) any required deposit to any Pledged Fund, (C) the payment of any amounts due to a Credit Support Provider that are not related to reimbursement of such Credit Support Provider for the payment of Debt Service Charges with draws under a Credit Support Instrument and (D) the payment of any amounts due from the Board to the Urban County Government under the Lease, exclusive of Aggregate Annual Debt Service for the Fiscal Year (see "***Table 8*** – Historical Airport Revenues and Expenses" following "AIRPORT OPERATIONS – Historical Airport Revenues" and "- Historical Airport Expenses"); and

(ii) to provide for the payment of not less than 100 percent of the Aggregate Annual Debt Service for the Fiscal Year, reduced by (A) amounts available in any capitalized interest account established pursuant to a Supplemental Trust Indenture for disbursement during such Fiscal Year to pay interest on Obligations and (B) anticipated receipts from PFCs and CFCs that are available for the payment of Debt Service Charges (see "SECURITY FOR THE SERIES 2023 BONDS - Historical Rate Covenant Compliance");

provided that, failure to fix and establish rates, rentals and charges that are sufficient to pay the amount described in clause (i)(D) above shall not constitute an Event of Default under the Trust Indenture.

(b) If during any Fiscal Year, General Revenues, such PFCs, such CFCs and such cash balance are estimated to produce less than the amount required under paragraph (a) of this Section, the Board shall revise its rentals, fees and charges or alter its methods of operation or take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

(c) Within 60 days after the end of each Fiscal Year, the Board shall furnish to the Trustee a calculation of the coverage required under the provisions described in paragraph (a) of this Section certified by the Fiscal Officer.

(d) If the certificate described in the preceding paragraph for any year indicates that the Board has not satisfied its obligations under paragraph (a) above, then as soon as practicable, but in any event no later than 60 days after the receipt by the Trustee of such certificate, the Board shall employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit to the Board, within 60 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the Board with respect to the revision of its Airport rentals, fees, and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then-current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Promptly upon its receipt of the recommendations, the Board shall, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the Board to result in compliance with paragraph (a) above. The Board shall transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each owner of Obligations who has requested the same.

(e) If at any time and as long as the Board is in full compliance with the provisions described in this Section, other than paragraph (a) above, there shall be no Event of Default under the Trust Indenture as a consequence of the Board's failure to satisfy the covenant described in paragraph (a) during such period.

See "SECURITY FOR THE SERIES 2023 BONDS - Historical Rate Covenant Compliance" and ***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

Pledged Funds

Application of General Revenues. The application of General Revenues is governed by the Trust Indenture. The Trust Indenture creates a special fund designated as the General Operating Fund which is held by the Board, in which the Board is required to deposit all General Revenues collected by the Board. Moneys held in the General Operating Fund are then applied and deposited into the funds and accounts established pursuant to the Trust Indenture. General Revenues in the General Operating Fund are to be applied by the Board in the following order or priority: (a) to the payment of all current Operation and Maintenance Expenses, (b) to the transfer to the Debt Service Payment Account of the Debt Service Fund in the amounts required by the Trust Indenture for the payment of interest on all Outstanding Obligations; (c) to the transfer to the Debt Service Payment Account of the Debt Service Fund in the amounts required by the Trust Indenture for the payment of principal on all Outstanding Obligations; (d) to the transfer to the Debt Service Reserve Fund in the amounts required by the Trust Indenture; (e) to the payment of any amounts due to a Credit Support Provider that are not related to reimbursement of such Credit Support Provider for the payment of Debt Service Charges with draws under a Credit Support Instrument; and (f) to the payment of any amounts due from the Board to the Urban County Government under the Lease. *The General Revenues deposited in the General Operating Fund are pledged as security for the Obligations, however, unless otherwise provided in a Supplemental Trust Indenture pledging the General Operating Fund as security for all Outstanding Obligations, the General Operating Fund shall* <u>*not*</u> *be a Pledged Fund.* See "***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

Debt Service Reserve Fund. The Debt Service Reserve Fund has been established under the Trust Indenture as a Pledged Fund to be used solely for the payment of Debt Service Charges with respect to the Obligations, including the Series 2023 Bonds. The Debt Service Reserve Fund is required to be funded in an amount equal to the Debt Service Reserve Requirement, which means the least of: (a) the maximum Aggregate Annual Debt Service in any succeeding Bond Year; (b) 125% of the average Aggregate Annual Debt Service on all Outstanding Bonds; or (c) an amount equal to 10% of the proceeds of any series of Obligations; provided that not more than 10% of the proceeds of any series of Obligations shall be required to be deposited in the Debt Service Reserve Fund and, if such amount is so deposited, the amount of such deposit plus the amount of all prior deposits required upon the issuance of Obligations shall constitute the Debt Service Reserve Requirement until the earlier of (i) the date the next series of Obligations is issued or (ii) the date such amount equals the requirement set forth in clause (a) above. Pursuant to the Lease, the Lease Rental Payments shall also be used, if and to the extent necessary, to replenish the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. See "***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

As of the Date of Issuance, following certain transfers from the Debt Service Reserve Fund in connection with the refunding of the Refunded Prior Bonds, the remaining amount on deposit therein is expected to satisfy the Debt Service Reserve Requirement (see "SOURCES AND USES OF FUNDS").

Lease

General Obligation Pledge. Pursuant to the Lease, the Board has leased the Airport, including the Project, which includes the 2023 Project, to the Urban County Government. The Lease constitutes a "tax-supported lease" under Chapter 66 of the Kentucky Revised Statutes and the full faith, credit, and taxing power of the Urban County Government are irrevocably pledged to the payment of the lease rental payments (the "Lease Rental Payments") under such Lease, as a general obligation of the Urban County Government. Such Lease Rental Payments are payable in amounts equal to the principal and interest payments on all Outstanding Obligations under the Trust Indenture (see "INTRODUCTION – Outstanding Obligations"). See "***Appendix C*** – "SUMMARIES OF THE TRUST INDENTURE AND THE LEASE."

The Constitution of the Commonwealth of Kentucky mandates that a municipality which is authorized to contract an indebtedness is required to provide for the collection of an annual tax sufficient to pay the interest on such indebtedness and to create a sinking fund for the payment of the principal thereof, within forty years of the contracting of such indebtedness. The basic security for the outstanding bonds and tax-supported leases (including the Lease) financed by the Urban County Government under Chapter 66 of the Kentucky Revised Statutes (each type of obligation as defined therein and collectively, the "LFUCG General Obligation Indebtedness") is its ability and pledge to levy such an annual tax (the "LFUCG Annual GO Tax") in an amount sufficient to pay the debt charges on such LFUCG General Obligation Indebtedness, as and when the same become due and payable. The Urban County Council of the Urban County Government (the "Urban County Council") has established a sinking fund (the "Sinking Fund") for the deposit of the proceeds of the LFUCG Annual GO Tax, or other lawfully available monies of the Urban County Government, to be applied to the payment of the debt charges on the LFUCG General Obligation Indebtedness and not used for any other purpose.

The Urban County Council has adopted Ordinances in connection with the issuance of the Obligations by the Board, including Ordinance No. 069-2023, adopted on June 29, 2023, in connection with the issuance of the Series 2023 Bonds, and prior legislation adopted by the Urban County Council related to the LFUCG General Obligation Indebtedness, that provide for the levy of the LFUCG Annual GO Tax in an amount sufficient to pay the debt charges with respect to the LFUCG General Obligation Indebtedness (including the Lease Rental Payments), to the extent other lawfully available monies of the Urban County Government are not provided for such purpose. The Ordinances and the prior legislation of the Urban County Council related to the LFUCG General Obligation Indebtedness provide for the deposit of the proceeds of such LFUCG Annual GO Tax, and/or other lawfully available monies of the Urban County Government, into the Sinking Fund for the payment of the debt charges on the LFUCG General Obligation Indebtedness (including the Lease Rental Payments).

THE URBAN COUNTY GOVERNMENT IS ONLY OBLIGATED TO PAY THE LEASE RENTAL PAYMENTS (IN AN AMOUNT EQUAL TO THE PRINCIPAL OF AND INTEREST ON THE OUTSTANDING OBLIGATIONS UNDER THE TRUST INDENTURE, INCLUDING THE SERIES 2023 BONDS) OR TO REPLENISH AMOUNTS WITHDRAWN FROM THE DEBT SERVICE RESERVE FUND FOR SUCH LEASE RENTAL PAYMENTS WHEN DUE AND IS NOT OBLIGATED TO PAY THE PURCHASE PRICE OF ANY VARIABLE RATE OBLIGATIONS OUTSTANDING UNDER THE TRUST INDENTURE.

Bankruptcy Provisions. Chapter 9 of the United States Bankruptcy Code (the "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 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 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.

Application of Facility Charges for the Payment of Debt Service Charges

General. Although the Board has used receipts from passenger facility charges ("PFCs") and customer facility charges ("CFCs" and together with PFCs, "Facility Charges") for the payment of debt service on the Outstanding Obligations and intends to continue using such receipts from Facility Charges for the payment of debt service on its Outstanding Obligations, the Board has no obligation to use any portion of such receipts from Facility Charges for such purpose. Moreover, receipts from Facility Charges are <u>not</u> included within General Revenues, which are pledged to the payment of debt service on Outstanding Obligations and all additional Obligations.

See “SECURITY FOR THE SERIES 2023 BONDS - General Revenues” herein. The Board may, however, use receipts from Facility Charges at its discretion for the purpose of paying debt service on its Outstanding Obligations in order to meet its rate covenant under the Trust Indenture, as described above under “SECURITY FOR THE SERIES 2023 BONDS – General Revenues - *Rate Covenant*.” See also “BONDHOLDER RISKS – Reduction or Loss of PFC Revenues.”

PFCs. Pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, adopted by the U.S. Congress in 2000, and the related regulations and statutes (collectively, the “PFC Acts”), a public agency which controls a commercial service airport, such as the Board, is authorized to charge each paying passenger enplaning at such airport (subject to limited exceptions) a passenger facility charge (PFC) ranging from $1.00 up to a maximum of $4.50. PFCs are capped at $4.50 per flight segment with a maximum of two PFCs charged on a one-way trip or four PFCs on a round trip, for a maximum of $18 total. Revenues from PFCs (“PFC Revenues”) are collected on behalf of airports by air carriers and their agents and remitted monthly to the public agency, less prescribed handling charges retained by such air carriers and their agents (currently, $0.11 per PFC).

The proceeds from PFCs are required to be used to: finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system; reduce noise from an airport that is part of such system; or furnish opportunities for enhanced competition between or among air carriers. PFCs may be used to pay debt service charges on indebtedness incurred to finance eligible projects, which could not be paid for from funds reasonably expected to be available through the federal Airport Improvement Program. Before imposing and using PFCs, a public agency must apply to the FAA for approval (each a “PFC Application”).

The following is a recent history of the PFC Applications submitted by the Board:

- In connection with the 2008 Project, the Board applied to the FAA for the authority to assess the increased $4.50 charge per enplaned passenger at the Airport, rather than the $3.00 charge per enplaned passenger which had been assessed since 1994, in order to pay PFC-eligible debt service associated with certain work project elements, which were funded, in part, with a portion of the proceeds of the 2008 Series A Bonds and the 2008 Series B Bonds (“PFC Application Number 7”). In October 2009 the FAA approved PFC Application Number 7 with the total authority to impose and use PFCs of approximately $37.4 million.

- In April 2019 the FAA approved PFC Application Number 8, with the total authority to impose and use PFCs of approximately $10.6 million.

- In June 2020 the FAA approved PFC Application Number 9, with the total authority to impose and use PFCs of approximately $4.0 million.

- The total amount of PFCs approved by the FAA is approximately $102.5 million, consisting of the amounts listed above, plus approximately $50.4 million which was previously approved by the FAA pursuant to Application Number 5 (July 2003) and Application Number 6 (May 2005). As of March 31, 2023 the Airport has disbursed

$39.6 million, leaving $62.9 million in approved PFC funds available to be used to pay debt service on eligible projects, including, but not limited to, the Project financed with the proceeds of the Obligations.

Actual PFC Revenues for Fiscal Year 2018 through Fiscal Year 2022 are set forth in ***Table 8*** entitled "Historical Airport Revenues and Expenses" under "AIRPORT OPERATIONS," including a discussion of the impact of the COVID-19 Pandemic thereon.

CFCs. Customer facility charges (CFCs) are user fees imposed by airport operators on rental car users, which are collected by rental car companies. Unlike PFCs, CFCs are not regulated at the federal level and the authorization, collection, and permitted uses of the revenues therefrom vary from state to state.

Pursuant to Concession Agreements entered into by the Board and the on-Airport rental car companies (the "Rental Car Companies"), the Rental Car Companies are required to collect a CFC from their customers for each day that a rental contract is in effect, up to a maximum of ten days. The Board establishes CFC rates and governs the use of the revenues collected in connection therewith (the "CFC Revenues"). In January 2017, the Board passed a resolution, superseding all previous CFC resolutions, that set the amount of the new CFC rate at $4.00 per day, to be used for the planning, design, financing, and construction of new car rental maintenance facilities and the demolition of existing individual rental car facilities, including the payment of principal and interest for debt issued for such purposes. The CFC rates can be adjusted annually, or on a more frequent basis as needed, by the President and Chief Executive Officer of the Board, absent any additional approvals, to fund the debt service and operating requirements of the Airport. In July 2019, the CFC rate was reduced from $4.00 per day to $3.75 per day. Effective August 1, 2023, the daily CFC rate was increased from $3.75 per day to $4.75 per day. As of September 30, 2023 the Board had a CFC cash balance of $248,535.

The Board determines the purposes for which CFC Revenues may be used, which are currently restricted to the following: (1) payment of the annual debt service on Obligations, Subordinated Indebtedness, and/or other indebtedness incurred for the purpose of financing improvements related to the rental car facilities; (2) funding the operating and maintenance costs of the rental car maintenance facilities; and (3) paying for any other improvements to facilities of the Airport used by the Rental Car Companies, as the Board deems appropriate.

Actual CFC Revenues for Fiscal Year 2019 through Fiscal Year 2023 are set forth in ***Table 8*** entitled "Historical Airport Revenues and Expenses" under "AIRPORT OPERATIONS," including a discussion of the impact of the COVID-19 Pandemic thereon.

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Historical Rate Covenant Compliance

The following table sets forth the historical Rate Covenant compliance for Fiscal Year 2019 through Fiscal Year 2023 with respect to the Obligations which were Outstanding at the end of each Fiscal Year.

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A	General Revenues	$20,142,048	16,652,312	$12,399,864	$18,573,376	$21,999,484
B	Cash balance as of the first day of the Fiscal Year[(a)]	15,200,217	13,958,307	21,773,096	21,009,703	22,571,179
C	Total Cash and General Revenues (Line A plus Line B)	**35,342,265**	**30,610,619**	**34,172,960**	**39,583,079**	**44,570,663**
D	Less Operation and Maintenance Expenses	(14,599,044)	(14,053,410)	(12,971,081)	(14,186,919)	(17,107,821)
E	Total Cash and Net Revenues (Line C minus Line D)	$20,743,221	$16,557,209	$21,201,879	$25,396,160	$27,462,842
F	Aggregate Annual Debt Service for the Outstanding Obligations[(b)]	$6,938,568	$6,184,652	$6,853,204	$9,852,619	$6,849,695
G	Debt Service Charges for Subordinated Indebtedness	0	0	0	0	0
H	Aggregate Debt Service for the Outstanding Obligations and Subordinated Indebtedness (Line F plus Line G)	$6,938,568	$6,184,652	$6,853,204	$9,852,619	$6,849,695
I	LESS: Receipts from PFCs available for the payment of Debt Service Charges	($2,829,613)	($2,381,914)	($2,585,867)	($2,594,892)	$(2,559,075)
J	LESS: Receipts from CFCs available for the payment of Debt Service Charges	(1,148,758)	(1,148,758)	(1,059,094)	(1,057,378)	(1,034,438)
K	Total Reductions from Total Aggregate Annual Debt Service (Total of Lines I and J)	($3,978,371)	($3,530,672)	($3,644,961)	($3,652,270)	($3,593,513)
L	Net Total Aggregate Annual Debt Service (Line H minus Line K)	**$2,960,197**	**$2,653,980**	**$3,208,242**	**$6,200,349**	**$3,256,182**
M	Compliance with Rate Covenant (1.00 coverage) (Line E divided by Line L)[(c)]	**7.01**	**6.24**	**6.61**	**4.10**	**8.43**

(a) To determine the beginning cash balances for each Fiscal Year, only unrestricted cash and investment balances have been included. Cash from Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs) have been excluded since the aggregate annual debt service amounts have already been reduced by the eligible portion of both the PFC and CFC balances to derive the net annual debt service amounts. The Net Total Aggregate Annual Debt Service amounts (Line L) represent the portion of the debt service that is required to be funded each year through unrestricted cash balances/reserves and operating revenues.

(b) Debt service payments with respect to the Reissued 2009 Series B Bonds include certain fees of the Bank pursuant to the Bond Purchase and Financing Agreement entered into in connection therewith.

(c) See "SECURITY FOR THE SERIES 2023 BONDS – General Revenues - *Rate Covenant.*"

Additional Obligations Issued on a Parity Basis with the Series 2023 Bonds

Under the Trust Indenture, the Board is authorized to issue from time to time additional Obligations on a parity basis with the Outstanding Obligations, including the Series 2023 Bonds. The Board anticipates issuing an additional Obligation in in the fourth quarter of 2023 in connection with the establishment of a line of credit in an estimated maximum principal amount of $16,000,000, for the purpose of providing for the interim financing of general Airport improvements and/or working capital.

Before any such additional Obligations shall be delivered to the Trustee, there shall be filed with the Trustee, certificates and other documentation, including, but not limited to, the following (all as further provided in the Trust Indenture):

(a) Certified copy of the Series Resolution;

(b) Copy of the related Ordinance adopted by the Urban County Council;

(c) A Supplemental Trust Indenture (if applicable);

(d) A Supplemental Lease;

(e) Except in the case of Completion Obligations and Refunding Obligations, either (1) a Certificate of an Independent Airport Consultant stating that, based upon reasonable assumptions set forth therein, General Revenues (plus PFCs and CFCs if any are anticipated to be available for the payment of Debt Service Charges) are projected to be not less than that required to satisfy the Rate Covenant described herein under "SECURITY FOR THE SERIES 2023 BONDS – General Revenues - Rate Covenant" (disregarding any Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Obligations proposed to be issued) for each of the next three Fiscal Years following the issuance of such Obligations or, if later, for each Fiscal Year from the issuance of such Obligations through the two Fiscal Years immediately following completion of the Airport Project to be financed by such Obligations; or (2) a Certificate stating that General Revenues for the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the Rate Covenant described herein under "SECURITY FOR THE SERIES 2023 BONDS General Revenues - *Rate Covenant*," assuming for such purpose that Aggregate Annual Debt Service for such Fiscal Year includes the maximum Annual Debt Service on the Obligations proposed to be issued;

(f) In the case of Completion Obligations: a Certificate stating (i) that the Obligations proposed to be issued are being issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Obligations, and (ii) that the additional cost of the Airport Projects being financed by such Obligations does not exceed 15 percent of the aggregate cost thereof previously financed; and a Certificate of a Consulting Engineer (i) stating that the Airport Projects have not materially changed from their description in the Supplemental Trust Indenture authorizing the Obligations initially issued to finance the cost of such Airport Projects, (ii) estimating the revised aggregate cost of the Airport Projects, (iii) stating that the revised aggregate cost of such Airport Projects cannot otherwise be paid, and (iv) stating that, in the opinion of the Consulting Engineer, the issuance of Completion Obligations is necessary to provide funds to complete such Airport Projects;

(g) A written order as to the delivery, executed by the Fiscal Officer (i) stating that no Event of Default has occurred and is continuing under the Trust Indenture, (ii) fixing and determining all terms and provisions of the Obligations of such Series not fixed or determined by the Trust Indenture or the related Supplemental Trust Indenture, and (iii) providing for a deposit of an amount in the Debt Service Reserve Fund so that the Debt Service Reserve Requirement will be satisfied, or in lieu thereof, delivery to the Trustee of a Debt Service Reserve Fund Credit Instrument;

(h) The written opinion or opinions of counsel for the Board, or other counsel satisfactory to the Trustee, to the effect that the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Trust Indenture, that the issuance of such Obligations has been duly authorized, that the Obligations and the supplements to the Trust Indenture, if any, are valid and binding in accordance with their terms, and that in the opinion of such counsel all conditions precedent to the delivery of such Obligations have been fulfilled;

(i) A certificate of the Fiscal Officer that no Event of Default has occurred and is continuing hereunder and that the other conditions to the issuance of the Obligations have been met;

(j) In the case of Refunding Obligations: (i) the documents referred to in paragraphs (a)-(d) and (g)-(i) above, (ii) if a redemption of Obligations is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the Obligations to be refunded and the redemption date or dates, if any, upon which such Obligations are to be redeemed; (iii) if a redemption of Obligations is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to publish, as provided in the applicable Supplemental Trust Indenture, notice of redemption of such Obligations on a specified date prior to their redemption date; (iv) a certificate of an Independent Accountant (or a certificate of the Trustee if the Obligations to be refunded will be redeemed within 90 days of the issue date of the Refunding Obligations) stating the amount of either (a) moneys in an amount sufficient to pay the Obligations to be refunded at the applicable Redemption Price of the Obligations to be refunded, together with accrued interest on such Obligations to the redemption date or dates or the date or dates of maturity thereof, or (b) Government Bonds, the principal of, and interest on, which when due (without reinvestment thereof), together with the moneys which must be contemporaneously deposited with the Trustee, to be sufficient to pay when due the applicable Redemption Price of the Obligations to be refunded, together with accrued interest on such Obligations to the redemption date or dates or the date or dates of maturity thereof, and (v) such further documents and moneys as are required by the provisions of the related Supplemental Trust Indenture.

Subordinated or Other Indebtedness

Nothing contained in the Trust Indenture prohibits the Board from (i) issuing other indebtedness secured by and payable from the General Revenues, provided that such other indebtedness constitutes Subordinated Indebtedness, and (ii) issuing other indebtedness payable from, but not secured by the General Revenues.

THE AIRPORT

Management

The Airport executive team includes the following:

Eric Frankl, President and Chief Executive Officer. Mr. Frankl has served in his current role since 2009 and has over 30 years of experience in the aviation industry. He holds a bachelor's degree in aviation management from Bowling Green State University. He earned his professional accreditation from the American Association of Airport Executives ("AAAE") in 1996. Mr. Frankl has the overall responsibility for the day-to-day management of the Airport, including Airport operations, finance and administration, development, and community relations. In 2010, he was awarded an Industry Excellence Award by the National Air Transportation Association for his efforts in fostering relationships with local aviation businesses and was also named Airport Manager of the Year by the Federal Aviation Administration Southern Region. He recently concluded a three-year term as the Chair of the Airline Economics and Air Service Committee for the AAAE and currently serves as Chair of the National Leadership Development Committee for AAAE.

Scott Lanter, Vice President, Public Safety and Operations. Mr. Lanter has served in his current role since 2009 and has over 35 years of experience in the aviation industry. He holds a bachelor's degree in fire and safety engineering and a master's degree in criminal justice and policing, both from Eastern Kentucky University. He earned his professional accreditation from AAAE in 2010. Mr. Lanter oversees public safety and Airport operations, with responsibilities for elements such as the Airport Rescue Fire Fighting Training Center ("ARFF"), the Airport's Short Messaging Service (SMS), compliance with the regulations of the Occupational Safety and Health Administration (OSHA), and emergency preparedness. Mr. Lanter serves on the FAA Fire Fighting Foam Transition Advisory Group, National Fire Protection Association, Airport Rescue Fire Fighting Technical Committee, the Kentucky FBI Joint Terrorism Task Force, and the TSA Aviation Security Advisory Committee. In 2019 Mr. Lanter was recognized by Kentucky Department of Aviation as both a Kentucky Ace and Commercial Airport Professional of the year.

Don Sever, Vice President, Finance and Administration. Mr. Sever has served in his current role since 2009 and has over 30 years of experience in finance. He holds a bachelor's degree in accounting from the University of Kentucky and is licensed in Kentucky as a certified public accountant. Mr. Sever is responsible for overseeing all financial aspects of the Airport, from managing budgets and financial reporting to ensuring compliance with regulatory requirements. He plays a key role in shaping the Airport's financial strategy, supporting long-term growth objectives, and providing strategic guidance to the executive team and the Board.

Airport Facilities

The Airport consists of a passenger terminal, the airfield (as further described below) and supporting land areas, a general aviation apron and supporting buildings and hangars, and other aviation related hangars, buildings and land areas. The Airport is located on and includes approximately 1,000 acres located six miles west of the City of Lexington, within the jurisdictional boundaries of the Urban County Government, and adjacent to US Highway 60, a major six-lane east-west highway. It is the only Primary Commercial Service airport (which is defined by the FAA as having scheduled airline service and enplaning more than 10,000 passengers annually) located in the central part of the Commonwealth of Kentucky and which is served by both national and regional air carriers.

The airfield at the Airport consists of: (1) two runways; (2) associated aircraft taxiways; (3) aircraft navigational aids; and (4) an aircraft rescue and fire-fighting facility. Runway 4/22 is 7,002 feet in length, 150 feet in width, of asphalt composition and grooved and is used primarily for commercial air carrier operations. Runway 4/22 is equipped with high intensity runway lights, centerline lights, two instrument landing systems and approach radar and is served by a parallel taxiway system. The taxiway system consists of one taxiway parallel to Runway 4/22 with a series of connector taxiways allowing access to the passenger terminal building, air freight areas and the general aviation area. Another taxiway parallel to Runway 4/22 allows access to the Airport's second runway, Runway 9/27, and the heavy jet apron. Runway 9/27 is 4,000 feet in length, 75 feet in width, of concrete composition, and is used for general aviation aircraft only. Runway 9/27 is equipped with medium intensity runway lights and is served by a parallel and cross field taxiway system. The parallel taxiway provides access to the general aviation and heavy jet aprons. The cross field taxiway system allows access from Runway 9/27 to the passenger terminal building, air freight areas and general aviation area.

FAA personnel operate the air traffic control tower located east of the passenger terminal building 24 hours a day. A very high frequency omni-directional range transmitter station is located 7.6 miles southeast of the Airport.

The Airport is currently served by Allegiant Air, American Airlines, Delta Airlines, Inc. ("Delta"), United Airlines, Inc. ("United"), and their affiliates.

Terminal Facilities

The Airport has an approximately 215,000 square foot, three-level terminal building (the "Terminal Building") with 10 aircraft parking positions for boarding passengers by means of second level loading bridges and additional parking positions for ground level loading of smaller commuter aircraft. The Terminal Building provides space for airline ticket counters, airline offices, Transportation Security Administration ("TSA") passenger and baggage screening facilities, a main lobby, baggage claim lobby and baggage conveyors, food, beverage, retail and service concessions, administrative offices of the Board and various support facilities. The

Terminal Building was originally constructed in 1976 and subsequently renovated and expanded in 1984, 1990, 2007, and 2009. The Airport is also a "U.S. Customs User Fee" Airport capable of clearing prearranged international flights. There is a permanent United States Customs presence at the Airport with services available 24 hours per day upon request. The United States Customs agents can also handle immigration and agricultural matters related to such flights pursuant to standard federal government interagency agreements.

Parking

The existing public automobile parking areas include both surface and multi-level parking facilities, which provide approximately 2,500 parking spaces divided into short-term, long-term, and park and shuttle parking. The short-term parking areas, comprised of approximately 1,200 spaces, are located in a surface lot adjacent to the Airport's loop road in front of the Terminal Building and the multi-level parking deck, which is also located adjacent to the loop road in front of the Terminal Building. The long-term parking area has approximately 1,000 spaces and is located in a surface lot adjacent to the short term lot. The overflow lot has approximately 300 spaces and is located outside the Airport entrance loop road. In addition, there is a cell phone waiting parking lot, which is contiguous to the main Terminal Building entrance roadway.

There are various employee parking areas appurtenant to the Terminal Building area providing 258 parking spaces for employees of the Airport and Airport tenants. The curb lane at the Terminal Building contains curbside parking spaces for the loading and unloading of vehicles, as well as spaces for taxis, limousines and hotel/motel courtesy vehicles.

In addition to the public and employee parking facilities, a rental car ready/return parking lot containing 224 parking spaces for automobiles to be rented or returned by rental car customers is conveniently located proximate to the baggage claim area of the Terminal.

The parking garage and the other public parking facilities of the Airport are managed by REEF Technology (the "Manager"), pursuant to a concession agreement (the "Parking Agreement"). The Parking Agreement provides for the Airport to be paid a percentage of gross revenues generated by such parking facilities. Under the Parking Agreement, the Manager has the responsibility for the management and operations of the public parking facilities.

Rental Car Service Facilities

Currently, there are three rental car service facilities, in which four rental car companies offer service under the following brands - Enterprise, Hertz-Dollar, Avis Budget Group, and National-Alamo. Each of the three facilities is equipped with cleaning, fueling, and service equipment which support each brand in the conduct of their rental car business at the Airport. The aggregate space for the office spaces, service garages, and associated parking spaces for rental vehicles is approximately 407,000 square feet.

Airport Maintenance Facilities

The Airport has one large maintenance building proximate to the airfield and the Terminal Building. This building is used to house and maintain the Airport's maintenance equipment and tools and to perform various maintenance duties.

General Aviation Facilities

General aviation ("GA") services at the Airport, such as aircraft maintenance, aircraft painting and avionics services for general aviation aircraft and small multi-engine turboprop aircraft, are provided by the Airport's fixed base operator (the "FBO"). The FBO also provides aircraft fueling, cleaning and ground handling services, as well as limited mechanical support to the commercial air carriers. In addition, the Airport developed and opened a general aviation complex (WestLEX), located on the westside of the Airport. WestLEX provides additional hangars for rent and also offers services to hangar tenants such as aircraft fueling services and towing assistance.

Air Freight Facilities

The Airport's air freight facilities include an air freight terminal comprising approximately 5,000 square feet, which is currently used by air carriers and air freight handlers for air cargo and mail-related purposes.

Airport Improvements

General. Airport improvements are financed through a combination of the proceeds of Obligations issued pursuant to the Trust Indenture, Subordinated Indebtedness, or other indebtedness, grants, and/or cash.

New Master Plan. In August 2022, the Airport announced that it is developing a new Master Plan, which will forecast future aviation activity and create a strategic vision to accommodate the needs of the region. This Master Plan will cover all areas of airport operations and infrastructure such as safety, passenger experience, facilities, and corporate and private aviation. During an 18-month process, the Airport and its team will gather and analyze data about the existing facility, including physical and operational aspects as well as environmental and financial considerations. This information will be used to create projections for future needs. The Airport will consult with local, state and national experts as it creates a new plan for the future. A community leadership advisory committee and technical advisory committee will meet periodically to provide input and advice. The last master planning process was completed in 2013, when the previous plan from 2005 was updated.

Airport Improvement Program. One source of federal grants benefiting the Airport is the Airport Improvement Program (the "AIP") established pursuant to the Airport and Airway Improvement Act of 1982 (Public Law 97-248). The AIP is administered by the FAA and is funded from the Airport and Airway Trust Fund. The AIP provides funds to finance capital improvements to commercial, cargo, and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA.

In an effort to mitigate the impact of the COVID-19 Pandemic, the CARES Act provided funds to increase the federal share to 100 percent for AIP and supplemental discretionary grants awarded under FFY 2020 appropriations. With the availability of such funding, the Airport continued to build new facilities to support operations for the traveling public during a time when fewer passengers were impacted. See “IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT – Federal Pandemic Assistance Received by the Airport.”

Infrastructure Investment and Jobs Act of 2021 (“IIJA”). The U.S. Congress approved \$15 billion over five years in airport infrastructure funding under the IIJA, which can be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections and roadway projects. The Airport was awarded Airport Infrastructure Grants of \$4,107,460 for FY 2022 and \$4,101,974 for FY 2023 and a \$2 million discretionary grant through the Airport Terminal Program to fund upgrades to several passenger boarding bridges.

Recent Airport Improvements. Recent Airport improvements have included the following:

- *Taxiway Safety Enhancement Program:* In FY 2022, the Airport completed its five-phase Taxiway Safety Enhancement Program in order to enhance operational safety on the airfield and improve the efficiency of aircraft movement. The Program incorporated a new taxiway that provides a second access route into the parking apron of the airlines. To accommodate this new taxiway, the existing Snow Removal Equipment/Maintenance Complex and the Aircraft Rescue and Firefighting Facility had to be relocated. The completion of this project was essential so that the Airport could continue serving its region with access to the global business network and providing a Kentucky gateway for visitors from around the world.

- *Runway Resurfacing.* In August 2021, the Airport resurfaced its main runway (Runway 4-22) during a 72-hour closure. Airports typically resurface runways every 10-15 years, over a period of several months. In order to reduce the impact to passengers and provide a more continuously paved runway, the Airport scheduled the entire project over one weekend. Continuously paved runways extend the overall life of the pavement, requiring less maintenance and improving safety. The \$16.2 million project required the efforts of hundreds of workers over a three-day period, with as many as 300 crew members working simultaneously. One industry observer compared the team to a NASCAR pit crew in action. The Airport was selected by *Airport Business* magazine as one of six recipients of the 2022 Projects of the Year award in the Airfield category for this project.

- *Land Acquisition.* In January 2020, the Board entered into an agreement to purchase 33 acres of land in front of the Airport's parking areas and along Man O' War Boulevard. These parcels of land were noted in Master Plans dating back to 1995 for consideration for acquisition. The 2013 Master Plan specifically contemplated the use of a portion of these parcels to provide additional vehicle parking capacity.

- *Other Improvements.* In FY 2020, the Airport completed construction of a \$6.5 million parking expansion that included more than 300 long-term parking spaces, a covered walkway for long-term parking customers, an expanded employee parking area, and a 40-space cell phone waiting area. The Airport also installed a new jet bridge to prepare for future airline growth and completed work on a \$6.9 million baggage system.

See ***Appendix D*** hereto for information regarding the portion of the Project financed with the proceeds of the Prior Obligations issued by the Board.

Anticipated Future Airport Improvements. See "PLAN OF FINANCE – Use of Series 2023 Bond Proceeds" for information regarding the 2023 Project.

Please note that the Board provides a five-year outlook to the FAA each year with respect its reasonable expectations at that time as to the FAA grants for which it will apply. Such plans are preliminary and subject to change. The Board applies for FAA grants on a continuing basis and adjusts its plans based on the grants awarded. Currently, the Board has submitted or expects to submit grant applications for projects including, but not limited to, the following:

- Runway 4 - Engineered Material Arresting System (EMAS) – A safety precaution that can stop an aircraft from overrunning the runway.
- Jet Bridge Replacement – The Airport is replacing multiple Jet Bridges in the terminal.
- Airport Traffic Control Tower Design/Relocation – The Airport is researching the possibility of relocating the Air Traffic Control Tower to another area on Airport property.
- Terminal Improvements

IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT

Background

In 2020, the outbreak of COVID-19 was declared a pandemic (the "COVID-19 Pandemic") by the World Health Organization (WHO), as well as a U.S. national emergency, and a statewide emergency in the Commonwealth of Kentucky. The responses of governments, businesses, and individuals to the COVID-19 Pandemic caused widespread and significant changes in economic activity. Many sectors of the global, national and local economies experienced negative effects due to reduced consumer spending, decreased investor confidence, and increased unemployment, as well as government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. U.S. airports faced significant reductions in passenger volume and many airlines reduced flights offered and encouraged staff to accept early retirement. Over the next three years, following mitigation efforts and the development and distribution of vaccines and treatments for COVID-19 infections, business and travel restrictions were eased as the infection rates dropped. On May 5, 2023, the WHO declared that COVID-19 is an established and ongoing health issue which no longer constitutes a public health emergency of international concern. Effective May 11, 2023, the President of the United States ended the federal COVID-19 public health emergency declaration.

Federal Pandemic Assistance

The U.S. Congress adopted the following legislation in order to provide federal assistance in managing the collateral effects of the COVID-19 Pandemic:

(a) In March 2020, three separate measures including (i) the Coronavirus Preparedness and Response Supplemental Appropriations Act, (ii) the Families First Coronavirus Response Act, and (iii) the Coronavirus, Relief and Economic Security (or "CARES") Act, providing approximately $3 trillion to deliver fast and direct economic assistance to American workers, families and small businesses. The CARES Act created the Airport Grant Program to provide $10 billion in economic relief for U.S. airports, to be used for airport capital expenditures, airport operating expenses including payroll and utilities, and airport debt payments. The CARES Act also provided funds to increase the federal share to 100 percent for Airport Improvement Program (AIP)[5] and supplemental discretionary grants awarded under FY 2020 appropriations;

(b) In December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSA Act"), established the Airport Coronavirus Response Grant Program (ACRGP) to distribute approximately $2 billion in economic relief to eligible U.S. airports, including funds to be provided to eligible concessions at those airports; and

(c) In March 2021, the American Rescue Plan Act of 2021 (the "ARP Act"), established the Airport Rescue Grant program, providing approximately $8 billion in additional assistance to eligible U.S. airports, including funds to be provided to eligible concessions at those airports.

Such federal assistance provided to airports was awarded by the Federal Aviation Administration based on various formulas and is referred to collectively herein as the "Federal Pandemic Assistance." See "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT - Federal Pandemic Assistance Awarded to the Airport" below.

Overview of Impact on the Airport

The following overview of the impact of the COVID-19 Pandemic on the Airport is based on excerpts from the audited financial statements of the Board for Fiscal Years 2020-2022 (available under the applicable issues of the Board on EMMA) and the Airport FY 2023 Audit, attached as ***Appendix B*** *hereto. Please see such audited financial statements for additional information.*

Impact of the COVID-19 Pandemic. Prior to the COVID-19 Pandemic, the Airport was experiencing record enplanements and an increased number of seats in the market. As COVID-19 cases increased, local businesses and corporations were shut down, and business travel was halted. Leisure travel during March, April and May 2020 was limited. The Airport's enplanements showed a decrease from the prior year for April and May 2020 of 96.4% and 88.5%, respectively.

[5] See "AIRPORT OPERATIONS - Airport Improvements – *Airport Improvement Program*" herein.

As the economy opened back up, the Airport began to see leisure travelers emerge for summer vacations and trips to see out-of-state family members. The Airport's enplanements showed a decrease from the prior year for June and July 2020 of 74% and 67%, respectively.

To offset the adverse financial effects of the COVID-19 Pandemic, during FY 2020 and FY 2021, the Airport reduced its operating expenses by $1,000,000 from FY 2020 to FY 2021 and delayed some capital projects. The Airport also provided financial relief to concessionaires who were subject to paying a Minimum Annual Guarantee (MAG) by waiving this requirement until July 1, 2022.

Recovery. During FY 2021, air travel slowly started to recover as COVID-19 vaccines became readily available and travel restrictions began to ease. In March 2021, the Airport began to see an increase in leisure travel. The airlines operating from the Airport began to increase their schedules, enlarge their aircraft, and rehire staff. The Airport received new airline service during FY 2021 with the addition of seasonal flights to Miami, Florida (American Airlines) and Houston, Texas (Allegiant). Anticipating an increase in travelers, the Airport installed a 20-foot ionizing fan at the TSA checkpoint in an effort to clean the air and deactivate COVID-19 particles.

The Airport received approximately $20.6 million in Federal Pandemic Assistance. Approximately $13.5 million was applied to payroll expenses and debt service in FY 2020 and FY 2021, and the remaining amount of approximately $7.1 million was applied to such expenses in FY 2022 (see "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT - Federal Pandemic Assistance Awarded to the Airport" below). Federal funding through the AIP was used to continue with Airport improvements during a time when fewer passengers were impacted (see "AIRPORT OPERATIONS – Airport Improvements – *Recent Airport Improvements*").

As COVID-19 cases continued to decrease in FY 2022, air travel continued to recover and the Airport awaited the return of several flights to business destinations. The total number of passenger enplanements in FY 2023 of 633,754 represented a 10.1% increase from FY 2022, but remained 10.9% lower than the total number of passenger enplanements in FY 2019.

See "AIRPORT OPERATIONS - Level of Existing Airline Service – *Current Service*" for information regarding several new flights which have been announced in FY 2023.

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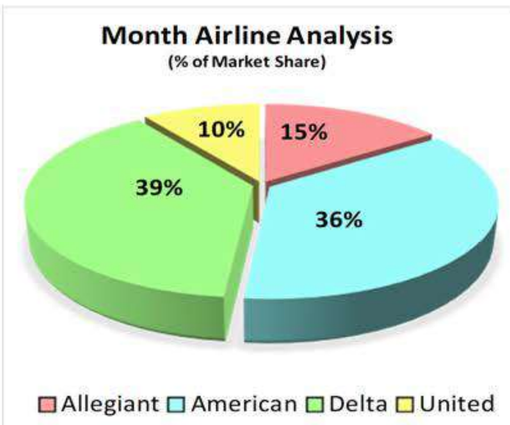
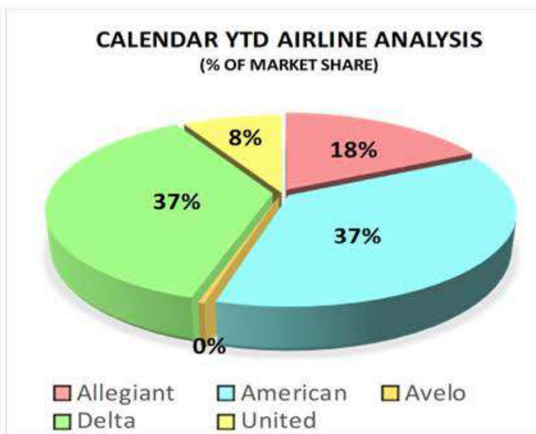
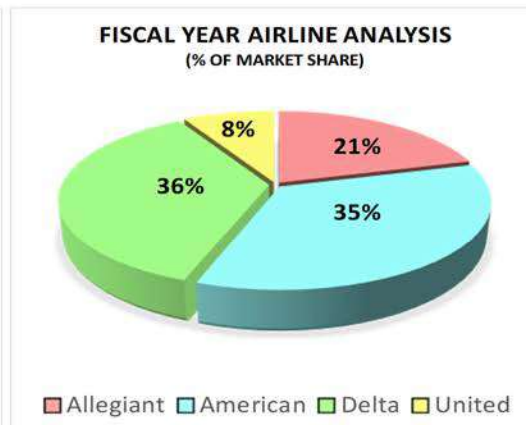
2023 Enplanement and Landed Weight Data. The following table presents data regarding enplanements and landed weight for August 2023, calendar year 2023 to date, and FY 2024 to date (initial two months) and data for the corresponding periods in the prior year.[6]

Lexington Blue Grass Airport Traffic August 2023

	Month					Calendar Year-To-Date					Fiscal Year-To-Date				
	Aug-23	Aug-22	Month Var	Δ %	Trend	Aug-23	Aug-22	Variance	Δ %	Trend	Aug-23	Aug-22	Variance	Δ %	Trend
ENPLANEMENTS															
ALLEGIANT	8,321	7,383	938	12.7%	↑	77,853	74,684	3,169	4.2%	↑	24,890	22,487	2,403	10.7%	↑
AMERICAN	19,766	16,084	3,682	22.9%	↑	159,236	122,458	36,778	30.0%	↑	41,653	33,262	8,391	25.2%	↑
AVELO	0	0	0	N/A	→	1,534	0	1,534	N/A	↑	0	0	0	N/A	→
DELTA	20,929	21,828	(899)	(4.1%)	↓	160,335	169,940	(9,605)	(5.7%)	↓	43,386	44,369	(983)	(2.2%)	↓
UNITED	5,411	3,750	1,661	44.3%	↑	36,549	28,340	8,209	29.0%	↑	10,023	7,385	2,638	35.7%	↑
CHARTER	245	251	(6)	(2.4%)	↓	3,952	2,644	1,308	49.5%	↑	549	251	298	118.7%	↑
Total Enplanements	***54,672***	***49,296***	***5,376***	***10.9%***	↑	***439,459***	***398,066***	***41,393***	***10.4%***	↑	***120,501***	***107,754***	***12,747***	***11.8%***	↑
Total Deplanements	***57,350***	***52,060***	***5,290***	***10.2%***	↑	***437,327***	***399,301***	***38,026***	***9.5%***	↑	***124,882***	***112,991***	***11,891***	***10.5%***	↑
Total Passengers (Enplanements + Deplanements)	***112,022***	***101,356***	***10,666***	***10.5%***	↑	***876,786***	***797,367***	***79,419***	***10.0%***	↑	***245,383***	***220,745***	***24,638***	***11.2%***	↑
LANDED WEIGHT (1,000 LB Units)															
ALLEGIANT	9,094	7,928	1,166	14.7%	↑	73,884	70,766	3,118	4.4%	↑	24,405	21,385	3,020	14.1%	↑
AMERICAN	26,893	20,323	6,570	32.3%	↑	206,807	142,152	64,655	45.5%	↑	55,085	40,679	14,406	35.4%	↑
AVELO	0	0	0	N/A	→	2,487	0	2,487	N/A	↑	0	0	0	N/A	→
DELTA	25,987	28,238	(2,251)	(8.0%)	↓	188,890	206,319	(17,429)	(8.4%)	↓	52,786	55,697	(2,911)	(5.2%)	↓
UNITED	6,104	4,333	1,771	40.9%	↑	45,120	32,813	12,307	37.5%	↑	11,900	8,751	3,149	36.0%	↑
Total Landed Weight	***68,078***	***60,822***	***7,256***	***11.9%***	↑	***517,188***	***452,050***	***65,139***	***14.4%***	↑	***144,176***	***126,512***	***17,664***	***14.0%***	↑
Total Commercial Operations	***1,470***	***1,614***	***(144)***	***(8.9%)***	↓	***11,686***	***12,289***	***(603)***	***(4.9%)***	↓	***3,049***	***3,283***	***(234)***	***(7.1%)***	↓







[6] Historical data regarding enplanements on a calendar year basis is presented in ***Table 3*** under "AIRPORT OPERATIONS." Historical data regarding enplanements and landed weight for FY 2019 through FY 2023 is presented in ***Tables 4*** and ***7***, respectively, under "AIRPORT OPERATIONS."

Federal Pandemic Assistance Awarded to the Airport

A summary of the Federal Pandemic Assistance which was awarded to the Airport (in the form of grants administered by the FAA) and the application thereof is presented below:

Federal Pandemic Assistance Awarded
(By Program and Purpose)

Program	Debt Service and Operating Expenses	Concessions	Total Awarded by Program
CARES	$9,567,339	N/A	$9,567,339
CRRSAA	3,889,208	$151,412	4,092,032
ARPA	7,133,339	605,647	7,738,986
Total Awarded	$20,589,886	$757,059	$21,346,945

Application of Federal Pandemic Assistance
(By Fiscal Year and Purpose)

Fiscal Year	Debt Service and Operating Expenses	Concessions	Total
FY 2020 Actual	$3,228,827	N/A	$3,228,827
FY 2021 Actual	9,995,526	$151,412	10,146,938
FY 2022 Actual	7,365,533	605,647	7,971,180
Total Applied	$20,589,886	$757,059	$21,346,945

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AIRPORT OPERATIONS

The impact of the COVID-19 Pandemic is further discussed in connection with the financial and operational metrics provided by the Board in this section, including the data provided in Tables 2 through 9. The calculation of average annual trends in historical data from FY 2019 to FY 2023 reflects the impact of the COVID-19 Pandemic since FY 2020 (see "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT – Overview of Impact on the Airport").

Level of Existing Airline Service

General. Since the Airline Deregulation Act of 1978 (P.L. 95-504), most major airlines have developed "hub-and-spoke" systems in order to fill aircraft. In a hub-and-spoke system, passengers from numerous cities throughout the major airlines' networks are directed each day into a small number of "hub" airports where they connect on flights to "spoke" airports in other cities, thereby creating economies-of-scale and allowing airlines to increase frequency, profitability and serve cities that would otherwise go without service in a "point-to-point" system. Within this system of hub-and-spoke airports, the Airport is classified as a small-hub airport under FAA passenger enplanement criteria and is considered an origination and destination ("O&D") airport. Most of the scheduled air service provided at the Airport is to the connecting passenger hubs of the airlines serving the Airport and/or their major airline partners.

Current Service. Four major airlines currently provide service to the airport via their multiple regional affiliates, as described below:

(a) *Allegiant Air.* Allegiant Air provides the Airport with non-stop service to seven leisure destinations, including approximately three weekly departures to Punta Gorda, Florida (Punta Gorda Airport), five weekly departures to St. Petersburg, Florida (St. Petersburg/Clearwater International Airport), two weekly departures to Myrtle Beach, South Carolina (Myrtle Beach International Airport), three weekly departures to Ft. Lauderdale, Florida (Ft. Lauderdale/Hollywood International Airport) and one weekly departure to Destin, Florida (Destin/Ft. Walton Beach Airport). Allegiant Air also provides non-stop service to Orlando, Florida (Orlando Sanford International Airport) approximately four to six times per week, depending on the time of year. In June 2023, Allegiant began offering non-stop flights between Lexington and Las Vegas, Nevada. Allegiant Air utilizes narrow-body aircraft with 166+ seats on every route.

(b) *American Airlines.* American Airlines provides three daily, non-stop departures to Dallas, Texas (Dallas/Fort Worth International Airport), two daily, non-stop departures to Chicago, Illinois (O'Hare International Airport), approximately six daily departures to Charlotte, North Carolina (Charlotte Douglas International Airport) and one daily, non-stop departure to Philadelphia, Pennsylvania (Philadelphia International Airport). New seasonal direct service to Miami is anticipated to begin in November 2023 and continue through March 2024. American Airlines utilizes a combination of narrow-body and 50-seat regional jet aircraft for its flights. American Airlines recently upgraded its aircraft to larger-size mainline aircraft.

(c) *Delta.* Delta offers approximately six daily, non-stop departures from Lexington to its Atlanta, Georgia hub (Hartsfield-Jackson Atlanta International Airport) and two flights per day are provided to its hub in Detroit, Michigan (Detroit Metropolitan Airport). In addition, Delta also serves Lexington with one daily flight to Washington, D.C. (Ronald Reagan Washington National Airport). Delta utilizes a combination of narrow-body and 50-seat regional jet aircraft for its flights.

(d) *United.* United provides three daily, non-stop departures to its hub in Chicago, Illinois (O'Hare International Airport). United began offering one daily non-stop flight to its hub in Denver, Colorado in September 2023.

During fall 2022, Avelo Airlines entered the Lexington market for several months, offering non-stop service to Orlando and Tampa, Florida. These flights were cancelled in February 2023 when the airline decided to conclude service due to a slower start-up in enplanements than anticipated.

Seat Capacity. The Airport's scheduled seat capacity by airline as of August 2023 is depicted in ***Table 2***. August is typically a peak travel month at the Airport. Five-year and seven-year comparisons of the Airport's current seat capacity as of August 2023 with that of August 2018 and August 2016, respectively, are also provided in ***Table 2*** for the purpose of identifying trends related to the availability of scheduled seats by type of aircraft operating at the Airport. The average number of weekly departing seats on narrow-body jets increased from 6,444 in August 2016 to 16,245 in August 2023, representing an average annual growth rate of 14.1%. The average number of weekly departing seats on regional jet aircraft decreased from 12,037 in August 2016 to 1,350 in August 2023, representing an average annual decrease of 26.8%. The transition to narrow-body jets from regional jet aircraft is primarily due to the airlines' shift toward more efficient and economical aircraft.

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Table 2 - Aircraft Mix Trends (August 2023)

Airline	Non-Stop Service	Narrow-body Seats/Week	50-Seat Regional Jet Seats/Week	Totals
Allegiant Air	FLL (2X/week)	354	0	354
	LAS (2X/week)	312	0	312
	MYR (2X/week, seasonal)	312	0	312
	PIE (5X/week)	870	0	870
	PGD (3X/week)	558	0	558
	SFB (6X/week)	1,077	0	1,077
	VPS (1X/week), seasonal)	186	0	186
Allegiant Air Total		3,669	0	3,669
American Airlines	CLT	2,660	0	2,660
	DFW	2,636	0	2,636
	ORD	0	650	650
	PHL	0	350	350
American Airlines Total		5,296	1,000	6,296
Delta Air Lines	ATL	4,738	0	4,738
	DCA	414	0	414
	DTW	1,064	0	1,064
Delta Air Lines Total		6,216	0	6,216
United Airlines	ORD	1,064	350	1,414
United Airlines Total		1,064	350	1,414
AIRPORT TOTAL (AUGUST 2023)		**16,245**	**1,350**	**17,595**
AIRPORT TOTAL (AUGUST 2018)		7,561	11,426	18,987
AIRPORT TOTAL (AUGUST 2016)		6,444	12,037	18,481
DIFFERENCE 2016-2023		9,801	(10,687)	(886)
AVERAGE ANNUAL GROWTH RATE (DECREASE)		14.1%	(26.8%)	(0.7%)
		Aircraft Mix % Share (August 2023):		
		92%	8%	100%
		Aircraft Mix % Share (August 2018):		
		40%	60%	100%
		Aircraft Mix % Share (August 2016):		
		35%	65%	100%

Note: Data provided changes slightly from month to month. Data used reflects the first full week of August for the respective years, which is a peak travel period.

Source: Diio, August 2016, 2018, 2023

Historical Passenger Traffic

Historical Passenger Enplanements (Calendar Year). An analysis of the Airport's historical passenger activity is a useful guide in projecting future levels of passenger activity. ***Table 3*** depicts domestic passenger enplanement activity at the Airport and for the United States from calendar years 1992 through 2022.[7] Total enplaned passengers at the Airport have grown from 453,253 in calendar year 1992 to 605,108 in calendar year 2022, representing an average annual growth rate of 1.0%, which was less than the rate experienced in the U.S. as a whole during the same time period of 1.9%.

Historical enplanements decreased by an average annual rate of 3.0% from calendar year 2018 to calendar year 2022. The COVID-19 Pandemic had a significant impact on enplanements nationally and at the Airport. In 2020, domestic enplanements nationwide decreased by 58.7% and enplanements at the Airport decreased by 58.9%. Enplanements at the Airport have not exceeded the pre-pandemic levels in calendar year 2019 yet, but enplanement levels have been consistently increasing, as the airlines add flights back to the Airport. Several flights which have not been brought back by the airlines yet include New York City (LaGuardia), Minneapolis, Houston, and Washington, D.C. (Dulles). However, Allegiant began offering new direct service to Las Vegas in June 2023 and United began offering new direct service to Denver in September 2023. American Airlines has announced new seasonal direct service to Miami, which is anticipated to begin in November 2023 and continue through March 2024. As of August 31, 2023, calendar year-to-date enplanements have increased by 10.4% compared to calendar year-to-date enplanements as of August 31, 2022 (see "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT – Overview of Impact on the Airport - *2023 Enplanement and Landed Weight Data*").

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[7] Please note that enplanements in ***Table 3*** are listed on a calendar year basis for comparison to U.S. national enplanement data, whereas enplanements in ***Table 4*** are listed on a Fiscal Year basis.

Table 3 - Historical Passenger Enplanements

	Blue Grass Airport		United States	
Calendar Years	Enplanements	% Change	Domestic Enpls (000)	% Change
1992	453,253		429,200	
1993	447,439	(1.3%)	470,400	9.6%
1994	415,369	(7.2%)	511,300	8.7%
1995	433,188	4.3%	531,100	3.9%
1996	482,489	11.4%	558,100	5.1%
1997	543,840	12.7%	578,300	3.6%
1998	541,636	(0.4%)	590,400	2.1%
1999	520,444	(3.9%)	610,900	3.5%
2000	507,923	(2.4%)	641,200	5.0%
2001	439,857	(13.4%)	625,800	(2.4%)
2002	486,852	10.7%	575,100	(8.1%)
2003	579,135	19.0%	587,800	2.2%
2004	582,188	0.5%	628,500	6.9%
2005	545,394	(6.3%)	669,400	6.5%
2006	513,164	(5.9%)	668,400	(0.1%)
2007	527,231	2.7%	679,200	1.6%
2008	505,471	(4.1%)	651,700	(4.0%)
2009	463,373	(8.3%)	618,100	(5.2%)
2010	554,285	19.6%	629,500	1.8%
2011	547,115	(1.3%)	638,231	1.4%
2012	546,428	(0.1%)	642,289	0.6%
2013	552,114	1.0%	645,600	0.5%
2014	604,091	9.4%	662,827	2.7%
2015	623,242	3.2%	696,027	5.0%
2016	657,652	5.5%	719,991	3.4%
2017	661,296	0.6%	741,735	3.0%
2018	682,662	3.2%	777,973	4.9%
2019	735,564	7.7%	811,400	4.3%
2020	302,158	(58.9%)	335,053	(58.7%)
2021	487,742	61.4%	611,900	82.6%
2022	605,108	24.1%	750,280	22.6%
Average Annual % Change:				
1992-2022	1.0%		1.9%	
2013-2022	1.0%		1.7%	
2018-2022	(3.0%)		(0.9%)	

Source: Airport Enplanements: Lexington-Fayette Urban County Airport Board
United States Enplanements: FAA Aerospace Forecasts & Bureau of Transportation Statistics

Scheduled Passenger Enplanements and Airline Market Share (Fiscal Year). Table 4 presents data regarding passenger enplanements and market share for each scheduled airline serving the Airport for FY 2019 through FY 2023.[8] Delta had the largest market share of passenger enplanements at the Airport for a single airline in FY 2023 at 26.5%. Delta's passenger enplanements at the Airport increased at an average annual rate of 18.1% from FY 2019 to FY 2023. The total market share of enplaned passengers at the Airport attributable to Delta and its affiliates in FY 2023 was 39.9%, with an average annual decrease of 4.2% from FY 2019 to FY 2023. American Airlines and its affiliates had the second highest market share of passenger enplanements at the Airport in FY 2023 at 33.9%, with an average annual increase of 2.0% from FY 2019 to FY 2023.

The total number of enplaned passengers at the Airport decreased at a combined average annual rate of 2.8% from FY 2019 to FY 2023. As noted previously, the total number of passenger enplanements in FY 2023 of 633,754 represented a 10.1% increase from FY 2022, but remained 10.9% lower than the total number of passenger enplanements in FY 2019. (See also "AIRPORT OPERATIONS - Historical Passenger Traffic - *Historical Passenger Enplanements*).

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[8] Please note that enplanements in ***Table 4*** are listed on a Fiscal Year basis, whereas enplanements in ***Table 3*** are listed on a calendar year basis for comparison to U.S. national enplanement data.

Table 4 - Scheduled Passenger Enplanements and Airline Market Share

Scheduled Airline	FY 2019 Passenger Enpls	FY 2019 Market Share	FY 2020 Passenger Enpls	FY 2020 Market Share	FY 2021 Passenger Enpls	FY 2021 Market Share	FY 2022 Passenger Enpls	FY 2022 Market Share	FY 2023 Passenger Enpls	FY 2023 Market Share	Average Annual Growth Rate (FY 2019-FY 2023)
Delta Air Lines & Affiliates:											
Delta	86,317	12.1%	48,945	9.0%	2,440	0.7%	102,755	17.9%	168,150	26.5%	18.1%
Atlantic Southeast /1	15,816	2.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(100.0%)
Chautuaqua /1	32,234	4.5%	36,275	6.7%	47,666	14.0%	36,986	6.4%	42,916	6.8%	7.4%
Skywest /1	42,288	5.9%	18,552	3.4%	0	0.0%	2,287	0.4%	5,484	0.9%	(40.0%)
Endeavor Air/Pinnacle /1	120,778	17.0%	120,866	22.2%	53,784	15.8%	94,664	16.4%	36,201	5.7%	(26.0%)
Go Jet/1	2,731	0.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(100.0%)
Total Delta & Affiliates	300,164	42.2%	224,638	41.3%	103,890	30.4%	236,692	41.1%	252,751	39.9%	(4.2%)
American Airlines & Affiliates:											
Air Wisconsin /2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1,397	0.2%	NA
American	0	0.0%	0	0.0%	0	0.0%	0	0.0%	20,767	3.3%	NA
Mesa /2	0	0.0%	0	0.0%	0	0.0%	3,626	0.6%	0	0.0%	NA
Piedmont /2	47,767	6.7%	49,989	9.2%	37,221	10.9%	56,054	9.7%	33,096	5.2%	(8.8%)
PSA /2	58,492	8.2%	28,756	5.3%	43,148	12.6%	38,340	6.7%	74,302	11.7%	6.2%
Republic/2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	125	0.0%	NA
American Eagle /2	92,387	13.0%	80,522	14.8%	52,855	15.5%	77,386	13.4%	69,554	11.0%	N/A
Skywest/2	0	0.0%	0	0.0%	0	0.0%	11,230	2.0%	15,461	2.4%	N/A
Total American & Affiliates	198,646	27.9%	159,267	29.3%	133,224	39.0%	186,636	32.4%	214,702	33.9%	2.0%
United Airlines & Affiliates:											
Republic/3	0	0.0%	0	0.0%	730	0.2%	0	0.0%	881	0.1%	N/A
Sky West /3	21,743	3.1%	4,517	0.8%	2,264	0.7%	8,845	1.5%	36,807	5.8%	14.1%
TransStates	0	0.0%	785	0.1%	0	0.0%	0	0.0%	0	0.0%	N/A
Air Wisconsin /3	30,575	4.3%	47,759	8.8%	8,341	2.4%	27,621	4.8%	10,070	1.6%	(24.2%)
CommutAir/3	894	0.1%	0	0.0%	50	0.0%	0	0.0%	39	0.0%	(54.3%)
Go Jet/3	10,498	1.5%	3,880	0.7%	13,450	3.9%	6,216	1.1%	2,813	0.4%	(28.1%)
ExpressJet/3	22,357	3.1%	8,459	1.6%	69	0.0%	0	0.0%	0	0.0%	(100.0%)
Total United & Affiliates	86,067	12.1%	65,400	12.0%	24,904	7.3%	42,682	7.4%	50,610	8.0%	(12.4%)
Allegiant	119,618	16.8%	89,776	16.5%	76,151	22.3%	103,461	18.0%	101,307	16.0%	(4.1%)
Avello	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6,052	1.0%	N/A
Charters	6,436	0.9%	4,935	0.9%	3,193	0.9%	6,077	1.1%	8,332	1.2%	6.7%
Total	710,931	100.0%	544,016	100.0%	341,362	100.0%	575,548	100.0%	633,754	100.0%	(2.8%)
Average Annual Growth Rate - Per Year	8.4%		(23.5%)		(37.3%)		68.6%		10.1%		

/1 d/b/a Delta Connection
/2 d/b/a American Airlines
/3 d/b/a United Express

Source: Lexington-Fayette Urban County Airport Board

Top Origin and Destination Markets. ***Table 5*** provides data regarding the Airport's top 25 domestic markets for calendar year 2022 and their respective distances from the Airport. Of these markets, seven are long haul markets (1,000 or more miles), 13 are medium haul markets (500 - 999 miles), and the remaining five are short haul markets (less than 500 miles). The Orlando Sanford International Airport is the largest origin and destination market to/from the Airport, representing approximately 4.7% of all origin and destination passenger activity from January 2022 through December 2022. Non-stop scheduled airline service is currently provided to/from the Airport's top nine origin and destination markets. Furthermore, 12 of the Airport's top 25 markets are currently served by non-stop scheduled airline service. Following the addition by United of non-stop service to Denver, Colorado in September 2023, 13 of the Airport's top 25 markets are served by non-stop scheduled airline service. (See "AIRPORT OPERATIONS – Level of Existing Airline Service - *Current Service*.")

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Table 5 - Top Origin and Destination Markets

	Market	Calendar Year 2022 Annual O & D†	Percent of Total	Distance from Airport (Miles)
1	Sanford, FL	28,481	4.7%	667
2	St. Petersburg, FL	24,722	4.1%	706
3	Ft. Lauderdale, FL	23,935	4.0%	864
4	Atlanta, GA	23,270	3.8%	303
5	Punta Gorda, FL	22,376	3.7%	781
6	Chicago (ORD), IL	22,112	3.7%	323
7	Dallas, TX	21,179	3.5%	785
8	Orlando, FL	13,678	2.3%	689
9	Washington, DC	11,372	1.9%	414
10	Tampa, FL	9,268	1.5%	704
11	Charlotte, NC	8,729	1.4%	282
12	Los Angeles, CA	8,710	1.4%	1,905
13	Philadelphia, PA	8,509	1.4%	519
14	LaGuardia, NY	7,869	1.3%	604
15	Detroit, MI	7,641	1.3%	296
16	Phoenix, AZ	7,170	1.2%	1,567
17	Las Vegas, NV	6,461	1.1%	1,687
18	San Diego, CA	6,347	1.0%	1,866
19	Boston, MA	6,249	1.0%	778
20	San Francisco, CA	6,191	1.0%	2,052
21	San Antonio, TX	6,159	1.0%	988
22	Denver CO	5,971	1.0%	1,086
23	Houston (IAH), TX	5,624	0.9%	828
24	Seattle, WA	5,623	0.9%	2,003
25	Fort Myers, FL	5,541	0.9%	810
	Sub-total Top 25 Markets	303,188	50.1%	
	Calendar Year 2022 Actual Airport Total	605,108	100.0%	

Source: Diio Mi

† Nearly all enplanements for the Airport are classified as O&D enplanements, therefore the industry distinction between enplanement data and the O&D subset is not relevant for the Airport.

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Aircraft Operations

An aircraft operation is defined as an aircraft take-off or landing. ***Table 6*** presents data regarding aircraft operations at the Airport from FY 2019 to FY 2023. Total aircraft operations increased from 73,070 in FY 2019 to 89,964 in FY 2023, representing an average annual increase of approximately 5.3% during such period.

Commercial airline operations decreased from 24,604 in FY 2019 to 17,620 in FY 2023, representing an average annual decrease of approximately 8.0% during such period. The total number of commercial airline operations in FY 2023 decreased 3.3% from FY 2022 and remained 28.4% lower than the total number of commercial airline operations in FY 2019. In FY 2023, American Airlines and its affiliates accounted for 43.6% of the Airport commercial airline operations.

General aviation aircraft operations increased from 39,141 in FY 2019 to 61,690 in FY 2023, representing an average annual increase of approximately 12.0% during such period.

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Table 6 - Aircraft Operations

Airline	FY 2019 Aircraft Ops	FY 2019 Airline Market Share	FY 2020 Aircraft Ops	FY 2020 Airline Market Share	FY 2021 Aircraft Ops	FY 2021 Airline Market Share	FY 2022 Aircraft Ops	FY 2022 Airline Market Share	FY 2023 Aircraft Ops	FY 2023 Airline Market Share	Average Annual Growth (FY 2019-FY 2023)
Delta Air Lines & Affiliates:											
Delta	1,542	6.3%	860	4.2%	91	0.6%	2,042	11.2%	3,064	17.4%	18.7%
Atlantic Southeast	554	2.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	-100.0%
Chautauqua	1,305	5.3%	1,638	8.0%	1,844	12.3%	1,418	7.8%	1,710	9.7%	7.0%
Skywest	1,940	7.9%	866	4.2%	0	0.0%	72	0.4%	174	1.0%	-45.3%
Pinnacle	3,956	16.1%	4,300	21.1%	3,680	24.6%	3,814	20.9%	1,429	8.1%	-22.5%
Go Jet	116	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	-100.0%
Total Delta & Affiliates	9,413	38.3%	7,664	37.6%	5,615	37.6%	7,346	40.3%	6,377	36.2%	-9.3%
American Airlines & Affiliates:											
Republic	2	0.0%	2	0.0%	0	0.0%	2	0.0%	4	0.0%	18.9%
American	0	0.0%	0	0.0%	0	0.0%	0	0.0%	402	2.3%	NA
Air Wisconsin	0	0.0%	0	0.0%	0	0.0%	0	0.0%	62	0.4%	NA
Mesa	2	0.0%	0	0.0%	0	0.0%	102	0.6%	0	0.0%	-100.0%
American Eagle SkyWest	263	1.1%	152	0.7%	0	0.0%	418	2.3%	599	3.4%	22.8%
Piedmont	2,804	11.4%	3,110	15.3%	2,376	15.9%	2,980	16.4%	1,790	10.2%	-10.6%
PSA	2,571	10.4%	1,156	5.7%	1,740	11.6%	1,242	6.8%	2,393	13.6%	-1.8%
Shuttle America	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	NA
Trans States	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	NA
American Eagle	3,533	14.4%	3,216	15.8%	2,272	15.2%	2,636	14.5%	2,424	13.8%	-9.0%
Total American & Affiliates	9,175	37.3%	7,636	37.4%	6,388	42.8%	7,380	40.5%	7,674	43.6%	-4.4%
United Airlines & Affiliates:											
Air Wisconsin	1,526	6.2%	2,532	12.4%	464	3.1%	1,316	7.2%	499	2.8%	-24.4%
GoJet	460	1.9%	366	1.8%	861	5.8%	279	1.5%	152	0.9%	-24.2%
Republic	0	0.0%	0	0.0%	64	0.0%	0	0.0%	32	0.2%	NA
Mesa	0	0.0%	40	0.2%	0	0.0%	0	0.0%	2	0.0%	NA
CommutAir	60	0.2%	0	0.0%	4	0.0%	0	0.0%	4	0.0%	-49.2%
Sky West	1,068	4.3%	260	1.3%	104	0.7%	420	2.3%	1,434	8.1%	7.6%
ExpressJet	1,240	5.0%	518	2.5%	6	0.0%	0	0.0%	0	0.0%	-100.0%
Total United & Affiliates	4,354	17.7%	3,716	18.2%	1,503	10.1%	2,015	11.1%	2,123	12.0%	-16.4%
Allegiant	1,662	6.8%	1,374	6.7%	1,434	9.6%	1,480	8.1%	1,336	7.6%	-5.3%
Avello	0	0.0%	0	0.0%	0	0.0%	0	0.0%	110	0.6%	NA
Airline Total	24,604	100.0%	20,390	100.0%	14,940	100.0%	18,221	100.0%	17,620	100.0%	-8.0%
Airline	24,604		20,390		14,940		18,221		17,620		-8.0%
Charter/Air Taxi	7,505		5,818		5,490		7,538		8,477		3.1%
Military	1,820		1,501		1,898		1,784		2,177		4.6%
General Aviation	39,141		40,586		45,526		55,432		61,690		12.0%
Airport Total	73,070		68,295		67,854		82,975		89,964		5.3%

Source: Lexington-Fayette Urban County Airport Board

Landed Weight by Airline

Landed weight is the unit of measure by which an airport charges airfield landing fees and thus generates airport revenues. ***Table 7*** presents data regarding the historical landed weight by airline from FY 2019 to FY 2023. In FY 2023, Delta was the largest user of the airfield in terms of landed weight with approximately 41.0% of the landed weight among all airlines. Historical airline landed weight has decreased from 878,451 thousand pound units in FY 2019 to 727,902 thousand pound units in FY 2023, representing an average annual decrease of approximately 4.6% over that period, reflecting the impact of the COVID-19 Pandemic. Total landed weight in FY 2023 increased by 12.1% from FY 2022, but remained 17.1% lower than the total landed weight in FY 2019.

As of August 31, 2023, calendar year-to-date landed weight has increased by 14.4% compared to the calendar year-to-date landed weight as of August 31, 2022 (see "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT – Overview of Impact on the Airport - 2023 Enplanement and Landed Weight Data").

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Table 7 - Scheduled Airline Landed Weights (1,000 Pound Units)

Airline	FY 2019 Aircraft Land Wt	FY 2019 Airline Market Share	FY 2020 Aircraft Land Wt	FY 2020 Airline Market Share	FY 2021 Aircraft Land Wt	FY 2021 Airline Market Share	FY 2022 Aircraft Land Wt	FY 2022 Airline Market Share	FY 2023 Aircraft Land Wt	FY 2023 Airline Market Share	Average Annual Growth (FY 2019-FY 2023)
Delta Air Lines & Affiliates:											
Delta	106,481	12.1%	58,840	8.4%	4,950	1.0%	116,950	18.0%	185,026	25.4%	14.8%
Atlantic Southeast	18,559	2.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(100.0%)
Chautauqua	47,849	5.4%	59,826	8.6%	69,070	13.7%	52,196	8.0%	62,093	8.5%	6.7%
Skywest	55,755	6.3%	23,440	3.4%	0	0.0%	2,687	0.4%	6,534	0.9%	(41.5%)
Pinnacle	147,177	16.8%	154,251	22.1%	95,629	19.0%	107,441	16.5%	44,282	6.1%	(25.9%)
Go Jet	4,007	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(100.0%)
Total Delta & Affiliates	379,828	43.2%	296,357	42.4%	169,649	33.7%	279,274	43.0%	297,935	41.0%	(5.9%)
American Airlines & Affiliates:											
Air Wisconsin	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1,457	0.2%	NA
American	0	0.0%	0	0.0%	0	0.0%	0	0.0%	27,499	3.8%	NA
Mesa	75	0.0%	0	0.0%	0	0.0%	3,830	0.6%	0	0.0%	(100.0%)
American Eagle SkyWest	8,617	1.0%	5,092	0.7%	0	0.0%	14,019	2.2%	20,100	2.8%	23.6%
Republic Airways	75	0.0%	75	0.0%	0	0.0%	75	0.0%	150	0.0%	18.9%
Piedmont	61,198	7.0%	67,875	9.7%	51,856	10.3%	65,039	10.0%	39,067	5.4%	(10.6%)
PSA	84,759	9.6%	40,011	5.7%	62,196	12.4%	43,956	6.8%	88,784	12.2%	1.2%
American Eagle	119,508	13.6%	100,253	14.4%	73,843	14.7%	88,315	13.6%	90,048	12.4%	(6.8%)
Total American & Affiliates	274,232	31.2%	213,306	30.6%	187,895	37.3%	215,234	33.1%	267,105	36.7%	(0.7%)
United & Affiliates:											
Air Wisconsin	36,096	4.1%	59,549	8.5%	10,904	2.2%	30,926	4.8%	11,703	1.6%	(24.5%)
CommutAir	1,320	0.2%	0	0.0%	1,979	0.4%	0	0.0%	85	0.0%	(49.6%)
Republic	0	0.0%	0	0.0%	2,316	0.5%	0	0.0%	1,160	0.2%	NA
TransStates	0	0.0%	851	0.1%	0	0.0%	0	0.0%	74	0.0%	NA
GoJet	15,410	1.8%	11,163	1.6%	24,400	4.8%	8,662	1.3%	4,636	0.6%	(25.9%)
Sky West	25,658	2.9%	6,906	1.0%	3,786	0.8%	10,150	1.6%	42,350	5.8%	13.3%
ExpressJet	27,535	3.1%	12,467	1.8%	128	0.0%	0	0.0%	0	0.0%	(100.0%)
Total United & Affiliates	106,019	12.1%	90,936	13.0%	43,513	8.6%	49,738	7.7%	60,008	8.2%	(13.3%)
Allegiant	118,372	13.5%	97,543	14.0%	102,196	20.3%	105,306	16.2%	94,899	13.0%	(5.4%)
Avello	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7,955	1.1%	NA
Total	878,451	100.0%	698,142	100.0%	503,253	100.0%	649,552	100.0%	727,902	100.0%	-4.6%

Source: Lexington-Fayette Urban County Airport Board

Historical Airport Revenues and Expenses

Revenues

Airline Revenues. Airline revenues consist of landing fees and terminal rents (together, the "Airline Revenues"). ***Table 8*** includes data regarding the Airport's historical Airline Revenues from FY 2019 through FY 2023, which increased from $7,273,094 to $7,335,331 during such period, representing an average annual increase of 0.2%.

See ***Table 9*** for data regarding the historical airline cost per enplaned passenger ("AIRPORT OPERATIONS – Historical Airline Cost per Enplaned Passenger"), which is calculated based on the components of the Airline Revenues.

General Aviation Revenues. General aviation revenues consist of hangar and land rental income and percentage fees paid by the Airport's FBO for services provided to general aviation aircraft operators such as aircraft parking and storage, and maintenance (collectively, the "General Aviation Revenues"). ***Table 8*** includes data regarding the Airport's historical General Aviation Revenues from FY 2019 through FY 2023, which increased from $1,413,595 to $1,852,771 during such period, representing an average annual increase of approximately 7.0%.

Air Freight Revenues. Air freight revenues at the Airport consist of revenues for air freight facility rentals paid by the United States Customs Service and certain of the passenger airlines operating at the Airport. ***Table 8*** includes data regarding the Airport's historical air freight revenues from FY 2019 through FY 2023, which have increased from $115,649 to $122,580 during such period, representing an average annual increase of approximately 1.5%.

Ground Transportation Revenues. Ground transportation revenues include Rental Car Revenues (as defined herein) and rents, fees and commissions received from transportation network companies, taxi, limousine and other ground transportation providers. Rental car revenues consist primarily of concession fees based on a percentage of gross receipts, counter and office rentals, ready/return parking lot rentals and service facility fee rentals which are paid by the Airport's rental car companies (collectively, the "Rental Car Revenues").[9] Such Rental Car Revenues represent the largest component of ground transportation revenues at the Airport and are a major source of total Airport revenues. ***Table 8*** depicts the Airport's historical ground transportation revenues from FY 2019 through FY 2023, which increased from $2,826,456 to $3,795,345 during such period, representing an average annual increase of approximately 7.6%. This increase in rental car revenues was attributable to an industry-wide increase in rental car prices.

Public Parking Revenues. The Airport's annual public parking revenues are generated from the payment of a percentage of gross public parking revenues by the parking management company (REEF Technology) to the Airport for managing the operations of the Airport's public parking facilities (the "Public Parking Revenues"). Public Parking Revenues are the second largest source of revenue for the Airport behind Airline Revenues. ***Table 8*** includes data regarding the

[9] The Rental Car Revenues do not include the CFCs, which are accounted for separately. See "AIRPORT OPERATIONS – Historical Airport Revenues – *CFC Revenues*."

Airport's historical Public Parking Revenues from FY 2019 through FY 2023, which have increased from $7,056,255 to $7,096,753 during such period, representing an average annual increase of approximately 0.1%.

Concessions, Rentals, and Miscellaneous Revenues. Concessions, rentals and miscellaneous revenues consist of various rentals paid by firms permitted by the Board to conduct food, beverage and retail businesses in and at the terminal, as well as other miscellaneous business operations (collectively, the "Concessions and Other Revenues") and represent another important source of Airport revenues. ***Table 8*** includes data regarding the Airport's historical Concessions and Other Revenues from FY 2019 through FY 2023, which have increased from $554,768 to $867,940 during such period, representing an average annual increase of approximately 11.8%.

ARFF Training Facility Revenues. The Airport's Aircraft Rescue and Firefighting (ARFF) Center was completed in FY 1999 and is only one of twelve FAA certified ARFF facilities in the country. ARFF Training Center revenues consist of user fees charged for ARFF training at the facility (the "ARFF Revenues"). ***Table 8*** includes data regarding the Airport's historical ARFF Revenues from FY 2019 through FY 2023, which have increased from $135,700 to $265,958 during such period, representing an average annual increase of approximately 18.3%.

PFC Revenues. See "SECURITY FOR THE SERIES 2023 BONDS – Application of Facility Charges for the Payment of Debt Service Charges - PFCs" for a description of the PFCs imposed and collected by the Board. ***Table 8*** includes data regarding the Airport's historical PFC Revenues from FY 2019 through FY 2023, which have decreased from $2,789,405 to $2,496,522 during such period, representing an average annual decrease of 2.7%. PFC revenues for FY 2023 increased 6.97% from FY 2022, but remained 10.5% lower than such revenues in FY 2019. (See also "BONDHOLDER RISKS – Reduction in PFC Revenues.")

CFC Revenues. See "SECURITY FOR THE SERIES 2023 BONDS - Application of Facility Charges for the Payment of Debt Service Charges - CFCs" for a description of the CFCs collected and imposed by the Board. ***Table 8*** includes data regarding the Airport's historical CFC revenues from FY 2019 through FY 2023, which have decreased from $1,757,144 to $1,373,048 during such period, representing an average annual decrease of 6.0%. CFC revenues for FY 2023 increased 25.2% from FY 2022, but remained 21.9% lower than such revenues in FY 2019.

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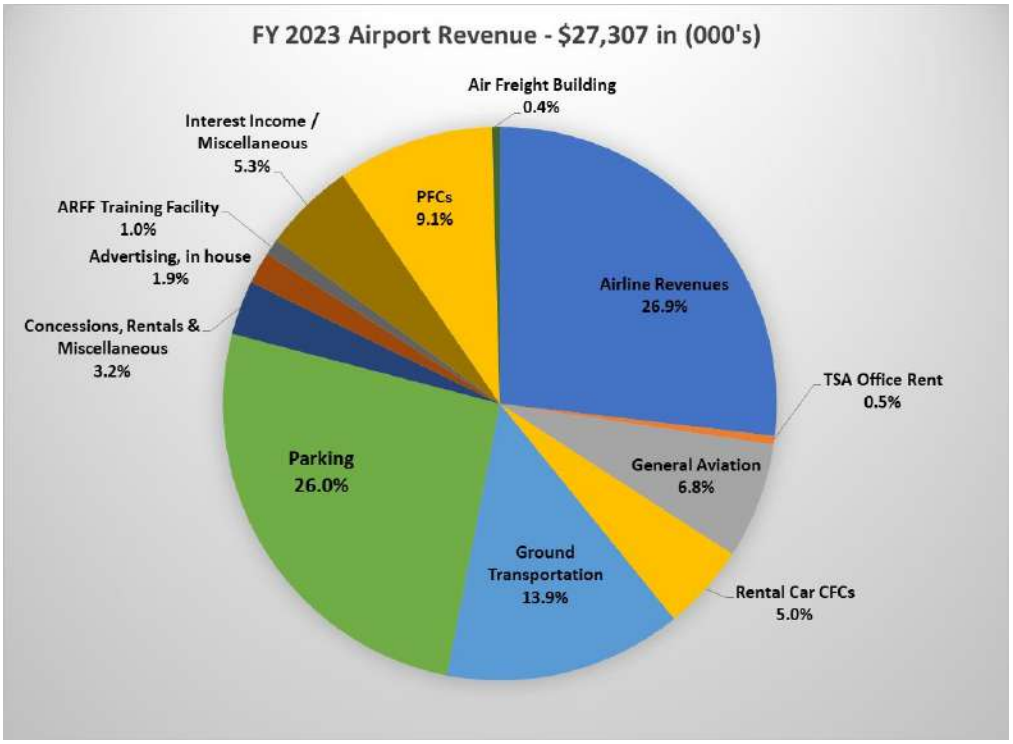
Percentage Breakdown of Total Airport Revenues. The approximate percentage of total Airport revenues represented by each category for FY 2023 is set forth in the chart below:



Expenses

Operating and Maintenance Expenses. Operating and Maintenance expenses ("O&M Expenses") are incurred for operation and maintenance of the Airport grounds and facilities. The primary components of O&M Expenses include salaries and benefits, utilities, maintenance, supplies, professional services, insurance, and other miscellaneous expenses (which are reported by the applicable administrative departments in ***Table 8***). ***Table 8*** provides data regarding the Airport's historical O&M Expenses from FY 2019 through FY 2023, which have increased from $13,995,981 to $17,107,821 during such period, representing an average annual increase of approximately 5.1%.

Debt Service Expense. The annual debt service expense attributable to the outstanding Obligations, payable from FY 2019 through FY 2023 is set forth in ***Table 8***.

Capital Expense (Non-Debt). Capital expenditures funded by the Board from cash-on-hand typically include (a) ancillary capital expenditures, including the purchases of vehicles and equipment, (b) the local portion of capital improvement projects funded by federal grants, and (c) minor airport facility capital improvements and replacement. The Airport manages annual capital expenditures to coincide with the annual cash flow from operations and goals with respect to days' cash-on-hand. ***Table 8*** includes data regarding the Airport's historical capital expenditures funded from cash-on-hand.

Table 8 - Historical Airport Revenues and Expenses

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Average Annual Growth Rate (FY 2019-FY 2023)
REVENUES						
Airline Revenues:						
Airline Landing Fees	$2,955,647	$2,370,962	$1,706,533	$2,422,075	$2,741,877	(1.9%)
Airline Terminal Rents	4,317,447	3,808,118	2,930,216	4,325,517	4,593,454	1.6%
Subtotal Airline Revenues	$7,273,094	$6,179,080	$4,636,749	$6,747,592	$7,335,331	0.2%
TSA Office Rent	$136,023	$140,688	$140,688	$135,297	$135,300	(0.1%)
General Aviation	1,413,595	1,406,435	1,438,356	1,387,078	1,852,771	7.0%
Air Freight Building	115,649	89,421	84,635	109,887	122,580	1.5%
Ground Transportation	2,826,456	2,442,181	2,017,233	3,102,339	3,795,345	7.6%
Parking	7,056,255	5,181,006	3,067,659	5,716,089	7,096,753	0.1%
Concessions, Rentals & Miscellaneous	554,768	424,544	247,188	447,166	867,940	11.8%
Advertising, in house	459,514	508,766	434,013	450,644	507,726	2.5%
ARFF Training Facility	135,700	151,625	149,850	241,878	265,958	18.3%
Interest Income / Miscellaneous	439,056	452,060	513,989	1,623,400	1,457,756	35.0%
Passenger Facility Charges (PFCs)	2,789,405	2,172,310	1,491,103	2,333,950	2,496,522	(2.7%)
Rental Car Contract Facility Charges (CFCs)	1,757,144	1,062,616	648,203	1,096,650	1,373,048	(6.0%)
Subtotal Non-Airline Revenues	$17,683,565	$14,031,652	$10,232,917	$16,644,378	$19,971,699	3.1%
Total Revenues	$24,956,659	$20,210,732	$14,869,666	$23,391,969	$27,307,030	2.3%
OPERATION AND MAINTENANCE EXPENSES						
Airport Services	$3,461,731	$3,403,223	$3,187,514	$3,308,291	$4,265,641	5.4%
Janitorial Maintenance	859,209	856,225	766,363	894,659	970,011	3.1%
Public Safety	2,283,784	2,401,500	2,246,849	2,493,648	2,621,132	3.5%
Administration	5,358,961	5,224,539	4,909,185	5,415,758	7,004,749	6.9%
Engineering	757,528	951,910	748,860	894,333	824,379	2.1%
Operations	1,015,902	979,603	1,057,017	1,124,758	1,260,758	5.5%
Executive Lounge	100,480	92,334	0	40,675	107,974	1.8%
BGA Customer Assistance	158,386	144,076	55,293	14,797	53,177	(23.9%)
Total O&M Expenses	$13,995,981	$14,053,410	$12,971,081	$14,186,919	$17,107,821	5.1%
CAPITAL EXPENSES						
Capital Purchases/Local Construction - Expensed	$3,019,078	$7,160,481	$1,673,371	$7,430,624	$5,012,099	13.5%
Debt Service - Outstanding Bonds and Bank Notes:						
2009 A Bonds (PFC)	1,463,152	0	0	0	0	(100.0%)
2009 A Bonds (Non-PFC)	927,619	0	0	0	0	(100.0%)
2009 B Bonds (PFC)	116,495	90,069	39,743	44,529	68,190	(12.5%)
2009 B Bonds (Non-PFC)	47,605	36,806	16,241	18,197	166,867	36.8%
2012A Bonds (PFC)	243,245	0	0	0	0	(100.0%)
2012A Bonds (Non-PFC)	93,706	0	0	0	0	(100.0%)
2012B Bonds (PFC)	458,380	0	0	0	0	(100.0%)
2012B Bonds (Non-PFC)	100,552	0	0	0	0	(100.0%)
2016A Bonds (Non-PFC)	374,492	180,500	185,400	0	0	(100.0%)
2016B Bonds (Non-PFC)	382,118	184,000	187,200	0	0	(100.0%)
2016C Bonds (PFC)	455,711	1,599,252	1,563,343	1,555,203	1,511,671	35.0%
2016C Bonds (Non-PFC)	559,247	1,299,084	1,351,453	1,344,878	1,309,012	23.7%
2016C Bonds (CFC)	1,133,994	1,148,758	1,059,094	1,057,378	1,034,438	(2.3%)
2016D Bonds (Non-PFC)	404,250	411,329	409,007	412,181	402,770	(0.1%)
2016E Bonds (PFC)	100,474	408,828	406,847	403,344	386,501	40.0%
2016E Bonds (Non-PFC)	63,700	259,192	257,953	255,715	245,037	40.0%
2019A Bonds (PFC)	0	283,764	594,968	591,816	592,713	NA
2019A Bonds (Non-PFC)	0	283,070	776,772	1,135,089	1,132,496	NA
2018 Revolving Note	0	0	5,183	3,034,289	0	NA
Transfer (from) General Fund Reserves to Fund Capital	0	0	0	0	0	NA
Transfer Excess PFCs to (from) Reserves	(48,052)	0	(1,113,798)	(260,942)	(62,553)	6.8%
Transfer Excess CFCs to (from) Reserves	623,150	(86,142)	(410,891)	39,272	338,610	(14.1%)
Total Capital Expenses	$10,518,916	$13,258,991	$7,001,886	$17,061,572	$12,137,851	3.6%
SURPLUS/(DEFICIT)	$441,762	($7,101,669)	($5,103,301)	($7,856,522)	($1,938,642)	NA

Source: Lexington-Fayette Urban County Airport Board

Historical Airline Cost per Enplaned Passenger

Table 9 below provides data regarding the historical airline cost per enplaned passenger for FY 2019 through FY 2023, which has risen at an annual rate of approximately 3.1% during such period.

Table 9 - Historical Airline Cost per Enplaned Passenger

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Average Annual Growth Rate
Passenger Enplanements	710,931	544,016	341,362	575,548	633,754	(2.8%)
Airline Revenues						
Airline Landing Fees	$2,955,647	$2,370,962	$1,706,533	$2,422,075	$2,741,877	(1.9%)
Airline Terminal Rents	$4,317,447	$3,808,118	$2,930,216	$4,325,517	$4,593,454	1.6%
Total Airline Revenues	$7,273,094	$6,179,080	$4,636,749	$6,747,592	$7,335,331	0.2%
Airline Cost per Enplaned Passenger	$10.23	$11.36	$13.58	$11.72	$11.57	3.1%

Source: Lexington-Fayette Urban County Airport Board

BONDHOLDER RISKS

The purchase and ownership of the Series 2023 Bonds involves investment risk. In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement and should specifically consider risks associated with the Series 2023 Bonds. The Board's ability to derive General Revenues from operation of the Airport sufficient to pay debt service on the Series 2023 Bonds depends upon many factors, many of which are not subject to the control of the Board. As discussed in the following summary, these factors include, but are not limited to, the financial strength of the air transportation industry in general, the financial strength of the firms in that industry that operate at the Airport, and national economic conditions.

Long Term Impact of the COVID-19 Pandemic

As detailed herein under "IMPACT OF THE COVID-19 PANDEMIC," the COVID-19 Pandemic and the related impact on the world, national, and local economies had a significant adverse impact on the demand for air travel and the air transportation industry. Airports Council International has stated that the baseline projections for global passenger traffic indicate that industry passenger traffic will recover to 2019 levels by 2024. However, the extent and duration of structural changes in the industry resulting from financial losses and workforce reductions and changes in air traffic volume, such as the reduction in business travel, cannot be predicted. Additional outbreaks of COVID-19 infections could occur, new COVID-19 variants could emerge, and other pandemics could occur (see "BONDHOLDER RISKS - Force Majeure Events Affecting the Board and the Airport"), all of which could result in a decrease in passenger activity at the Airport and declines in its General Revenues.

Impact of Economic Conditions on the Air Transportation Industry and the Airport

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. With the globalization of business and the increased importance of international trade and tourism, the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. Certain factors that may materially affect the air transportation industry, the Airport and the airlines include, but are not limited to: growth of population and the economic health of the region and the nation, airline service and route networks, national and international economic and political conditions (including trade balances and currency exchange rates), changes in demand for air travel, service and cost competition, mergers, the availability and cost of aviation fuel and other necessary supplies, levels of air fares, fixed costs and capital requirements, the cost and availability of financing, the capacity of the national air traffic control system, national and international disasters and hostilities, the cost and availability of employees, labor relations within the air transportation industry, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulations, the financial health and viability of the air transportation industry, bankruptcy and insolvency laws, acts of war or terrorism, and other risks.

In its assessment of the air transportation industry outlook for 2023, Airports Council International noted the interplay between rising inflation worldwide and the ongoing war in Ukraine as a top economic threat to the global economy. Some analysts are concerned that the increase in interest rates by central banks in an effort to curb inflation may lead to an economic slowdown. The demand for air travel is directly influenced by inflation and the availability of discretionary income. The prospects for a swift recovery of the air transportation industry from the impact of the COVID-19 Pandemic have been summarized by Airports Council International as uncertain.

The Obligations are secured, in part, by a pledge of the General Revenues of the Airport and the Pledged Funds held under the Trust Indenture. The General Revenues of the Airport are substantially impacted by the economic health of the air transportation industry and the airlines serving the Airport.

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Factors related to the Airline Industry

General. The Airport derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using the Airport together with numerous other factors, influence the level of aviation activity and revenues at the Airport. In addition, individual airline decisions regarding level of service and aircraft size such as use of regional jets, can affect total enplanements.

Airline Activity. As set forth herein under "AIRPORT OPERATIONS – Historical Passenger Traffic - *Table 4 - Scheduled Passenger Enplanements and Airline Market Share,*" passenger enplanements at the Airport had been increasing in the two years prior to the COVID-19 Pandemic. Following the decrease in passenger enplanements in FY 2020, passenger enplanements in FY 2023 increased 85.7% between Fiscal Years 2021 and 2023, returning to a level approximately 10.9% lower than the FY 2019 level. Some non-stop routes have been resumed and new non-stop routes have been announced (see "AIRPORT OPERATIONS - Level of Existing Airline Service"). No assurances can be given that the airlines now serving the Airport will be able to maintain or increase their current levels of activity at the Airport.

Potential Bankruptcy Considerations. Since December 2000, numerous airlines (including some that served the Airport) ceased operations and/or filed for bankruptcy protection. If an airline servicing the Airport or another airport tenant were to file for bankruptcy the Airport's General Revenues could be affected by factors including, but not limited to the following: (i) any rejection by the airline or other airport tenant or any bankruptcy trustee of the applicable agreements with the Airport, resulting in an unsecured claim for a limited amount, (ii) any requirement for the Airport to repay certain amounts paid by an airline during the 90-day period prior to the filing, and/or (iii) the inability of the Airport to lease the vacated facilities to another airline or tenant. No assurances can be given that the airlines or other tenants now serving the Airport will continue operations or maintain their current levels of activity at the Airport. If one or more airlines were to discontinue operations at the Airport, the activity accounted for by such airlines would not necessarily be replaced by other carriers.

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel. Aviation fuel has been estimated to account for about 40-50% of operating costs for a single flight (depending on the type of plane used). Aviation fuel prices were stable during the 1990s, but since 2000 prices have been higher and more volatile. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, the policy of the Organization of Petroleum Exporting Countries (OPEC), increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities, international hostilities, and weather. In recent years, the cost of aviation fuel has fluctuated in response to changes in demand for and supply of oil worldwide. Significant fluctuations and prolonged increases in the cost of aviation fuel in the past have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other surcharges, all of which may decrease demand for air travel.

As reported by Airlines for America, the current inflationary environment, impacted by the Russian invasion of Ukraine and related sanctions, has resulted in a 46% increase in the average nationwide spot price for jet fuel in January-October 2023 compared to 2019. The Board is unable to predict the impact of the current cost of aviation fuel on airline operations at the Airport or the impact of a further increase in the cost of aviation fuel on airline operations at the Airport.

Pilot and Mechanic Shortages. The Flight Schools Association of North America (FSANA) has estimated that there are about 1,600 private flight schools in the U.S. today, down from roughly 2,400 before the terrorist attacks on September 11, 2001 reduced demand. In the years since that time, as air travel demand recovered, a shortage of pilots was widely acknowledged, even prior to the COVID-19 Pandemic. Factors related to the pre-Pandemic shortage included federal changes in duty time rules and flight time requirements for first officers, an aging pilot workforce, and fewer new pilots coming from the military. During the height of the COVID-19 Pandemic, in order to reduce costs in light of the reduction in demand for air travel, many airlines offered buyouts and early retirement packages. With air travel demand now recovering, consulting firm Oliver Wyman estimates that North American airlines are short by about 17,000 pilots in 2023, but does note that the outlook has improved since 2022. Almost half of U.S. airline pilots are 50 or older, with a mandatory retirement age of 65. Airlines have reduced flights to smaller cities, primarily those flown by regional carriers, which have lost hundreds of pilots to the major airlines. Several flight schools have reported significant increases in enrollment, but are working to address shortages of planes and certified flight instructors.

Additionally, Oliver Wyman projects a gap between the supply and demand for aircraft mechanics in North America in 2023 of 12,000-18,000 or approximately 14% of the total mechanic workforce. The mechanic shortage is also attributed to an aging workforce and a lack of availability of younger mechanics to offset retirements.

Flight delays, cancellations, and reductions due to pilot and/or mechanic shortages could impact the General Revenues of the Airport. See "BONDHOLDER RISKS - Capacity of National Air Traffic Control and Airport Systems" for information regarding shortages of air traffic controllers.

Aircraft Supply Chain Issues. The COVID-19 Pandemic also resulted in complications with respect to supply chains for new aircraft and aircraft parts. To reduce costs during the COVID-19 Pandemic, airlines parked and retired planes and reduced flight offerings. As air travel recovers following the COVID-19 Pandemic, supply chain issues and skilled labor shortages have left aircraft manufacturers like Boeing and Airbus unable to meet production demand. Oliver Wyman reports that supply chains will be further strained by Airbus and Boeing attempting to implement even higher production goals to accommodate large orders placed for the fast-growing aviation market in India. At the International Air Transport Association's June 2023 general meeting, airlines expressed frustration with average waits of six months to receive a new plane. In response, airlines are increasingly resorting to flying larger planes that fit more passengers, reducing reliance on regional airlines, and halting service to small airports. Airlines are also holding onto airplanes longer by repairing or overhauling them, which adds to demand for parts and labor. According to the Centre for Aviation, the 273 commercial jets retired in 2022 was the fewest in almost two decades, restricting the supply of retired aircraft that can be stripped for parts. The Board is unable to predict the impact of the current supply chain issues on airline operations at the Airport. Any future pandemics could result in similar complications.

Travel Substitutes and Changes in Travel Patterns. Even prior to the COVID-19 Pandemic, teleconference, video-conference and web-based meetings had continued to improve in quality and price and were often considered a satisfactory alternative to some face-to-face business meetings. Following the changes in travel patterns necessitated by the COVID-19 Pandemic, it is uncertain as to whether business travel will return to pre-Pandemic levels. Some global corporate travel managers have indicated that their 2023 travel budgets will exceed 2019 levels. Other industry observers have noted that there may be opportunities for airlines to service increased leisure travel and shift routes to accommodate business travelers who commute to the office for a few days per week. The Board cannot predict future travel patterns and any potential impact thereof on the General Revenues of the Airport.

Airline Information Reporting. Certain airlines operating at the Airport (or their parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and, as such, are required to file periodic reports, including financial and operational data (the "SEC Reports"), with the U.S. Securities and Exchange Commission ("SEC"). The SEC database for company filings, which includes quarterly and annual reports, registration statements for IPOs and other offerings, insider trading reports, and proxy materials, can be accessed by using the SEC's EDGAR system (link to EDGAR system). Public records which are not located on the SEC website can be requested via an electronic records request form, fax ((202) 772-9337), or by submitting a written request to: U.S. Securities and Exchange Commission, Office of FOIA Services, 100 F Street N.E., Washington, DC 20549-2465, (202) 551-7900/ foiapa@sec.gov), subject to prescribed rates. The SEC Public Reference Room is located in Room 1580 at such address.

Each domestic airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation (USDOT). Such reports can be accessed via the website of the National Transportation Library of the Bureau of Transportation Statistics (https://ntl.bts.gov/ntl). Staff assistance is available via e-mail and live chat sessions and via phone ((800) 853-1351). Non-U.S. airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines.

None of the Board, the Financial Advisor, the Urban County Government, nor the Underwriter undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the United States Department of Transportation as discussed in the preceding paragraph, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC's website.

Aviation Security Concerns and Related Costs

In response to the terrorist attacks in the United States on September 11, 2001, the U.S. Congress adopted the Aviation and Transportation Act in November 2001 (ATSA). The provisions of the ATSA included the federalization of airport security functions under the Transportation Security Administration (TSA) (to oversee all modes of transportation), increasing the presence of armed federal air marshals, requiring the reinforcement of cockpit doors, and intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies. Liquids, gels, and aerosols in carry-on luggage were later restricted to small amounts and removal of shoes for footwear screening was required. In 2018, the U.S. Congress adopted the FAA Reauthorization Act, which included the TSA Modernization Act, the TSA's first reauthorization since its inception in 2001. The TSA Modernization Act empowered the TSA to expand field operations testing of advanced screening technologies, increase the use of canine resources, and enhance public area security. The federal government, the general public, and the air transportation industry have borne most of the costs of such security investments. The Airport is currently in compliance with all federally mandated security requirements.

The U.S. Congress approved funding for federal FY 2023 to bring TSA employee compensation in alignment with other federal agencies. TSA employees, in particular TSA's frontline workforce, have generally been paid up to 30% less than their federal counterparts. Effective July 1, 2023, TSA employees will be paid commensurate with employees on the General Schedule pay scale. This effort is intended to address concerns regarding TSA employee turnover. However, such pay raises will require Congressional approval for extension beyond the last quarter of federal FY 2024.

The Board cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the probability of an attack against Americans traveling or American interests abroad. Additional attacks against the air transportation industry, the travel industry, cities, utilities, infrastructure, office buildings or manufacturing plants could have an immediate and significant adverse impact on travel demand. The Board cannot predict the likelihood of increased security restrictions or future air transportation disruptions or the impact on the Airport or the airlines from any future terrorist incidents or disruptions.

The Board cannot predict the effect of any additional TSA security requirements on passenger activity at the Airport. Nor can the Board predict future TSA staffing levels for the implementation of current or additional security requirements or the effect on passenger activity of such staffing level decisions. Additional widespread security delays and missed flights could result in disruptions in the efficiency of the air transportation industry and cause a loss of confidence in the air transportation industry, which could ultimately adversely affect the General Revenues received by the Board.

Information Technology Concerns

Operations. Computer networks and data transmission and collection are vital to the efficient operation of the air transportation industry. Recent computer system issues at the FAA and Southwest Airlines have effectively brought airline operations to a halt for significant periods of time, affecting schedules for days. Some industry analysts attribute the disruptions to an underlying need for a fundamental overhaul of the computer infrastructure across the air transportation industry which dates from the 1990's, rather than additional updates of existing systems. Repeated service disruptions could cause a loss of confidence in the air transportation industry, which could ultimately adversely affect the revenues received by the Board.

Cybersecurity. Air transportation industry participants, including airlines, the FAA, the TSA, the Board, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air transportation industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air transportation industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air transportation industry, which could ultimately adversely affect the revenues received by the Board. The costs of defending against and responding to a cybersecurity breach may be substantial and the costs of defensive measures may further increase as cyber attacks become more sophisticated and frequent.

Capacity of National Air Traffic Control and Airport Systems

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. In January 2023, the outage of the Notice to Air Missions System of the FAA temporarily grounded all domestic flight departures, impacting travel for approximately 10,000 flights. Several incidents of near collisions between planes on runways have occurred in 2023.

The FAA is gradually implementing its Next Generation Air Transportation System ("NextGen") air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. The Proposed 2023 FAA Reauthorization includes an allocation of more than $18 billion to modernize key technologies and systems at FAA facilities and would require the FAA to complete the last stage of the NextGen program by December 31, 2025 (rather than the previous estimated full deployment date of 2030) (see "BONDHOLDER RISKS - Additional Federal Authorization and Funding Considerations).

The USDOT has estimated that U.S. air traffic control operations are currently understaffed by about 3,000 positions. Thousands of air traffic controllers are in training, but many are also eligible to retire. In 2023, the FAA granted waivers to permit airlines to limit flights through the end of October in the New York City area, without losing landing rights, due to air traffic control staffing shortages. The FAA met its 2023 goal of hiring 1,500 entry-level air traffic controllers to continue rebuilding its training pipeline and plans to hire an additional 1,800 controllers in 2024, pending funding approval. No assurances can be given that the expected increase in demand for airline travel and air traffic control staffing shortages will not adversely affect airline operations and result in additional costs. Any such changes in the operations and/or financial condition of the airlines servicing the Airport can affect its General Revenues.

Reduction or Loss of PFC Revenues

Reduction in PFC Revenues. While the Outstanding Obligations, including the Series 2023 Bonds are <u>not</u> secured by PFC revenues, the Board's plan of finance for the Series 2023 Bonds is premised on certain assumptions with respect to the availability of PFC revenues to pay debt service on the Outstanding Obligations (see "SECURITY FOR THE SERIES 2023 BONDS – Application of Facility Charges for the Payment of Debt Service Charges" and "- Historical Rate Covenant Compliance"). Since the amount of PFC revenues are based on passenger volume, PFC revenues for the Airport were negatively affected by the collateral impact of the COVID-19 Pandemic (see "AIRPORT OPERATIONS - Historical Airport Revenues – *PFC Revenues*"). It is not possible to predict future enplanement levels, the imposition of any future restrictions or limitations on Airport operations, or the effect any future legislation or regulations on anticipated federal funding or PFC revenues or any potential adverse effect on General Revenues therefrom.

Termination of the Authority to Assess PFCs. The FAA has the power to terminate the authority of the Board to impose PFCs, if (i) the Board's PFCs are not used for approved projects, (ii) project implementation does not commence within the time period specified in the FAA's regulations or (iii) the Board otherwise violates FAA regulations. The Board's authority to impose a PFC may also be terminated if the Board violates certain provisions of the Airport Noise and Capacity Act of 1990 (the "ANCA") and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Board's authority to impose a PFC would not be summarily terminated.

Treatment of PFCs in Airline Bankruptcies. The PFC Acts provide that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Board) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. Furthermore, the FAA's PFC regulations require carriers collecting the PFCs (the "Collecting Carriers") to account for PFC collections separately, and further indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. In early cases, in which PFCs were at issue, certain bankruptcy court decisions indicated that PFCs may not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds. In the more recent cases, such as the American Airlines bankruptcy, however, the bankruptcy court has recognized the airports' interests in the PFCs and taken steps to segregate PFCs from airline revenues. Where an air carrier files for bankruptcy protection and liquidates, PFC revenues may not be recoverable if they have been expended by the carrier before such filing.

Changes in Ground Transportation Activity

Ground transportation activity is a significant source of non-airline revenues for the Airport, including rental car transactions and fees paid upon entry to the Airport by taxi, limousine, and transportation network companies such as Uber and Lyft ("TNCs"). TNCs connect paying passengers with drivers who provide the transportation using their own commercial and non-commercial vehicles. The popularity of TNCs has increased because of the increasing number of areas where TNCs operate, the convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing.

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to develop and may result in further changes in the ground transportation preferences of passengers at the Airport. Although the Board makes every effort to anticipate demand shifts, there may be times when the Board's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Board cannot predict with certainty what impact such new technologies, innovations in ground transportation, or new business strategies will have over time on its General Revenues from non-airline sources such as parking, rental cars, and other ground transportation services.

Additional Federal Authorization and Funding Considerations

The Board receives funding for the Airport not only in connection with AIP grants and PFC authorizations, but also in the form of funding for TSA, air traffic control, and other FAA staffing and facilities. The FAA operates under the FAA Reauthorization Act of 2018 (the "2018 FAA Reauthorization"), which reauthorizes the FAA and other programs until the end of FFY 2023. Legislation to reauthorize the FAA has been introduced in both the U.S. House of Representatives and the U.S. Senate, with bipartisan sponsors (together, the "Proposed 2023 FAA Reauthorization"). Each bill provides for reauthorization through FFY 2028 with over $100 billion in appropriations. The FAA is currently operating under an extension of its statutory authorities through December 31, 2023, as part of a continuing resolution adopted by the U.S. Congress on September 30, 2023 to fund the federal government for 45 days.

In the event that the 2018 FAA Reauthorization were to expire without the adoption of the Proposed 2023 FAA Reauthorization or another short-term extension, FAA programs would be unauthorized at such time, including FAA programs providing funding for the Airport. The Board is unable to predict whether either legislative measure will be adopted prior to December 31, 2023 and if not so adopted, the duration of any resulting period of de-authorization, and the impact on the Airport finances which might result therefrom.

The Proposed 2023 FAA Reauthorization retains the federal cap on PFCs at $4.50 and authorizes $4 billion per year for AIP Grants through FFY 2028. The AIP Grants provide federal capital grants to support airport infrastructure through entitlement grants, which are determined by formulas based on passenger, cargo and general aviation activity levels, and discretionary grants, allocated on the basis of specific set-asides and the national priority ranking system. The Board is unable to predict the level of AIP Grant funding at this time, since authorization is subject to Congressional appropriation. If there is a reduction in the amount of AIP Grants awarded to the Board for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the Board would need to fund from other sources; (2) extend the timing to complete certain projects; or (3) reduce the scope of individual proposed projects.

Regulations and Restrictions Affecting the Airport

General. The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including federal acts authorizing the imposition, collection and use of PFCs,[10] and extensive federal legislation and regulations applicable to all airports and airlines in the United States. For example, in the aftermath of the events of September 11, 2001, the Airport was required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and the TSA.[11] There is no assurance that there will not be any change in, interpretation of, or addition to any such applicable laws, regulations and provisions. Any such change, interpretation or addition may have a material adverse effect, either directly or indirectly, on the Airport, which could materially adversely affect the Airport's operations or financial condition.

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[10] See "SECURITY FOR THE 2023 BONDS - Application of Facility Charges for the Payment of Debt Service Charges – PFCs" and "BONDHOLDER RISKS - Reduction or Loss of PFC Revenues" herein.

[11] See "BONDHOLDER RISKS - Aviation Security Concerns and Related Costs" herein.

Environmental Issues. Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Board and on the airlines operating at the Airport. In 2021, the United States Environmental Protection Agency (the "EPA") promulgated a rule to institute commercial aircraft greenhouse gas (GHG) emission standards, which is currently subject to litigation. Also in 2021, the FAA published the United States Aviation Climate Action Plan (the "Climate Action Plan") which describes a "whole-of-government" approach to put the sector on a path toward achieving net-zero emissions by 2050. The Climate Action Plan describes initiatives such as the development of more efficient aircraft and engine technologies, production and use of sustainable aviation fuels, and advancements in airport operations. The Board cannot predict the effect of environmental initiatives and regulations on air traffic at the Airport or the General Revenues or the outcome of any litigation related thereto.

Unmanned Aerial Vehicles

The FAA has stated that reports of unmanned aerial vehicle (UAVs or drones) sightings from pilots, citizens, and law enforcement have increased dramatically over the past two years. The FAA now receives more than 100 such reports each month. The FAA further stated that it wants to send out a clear message that operating drones around airplanes, helicopters and airports is dangerous and illegal. Unauthorized operators may be subject to stiff fines and criminal charges, including possible jail time.

The U.S. Department of Homeland Security has stated that the TSA has reported nearly 2,000 drone sightings near U.S. airports in the past two years. Between 2019 and mid-2022, UAV incidents caused U.S. airports to fully halt operations three times and resulted in over 30 partial suspensions of operations in 2021, causing millions of dollars of economic damage due to delays. The U.S. Congress continues to debate the approval of expanded powers for the TSA and the U.S. Marshals Service to detect and disable threatening drones.

An unauthorized UAV incursion at the Airport could result in the temporary delay or cancellation of flights to or from the Airport as well as harm the Airport's brand, reputation and its relationships with the Airport's customers, airlines and government partners. The airport industry is working closely with the FAA to develop measures to prevent adverse effects from unauthorized UAV activity. There can be no assurance, however, that in the future, unauthorized UAV activity will not adversely affect Airport operations.

Force Majeure Events Affecting the Board and the Airport

There are certain unanticipated events beyond the Board's control that could have a material adverse effect on the Board's operations and financial condition, or on the Airport's operations and financial condition, if they were to occur, as recently demonstrated by the COVID-19 Pandemic (see "IMPACT OF THE COVID-19 PANDEMIC ON THE AIRPORT" herein). These events include fire, flood, earthquake, epidemic or pandemic, adverse health conditions or other unavoidable casualties or acts of God, freight embargo, labor strikes or work stoppages, civil commotion, new acts of war or escalation of existing war conditions, sabotage, enemy action, pollution, unknown subsurface or concealed conditions affecting the environment, and any similar causes. No assurance can be provided that such events will not occur, and, if any such events were to occur, no prediction can be provided as to the actual impact or severity of the impact on the

Board's operations and financial condition or on the Airport's operations and financial condition, as applicable.

Capital Projects

As described herein under "AIRPORT OPERATIONS - Airport Improvements," in addition to the 2023 Project, there are numerous Airport capital projects planned or underway (collectively with the 2023 Project, the "Capital Projects"). The completion of the Capital Projects may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material, and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation, (xi) environmental issues, and (xii) additional security improvements and associated costs mandated by the federal government. There can be no assurance that the cost of construction of the Capital Projects will not exceed the currently estimated dollar amount or that the completion of the Capital Projects will not be delayed beyond the currently projected completion dates.

Federal Tax Law Considerations

See "TAX MATTERS – Federal Income Tax Matters – *General*" herein.

Forward-Looking Statements

See "REGARDING USE OF THIS OFFICIAL STATEMENT" herein.

LITIGATION

There is no litigation pending in any court or, to the best of the knowledge of the Board, threatened, questioning the corporate existence of the Board or the Urban County Government or which would restrain or enjoin the issuance or delivery of any of the Series 2023 Bonds, or which questions or concerns the proceedings of the Board or the Urban County Government taken in connection with the Series 2023 Bonds or the pledge or application of any General Revenues, Pledged Funds or Lease Rental Payments provided for their payment, or which contests the powers of any such entities with respect to the foregoing.

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TAX MATTERS

*Forms of the opinions of Bond Counsel with respect to the Series 2023 Bonds are attached hereto as **Appendices E-1** and **E-2**.*

State Tax Matters

In the opinion of Bond Counsel, under the laws of the Commonwealth of Kentucky, as presently enacted and construed, interest on the Series 2023 Bonds is exempt from income taxation and the Series 2023 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions and taxing authorities.

Federal Income Tax Matters

General

The following is a summary of the principal federal income tax consequences relating to the acquisition, ownership and disposition of the Series 2023 Bonds for certain Holders, including U.S. Holders (as defined below) of the Taxable 2023 Series C Bonds. It does not provide a complete analysis of all potential tax considerations relating to the acquisition, ownership and disposition of the Series 2023 Bonds. This summary is based on the tax laws of the United States, including the current provisions of the Code, its legislative history, current final, temporary and proposed Treasury regulations thereunder, published rulings and pronouncements of the IRS and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect, so as to result in federal income tax consequences different from those described below. There can be no assurance that the IRS will not take a contrary view or that a court would not sustain a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial or administrative changes or interpretations may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below.

THE FEDERAL INCOME TAX DISCUSSION THAT APPEARS BELOW IS INCLUDED IN THIS OFFICIAL STATEMENT FOR THE GENERAL INFORMATION OF A PROSPECTIVE PURCHASER. SOME OR ALL OF THE DISCUSSION MAY NOT APPLY TO A PARTICULAR PURCHASER DEPENDING UPON THE PARTICULAR SITUATION OF THAT PURCHASER. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THIS SUMMARY DOES NOT ADDRESS FEDERAL GIFT, GENERATION SKIPPING OR ESTATE TAX CONSEQUENCES OR ALTERNATIVE MINIMUM, FOREIGN, STATE, LOCAL OR OTHER TAX CONSEQUENCES, NOR DOES THIS SUMMARY ADDRESS FEDERAL INCOME TAX CONSEQUENCES FOR HOLDERS OTHER THAN U.S. HOLDERS (AS DEFINED BELOW) OF THE TAXABLE 2023 SERIES C BONDS. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH PROSPECTIVE PURCHASER CONSIDERING THE PURCHASE OF SERIES 2023 BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING THESE MATTERS AND CONCERNING THE TAX TREATMENT OF SERIES 2023 BONDS UNDER STATE AND LOCAL TAX LAWS AND REGULATIONS AND THE POSSIBLE EFFECTS OF CHANGES

IN FEDERAL OR OTHER TAX LAWS AFFECTING THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2023 BONDS.

Tax-Exempt Series 2023 Bonds

Tax Status of the Tax-Exempt Series 2023 Bonds

In the opinion of Dinsmore & Shohl LLP, as bond counsel for the Tax-Exempt Series 2023 Bonds ("Bond Counsel"), to be delivered at the time of original issuance of the Tax-Exempt Series 2023 Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Tax-Exempt Series 2023 Bonds is excludible from gross income for Federal income tax purposes, except for interest on any 2023 Series B Bond during any period that it is held by a "substantial user" of the facilities financed with proceeds of the 2023 Series B Bonds or a "related person" of such "substantial user," as such quoted terms are defined for purposes of Section 147(a) of the Code.

In the further opinion of Bond Counsel, under present law, (a) interest on the 2023 Series A Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; and (b) interest on the 2023 Series B Bonds is an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (see "*Corporate Alternative Minimum Tax*" below).

A copy of the opinion of Bond Counsel with respect to the Tax-Exempt Series 2023 Bonds is set forth in ***Appendix E-1***, attached hereto.

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 Tax-Exempt Series 2023 Bonds. The Board has covenanted to comply with certain restrictions designed to ensure that interest on the Tax-Exempt Series 2023 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 Tax-Exempt Series 2023 Bonds being includible in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Tax-Exempt Series 2023 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 Tax-Exempt Series 2023 Bonds may adversely affect the tax status of the interest on the Tax-Exempt Series 2023 Bonds.

Certain requirements and procedures contained or referred to in the Resolutions, the Trust Indenture, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Tax-Exempt Series 2023 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 Tax-Exempt Series 2023 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 has rendered an opinion that interest on the Tax-Exempt Series 2023 Bonds is excludible from gross income for Federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Tax-Exempt Series 2023 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 of the Tax-Exempt Series 2023 Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Tax-Exempt Series 2023 Bonds may result in other collateral Federal, state or local tax consequences 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 use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any 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 Tax-Exempt Series 2023 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 Tax-Exempt Series 2023 Bonds.

Prospective purchasers of the Tax-Exempt Series 2023 Bonds are advised to consult their own tax advisors prior to any purchase of the Tax-Exempt Series 2023 Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Tax-Exempt Series 2023 Bonds.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the "adjusted financial statement income" of "applicable corporations" as defined in Section 59(k) of the Code; generally, corporations (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) having "average annual adjusted financial statement income" of more than $1,000,000,000 over any preceding period of three tax years (ending with a tax year that ends after December 31, 2021). The new corporate alternative minimum tax applies for tax years beginning after December 31, 2022. Interest on tax-exempt bonds, such as interest on the Tax-Exempt Series 2023 Bonds, is included (a) in average annual adjusted financial statement income for the purpose of determining whether a corporation is an "applicable corporation" and (b) in the calculation of an applicable corporation's "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on corporations, regardless of the issue date of such tax-exempt bonds.

Original Issue Discount

Any Tax-Exempt Series 2023 Bonds that have an original yield above their interest rate, as set forth herein under "MATURITY SCHEDULES," if applicable (for purposes of this section, the "Tax-Exempt OID Bonds"), are being initially offered and sold to the public at an original issue 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 Tax-Exempt OID 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 Tax-Exempt OID Bond. In practical effect, accrued OID is treated as stated interest, that is, excludible from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Tax-Exempt OID 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 Tax-Exempt OID 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 Tax-Exempt OID Bond has not received cash attributable to such original issue discount in such year.

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

Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond. Any Tax-Exempt Series 2023 Bonds that are being sold at original yield below their interest rate, as set forth herein under "MATURITY SCHEDULES," if applicable (for purposes of this section, the "Tax-Exempt Premium Bonds"), are being initially offered and sold to the public with Acquisition Premium. For federal income tax purposes, the amount of Acquisition Premium on the Tax-Exempt Premium Bonds must be amortized and will reduce the Holder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on the Tax-Exempt Premium Bonds may be deducted in determining Holder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Tax-Exempt Premium Bonds that must be amortized during any period will be based on the "constant yield" method, using the original Holder's basis in such Tax-Exempt Premium Bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Please note that with respect to any Tax-Exempt Premium Bonds which are callable prior to their stated maturity, the required amortization period for the Acquisition Premium will depend on which call dates produce the greater diminution in the yield to the holder. With respect to any Tax-Exempt Premium Bonds 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 Tax-Exempt Premium Bond.

Holders of any Tax-Exempt Premium Bonds, both original purchasers and any subsequent purchasers, should consult their own tax advisors as to the actual effect of any Acquisition Premium with respect to their own federal income tax situation and as to the treatment of the Acquisition Premium for state tax purposes.

Taxable 2023 Series C Bonds

The following summary deals only with Taxable 2023 Series C Bonds held as capital assets within the meaning of Section 1221 of the Code (generally assets that are held for investment rather than as inventory or as property used in a trade or business) and not with special classes of holders, such as dealers in securities or currencies, financial institutions, insurance companies, S corporations, grantor trusts, certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers, persons holding the Taxable 2023 Series C Bonds as part of a hedging transaction, straddle, conversion transaction, synthetic security transaction or other risk reduction or integrated transaction, persons whose functional currency is not the U.S. dollar, persons who acquire the Taxable 2023 Series C Bonds in connection with their employment or other performance of services, tax-exempt persons, mutual funds, small business investment companies, real estate mortgage investment conduits or real estate investment trusts.

If a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) acquires Taxable 2023 Series C Bonds, the federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partnership holding Taxable 2023 Series C Bonds, and partners in such a partnership, should consult its and their own tax advisors with regard to the federal income tax consequences of the acquisition, ownership, and disposition of the Taxable 2023 Series C Bonds by the partnership.

As used in this Official Statement, the term “U.S. Holder” means a beneficial owner of a Taxable 2023 Series C Bond that is, for federal income tax purposes (a) a citizen or resident of the United States for federal income tax purposes; (b) a corporation (or other entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States, any of the states thereof or the District of Columbia; (c) an estate, the income of which is includible in gross income for federal income tax purposes regardless of its source; (d) a trust that is subject to the supervision of a court within the United States and one or more United States persons as described in Section 7701(a)(30) of the Code has the authority to control all of the substantial decisions with respect to such trust; or (e) certain trusts with a valid election in effect under applicable Treasury regulations to be treated as a United States person within the meaning of the Code.

Tax Status of the Taxable 2023 Series C Bonds

The Taxable 2023 Series C Bonds are taxable debt instruments for federal income tax purposes. As such, interest on the Taxable 2023 Series C Bonds is not excludible from the gross income of Holders under Section 103 of the Code and will be fully subject to federal income taxation. The form of the opinion of Bond Counsel with respect to the Taxable 2023 Series C Bonds is set forth in ***Appendix E-2***, attached hereto.

Interest

Interest on the Taxable 2023 Series C Bonds will be taxable to a Holder as ordinary interest income. A Holder using the accrual method of accounting for federal income tax purposes generally must include such interest in income as the interest accrues, while a Holder using the cash receipts and disbursements method of accounting generally must include such interest in income when payments are actually or constructively received. There is an exception if the Holder makes a constant yield election ("*–Constant Yield Election*") and for original issue discount.

Original Issue Discount Income

A Taxable 2023 Series C Bond will have OID if it is acquired by a Holder at its original issuance at a discount, other than a specific de minimis discount. For purposes of this Tax Matters section, a Taxable 2023 Series C Bond having OID is referred to as a "Taxable OID Bond." A Taxable 2023 Series C Bond is purchased at a discount if the "stated redemption price at maturity" ("SRPM") of such Taxable 2023 Series C Bond exceeds the Taxable 2023 Series C Bond's "issue price." Such excess is also the amount of OID. The SRPM of a Taxable 2023 Series C Bond generally will be equal to the sum of all payments, whether principal or interest, to be made on the Taxable 2023 Series C Bond other than "Qualified Stated Interest" payments. Under applicable regulations, "Qualified Stated Interest" payments are stated interest payments based on a single fixed rate of interest or, under certain circumstances, a variable rate tied to an objective index, that are actually and unconditionally payable in cash or property (other than a debt instrument of the issuer) at fixed periodic intervals of one year or less during the entire term of the Taxable 2023 Series C Bond. In general, the "issue price" of a Taxable 2023 Series C Bond is the initial offering price to the public at which a substantial amount of Taxable 2023 Series C Bonds of the same maturity and interest rate are sold, ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The discount is de minimis if it is less than 0.25% of the Taxable 2023 Series C Bond's SRPM multiplied by the number of complete years to the Taxable 2023 Series C Bond's maturity. For the treatment of Taxable 2023 Series C Bonds with de minimis OID, see *"–De Minimis OID."*

Holders will include OID in ordinary income in accordance with special tax accounting rules for original issue discount obligations provided by the Code and U.S. Treasury Regulations (the "OID Regulations"). In general, and regardless of whether a Holder uses the cash or accrual method of tax accounting, the OID Regulations require that Holders of Taxable OID Bonds with a maturity greater than one year include in ordinary gross income the sum of the "daily portions" of original issue discount on that Taxable 2023 Series C Bond for all days during the taxable year that such Holder owns the Taxable 2023 Series C Bond. The daily portions are computed using the constant yield method (except in certain circumstances explained in the OID Regulations). The constant yield method provides that the daily portions of original issue discount on Taxable OID

Bonds are determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that period. Accrual periods may be of any length and may vary in length over the term of the Taxable OID Bonds, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of original issue discount on Taxable OID Bonds allocable to each accrual period is generally determined by (a) calculating the product of (1) the "adjusted issue price" of the Taxable OID Bond at the beginning of the accrual period multiplied by a (2) a fraction, the numerator of which is the "yield to maturity" of the Taxable OID Bond and the denominator of which is the number of accrual periods in a year and (b) subtracting from that product, the amount, if any, payable as Qualified Stated Interest allocable to that accrual period. The "adjusted issue price" of an Taxable OID Bond at the beginning of any accrual period will generally be the sum of the issue price of the Taxable OID Bond and the amount of original issue discount allocable to all prior accrual periods (determined without regard to the amortization of any acquisition or bond premium, as described below), reduced by the amount of all prior payments made on the Taxable OID Bond, other than Qualified Stated Interest, on or before the first day of the accrual period. The yield to maturity of an Taxable OID Bond is the discount rate (appropriately adjusted to reflect the length of accrual periods) that causes the sum of the present values on the Taxable OID Bond to equal the issue price.

All payments on an Taxable OID Bond (other than Qualified Stated Interest) will generally be viewed first as payments of previously accrued original issue discount, with payments considered made from the earliest accrual periods first, and then as a payment of principal.

As described in *"–Constant Yield Election,"* a Holder may make an irrevocable election to include in income its entire return on a Taxable 2023 Series C Bond, including payments of Qualified Stated Interest and OID.

De Minimis OID

If a Taxable 2023 Series C Bond has de minimis OID, Holders generally must include the de minimis OID in ordinary income as stated principal payments on the Taxable 2023 Series C Bond are made. The amount of de minimis original issue discount includible in income with respect to each principal payment on the Taxable 2023 Series C Bonds equals the product of the total amount of de minimis original issue discount on the Taxable 2023 Series C Bond and a fraction, the numerator of which is the amount of principal payment made and the denominator of which is the stated principal amount of the Taxable 2023 Series C Bond. Any amount of de minimis original issue discount included in income upon sale, exchange, retirement or other taxable disposition of a Taxable 2023 Series C Bond will be treated as capital gain if the Taxable 2023 Series C Bond is a capital asset in the Holder's hands.

Constant Yield Election

Under applicable regulations, a Holder may elect to include in gross income all income that accrues on a Taxable 2023 Series C Bond (including stated interest, acquisition discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) in accordance with the constant yield method. Holders should consult their own tax advisors about how this election would apply to them.

Market Discount

A Taxable 2023 Series C Bond purchased by a Holder after its original issue at a price lower than the Taxable 2023 Series C Bond's SRPM (or its "revised issue price" in the case of an OID Bond, i.e., its issue price increased for the aggregate original issue discount included in income by all holders prior to its acquisition by the Holder) will be considered to bear "market discount" in an amount equal to such difference except if the difference is less than a specific de minimis amount. The market discount is de minimis if it is less than the product of 0.25% of the Taxable 2023 Series C Bond's stated principal amount, multiplied by the remaining number of complete years to maturity for such Taxable 2023 Series C Bond at the time of purchase.

In general, any partial payment of principal or any gain recognized on the maturity or disposition of a Taxable 2023 Series C Bond having market discount will be treated as ordinary income to the extent that the gain does not exceed the "accrued market discount" on such Taxable 2023 Series C Bond. Generally, the accrued market discount will be the total market discount on a Taxable 2023 Series C Bond multiplied by a fraction, the numerator of which is the number of days the Holder held the Taxable 2023 Series C Bond and the denominator of which is the number of days from the date the Holder acquired the Taxable 2023 Series C Bond until its maturity date. A Holder may elect, however, to determine accrued market discount under the constant-yield method.

Holders who acquire Taxable 2023 Series C Bonds at a market discount may be required to defer, until the maturity date of such Taxable 2023 Series C Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the Holder paid or accrued during the taxable year on indebtedness incurred or continued to purchase or carry a Taxable 2023 Series C Bond in excess of the aggregate amount of interest (including original issue discount) includible in such Holder's gross income for the taxable year with respect to such Taxable 2023 Series C Bond. The amount of such net direct interest expense deferred in a taxable year will not exceed the amount of market discount accrued on the Taxable 2023 Series C Bond for the days during the taxable year on which the Holder held the Taxable 2023 Series C Bond and, in general, would be deductible when such market discount is includible in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable 2023 Series C Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Holder elects to include such market discount in income currently as described above.

If a Taxable 2023 Series C Bond is disposed of in a nontaxable transaction (other than as provided in Code Section 1276(c) and (d)), accrued market discount will be includible as ordinary income to the Holder as if the holder had sold the Taxable 2023 Series C Bond at its then fair market value. Alternatively, a Holder may elect to recognize market discount as ordinary income currently as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of the Taxable 2023 Series C Bond as ordinary income. The adjusted basis of a Taxable 2023 Series C Bond subject to this election will be increased to reflect market discount included in income, thereby reducing any gain or increasing any loss on a sale or taxable disposition. Also, if a Holder elects to include market discount on a current basis, the interest deduction deferral rule described above does not apply. If a Holder does make such election, it will apply to all market discount debt instruments that a Holder acquires on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS.

Acquisition Premium; Amortizable Bond Premium

A Holder that purchases a Taxable 2023 Series C Bond for an amount that is greater than its adjusted issue price but equal to or less than the sum of all amounts payable on the Taxable 2023 Series C Bond after the purchase date other than payments of payments of Qualified Stated Interest will be considered to have purchased the Taxable 2023 Series C Bond at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the Holder must include in its gross income for the Taxable 2023 Series C Bond for any taxable year will be reduced (but not below zero) by the portion of acquisition premium properly allocable to that year.

If a Holder purchases a Taxable 2023 Series C Bond for an amount in excess of the sum of all amounts payable on the Taxable 2023 Series C Bond after the acquisition date (other than payments of Qualified Stated Interest), the Holder will be considered to have purchased the Taxable 2023 Series C Bond with amortizable bond premium equal in amount to that excess and may elect to amortize this premium over the remaining term of the Taxable 2023 Series C Bond, based on the Holder's yield to maturity for the Taxable 2023 Series C Bond as determined under the bond premium rules. If the Taxable 2023 Series C Bond is redeemable prior to maturity, the amount of amortizable premium is determined with reference either to the amount payable on maturity or, if it results in a smaller premium attributable to the earlier redemption period, with reference to the amount payable on the earlier redemption date. A Holder may generally use the amortizable bond premium allocable to an accrual period to offset Qualified Stated Interest required to be included in the Holder's income for the Taxable 2023 Series C Bond in that accrual period. Under applicable regulations, if the amortizable bond premium allocable to an accrual period exceeds the amount of Qualified Stated Interest allocable to the accrual period, the excess would be allowed as a deduction for the accrual period, but only to the extent of the Holder's prior interest inclusions on the Taxable 2023 Series C Bond. Any excess is generally carried forward and allocable to the next accrual period. A Holder who elects to amortize bond premium must reduce his, her or its tax basis in the Taxable 2023 Series C Bond by the amount of the bond premium amortized during the holding period of the Holder, as further described below under *"– Sale, Exchange, Retirement or Other Taxable Disposition of Taxable 2023 Series C Bonds."* An election to amortize bond premium applies to all taxable debt obligations held by the Holder on or after the beginning of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. Applicable regulations provide limited automatic consent for a Holder to change its method of accounting for bond premium to the constant yield method if the change is made for the first taxable year (by a statement on the relevant return) for which the Holder must account for a Taxable 2023 Series C Bond under those regulations. If a Holder does not elect to amortize bond premium, the amount of premium will be included in its tax basis in the Taxable 2023 Series C Bond; therefore, such bond premium generally would produce a capital loss, which capital loss may be subject to limitations on deductibility.

Sale, Exchange, Retirement, or Other Taxable Disposition of Taxable 2023 Series C Bonds

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Taxable 2023 Series C Bond, a Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash proceeds and the fair market value of any property received for the Taxable 2023 Series C Bond (which excludes payments for accrued interest not previously reported in income), and (ii) the Holder's adjusted basis in the Taxable 2023 Series C Bond or applicable portion of the adjusted basis. The Holder's adjusted basis generally will equal the cost of the Taxable 2023 Series C Bond to the Holder, increased by any original issue discount and market discount previously included in the Holder's ordinary income for the Taxable 2023 Series C Bond and reduced by any principal payments on the Taxable 2023 Series C Bond previously received by the holder and by any amortizable bond premium used to offset Qualified Stated Interest and certain other amortizable bond premium allowed as a deduction under the regulations described above under the section entitled *"–Acquisition Premium; Amortizable Bond Premium."* Except as discussed above under the section entitled *"–Market Discount"* for Taxable 2023 Series C Bonds with market discount, or to the extent cash received is attributable to accrued Qualified Stated Interest, any gain or loss recognized upon a sale, exchange, redemption, retirement, or other disposition of a Taxable 2023 Series C Bond will be capital gain or loss and will be long-term capital gain or loss if the Holder's holding period for the Taxable 2023 Series C Bond exceeds one year on the date of the disposition. The deductibility of capital losses is subject to limitations. Prospective investors should consult their tax advisors regarding the treatment of capital gains and losses as it applies to them.

Defeasance or Material Modification

The legal defeasance or other significant modification of Taxable 2023 Series C Bonds may result in a deemed disposition of such Taxable 2023 Series C Bonds and a deemed reissuance of a "new" Taxable 2023 Series C Bond to the Holder for federal income tax purposes, in which event a Holder will recognize taxable gain or loss equal to the difference between the amount realized from the deemed exchange and the Holder's adjusted tax basis in the Taxable 2023 Series C Bond. The "new" Taxable 2023 Series C Bond deemed reissued in such a defeasance or significant modification may be treated as issued with original issue discount in an amount equal to the excess, if any, of the stated principal amount of the "new" Taxable 2023 Series C Bond over its deemed issue price. Prospective investors should consult their tax advisors regarding the tax consequences of a defeasance or material modification of the Taxable 2023 Series C Bonds.

Medicare Tax

The income of a Holder that is an individual, certain trusts or an estate from a Taxable 2023 Series C Bond is potentially subject to the 3.8% Medicare tax under Code Section 1411. Holders are urged to consult with their tax advisors regarding the applicability of the Medicare tax to income and gains in respect of their investment in the Taxable 2023 Series C Bonds.

Backup Withholding and Information Reporting

A backup withholding tax, currently at a 24% rate, and information reporting requirements generally apply to specified payments of principal, premium and interest (including original issue discount in some instances) made to, and to the proceeds of sale before maturity by, Holders (other than certain exempt recipients, such as organizations exempt from taxation under Section 501(a) of the Code) who fail to provide and certify certain identifying information (e.g., the holder's taxpayer identification number) in the required manner. Under current Treasury regulations, backup withholding will not apply to payments made on a Taxable 2023 Series C Bond or proceeds from the sale of a Taxable 2023 Series C Bond if the Holder:

(a) provides its U.S. taxpayer identification number (typically on IRS Form W-9 or a successor form), certifies that it is a U.S. person, and certifies that (1) it is exempt from backup withholding, (2) it has not been notified by the IRS that it is subject to backup withholding or (3) it has been notified by the IRS that it is no longer subject to backup withholding; or

(b) establishes an exemption from backup withholding.

Any amounts withheld from a payment to a Holder under the backup withholding rules will be refunded or credited against that Holder's federal income tax liability. The amount of any "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to those payments will be reported to the holders of the Taxable 2023 Series C Bonds and to the IRS.

APPROVAL OF LEGAL PROCEEDINGS

The authorization, issuance and sale of the Series 2023 Bonds are subject to the approving opinion of Dinsmore & Shohl LLP, Lexington, Kentucky, substantially in the form set forth in ***Appendix E*** attached hereto. Certain legal matters will be passed upon for the Board by its counsel, Stites & Harbison, PLLC, Louisville, Kentucky. Certain additional legal matters will be passed upon for the Board by Dinsmore & Shohl LLP, Lexington, Kentucky, as disclosure counsel to the Board. Certain legal matters in connection with the public offering of the Series 2023 Bonds will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, Cleveland, Ohio, counsel to the Underwriter.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned its long-term rating of "Aa2" to the Series 2023 Bonds. S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), has assigned its long-term rating of "AA" to the Series 2023 Bonds. Moody's and S&P have each assigned a stable outlook to their respective long-term ratings of the Series 2023 Bonds.

Any explanation of the significance of such ratings may be obtained from Moody's and S&P. Such ratings reflect only the views of the rating agency assigning such rating. An explanation of the ratings may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10004, and from S&P at 55 Water Street, New York, New York 10004. Such ratings are not a recommendation to buy, sell or hold any of the Series 2023 Bonds. There is no assurance that such ratings will remain in effect for any given period of time or that they may not be lowered, suspended or withdrawn entirely by such rating agencies if in their judgment, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market prices or the marketability of the Series 2023 Bonds. Neither the Board nor the Underwriter has undertaken any responsibility either to bring to the attention of the registered owners of the Series 2023 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

UNDERWRITING

Jefferies LLC (the "Underwriter") has agreed to purchase the Series 2023 Bonds, subject to certain conditions set forth in the Bond Purchase Agreement with the Board related to the Series 2023 Bonds, provided that the Underwriter will be obligated to purchase all the Series 2023 Bonds if any Series 2023 Bonds are purchased. The Underwriter has agreed to purchase:

(a) the 2023 Series A Bonds at a price of $30,933,423.72 (which represents the principal amount of $29,160,000, plus original issue premium of $1,933,686.05 and less the Underwriter's discount of $160,262.33);

(b) the 2023 Series B Bonds at a price of $1,137,900.83 (which represents the principal amount of $1,170,000.00, less original issue discount of $25,138.75 and less the Underwriter's discount of $6,960.42); and

(c) the Taxable 2023 Series C Bonds at a price of $16,816,901.08 (which represents the principal amount of $16,920,000.00, less the Underwriter's discount of $103,098.92).

The Series 2023 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such Series 2023 Bonds into investment trusts) at yields higher than the public offering yields set forth herein under "MATURITY SCHEDULE," and such public offering yields may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

Hilltop Securities Inc., Charlotte, North Carolina, is serving as the financial advisor to the Board in connection with the issuance and sale of the Series 2023 Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

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CONTINUING DISCLOSURE

Continuing Disclosure Undertaking with respect to the Series 2023 Bonds

The Board will covenant for the benefit of the Holders of the Series 2023 Bonds and the Beneficial Owners[†], pursuant to the Continuing Disclosure Certificate to be delivered on the date of issuance of the Series 2023 Bonds (the "Undertaking"), to annually provide or cause to be provided certain financial information and operating data (the "Annual Financial Information"), with respect to the Board, the Urban County Government and each Obligated Person (as defined in the Undertaking), other than the Board and the Urban County Government, as applicable, and to transmit the same to the MSRB through EMMA. Such covenants have been made in order to assist the purchaser of the Series 2023 Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The specific nature of the Annual Financial Information, a listing of events for which notices will be provided and the other terms of the Undertaking are set forth in the form of the Undertaking attached hereto as ***Appendix F***.

Compliance with Previous Undertakings

Undertakings by the Board. The Board has previously entered into certain continuing disclosure agreements in connection with the issuance of Obligations (the "Existing Airport Disclosure Agreements"). While the Board is currently in compliance with respect to its undertakings pursuant to the Existing Airport Disclosure Agreements, in all material respects, the Board amended its filing of the FY 2019 Audited Financial Statements with the MSRB through EMMA on August 16, 2023 to include the Taxable 2019 Series A Bonds. The FY 2019 Audited Financial Statements were initially filed in a timely manner on September 25, 2019 on the Obligations which were outstanding at such time. The Taxable 2019 Series A Bonds were issued on November 6, 2019. The FY 2019 Audited Financial Statements were included in the offering document prepared in connection with the Taxable 2019 Series A Bonds (which was filed with the MSRB through EMMA on October 30, 2019), however such FY 2019 Audited Financial Statements were not filed separately in the "Continuing Disclosure" section related to the Taxable 2019 Series A Bonds when issued. A "Notice of Failure to Provide Annual Financial Information" was filed with the MSRB through EMMA on September 8, 2023.

Undertakings by the Urban County Government. The Urban County Government is currently in compliance in all material respects in connection with its undertakings pursuant to certain continuing disclosure agreements related to its outstanding general obligation bonds and sewer system revenue bonds (the "Existing LFUCG Disclosure Agreements").

[†] "Beneficial Owner" means, under this caption only, any person which has or shares power, directly or indirectly, to make investment decisions concerning the ownership of any Series 2023 Bonds (including any person holding Series 2023 Bonds through nominees, depositories or other intermediaries).

The Urban County Government filed its annual financial information and operating data, consisting of its ACFR, including its audited annual financial statements, with the MSRB through EMMA over the past five years as follows:

Fiscal Year	Filing Date
2018	February 11, 2019
2019	February 3, 2020
2020	February 2, 2021
2021	February 8, 2022
2022	February 2, 2023

Undertakings related to Agencies and Instrumentalities of the Lexington-Fayette Urban County Government.

(a) *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 in all material respects in connection with 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, and a "Notice of Failure to Provide Event Filing Information" with respect thereto.

(b) *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"). LCC is currently in compliance in all material respects in connection with its undertakings pursuant to the Existing LCC Disclosure Agreements.

Current and Future Disclosure

The Board and the Urban County Government and its agencies have complied in all material respects with their existing continuing disclosure undertakings under the Rule in connection with the related outstanding bond offerings during the past five years. Within that period of time, there have been certain instances of noncompliance that have now been corrected as set forth above. The foregoing description of instances of noncompliance by the Board and the Corporation with certain continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material. The Board and the Urban County Government and its agencies have procedures in place to assure compliance with the Rule and the respective continuing disclosure undertakings in the future

FINANCIAL STATEMENTS

The financial statements of the Board for FY 2023 attached as ***Appendix B*** hereto have been audited by MCM CPAs & Advisors LLP ("MCM") (referred to herein as the "Airport FY 2023 Audit"). MCM's report thereon appears in such ***Appendix B***. Such audited financial statements are set forth therein in reliance upon such report and in reliance upon the knowledge and experience of such firm as an independent accounting firm.

In addition, the LFUCG FY 2022 ACFR is attached as ***Appendix A.***

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OTHER MATTERS

The information set forth herein has been obtained from the Board and other sources which are considered reliable. There can be no assurance that any of the assumptions or estimates contained herein will be realized. The references to resolutions and other documents contained in this Official Statement are made subject to all the provisions of such resolutions and other documents. For further information, reference is made to such resolutions and documents, copies of which may be obtained from the Underwriter upon request.

This Official Statement has been approved and the execution and delivery hereof has been authorized by the Lexington-Fayette Urban County Airport Board.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

By: /s/ Daniel B. Mason
Chair

Dated: November 8, 2023

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APPENDIX A
FINANCIAL INFORMATION WITH RESPECT TO THE
URBAN COUNTY GOVERNMENT

The LFUCG FY 2022 ACFR provides information regarding the impact of the COVID-19 Pandemic on the Urban County Government as of the date thereof, including, but not limited to, information available in the following sections:

- Cover Letter from the Mayor (dated November 22, 2022)
- Cover Letter from Commissioner of Finance
  - Significant Events (as of September 1, 2022)
  - Fiscal Outlook
- Management's Discussion and Analysis – Financial Highlights – Primary Government
  - Government-Wide Highlights (pg. 16)
  - Government-Wide Financial Analysis - Government Activities (pgs. 21-22)
  - Funds of the Lexington-Fayette Urban County Government – Governmental Funds (pg. 25)
- Note 5. Contingent Liabilities and Commitments
  - D. – Lexington Center Corporation (pgs. 86-88)
  - E.- Lexington-Fayette Urban County Airport Corporation (pg. 88)
  - F. – Lexington Public Library (pg. 88)
  - G. - Lexington Convention and Visitors Bureau (pgs. 88-89)
  - M. – Small Business Economic Recovery Program (pg. 92)
  - N. – Business Disruption (pg. 92)
- Required Supplementary Information
  - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Comparison – General Fund (pg. 114)
- Schedule of Expenditures of Federal Awards (pgs. 131-133)
- Table 23 - Operating Indicators by Function/Program (pg. 191)

****

[SEE ATTACHED]

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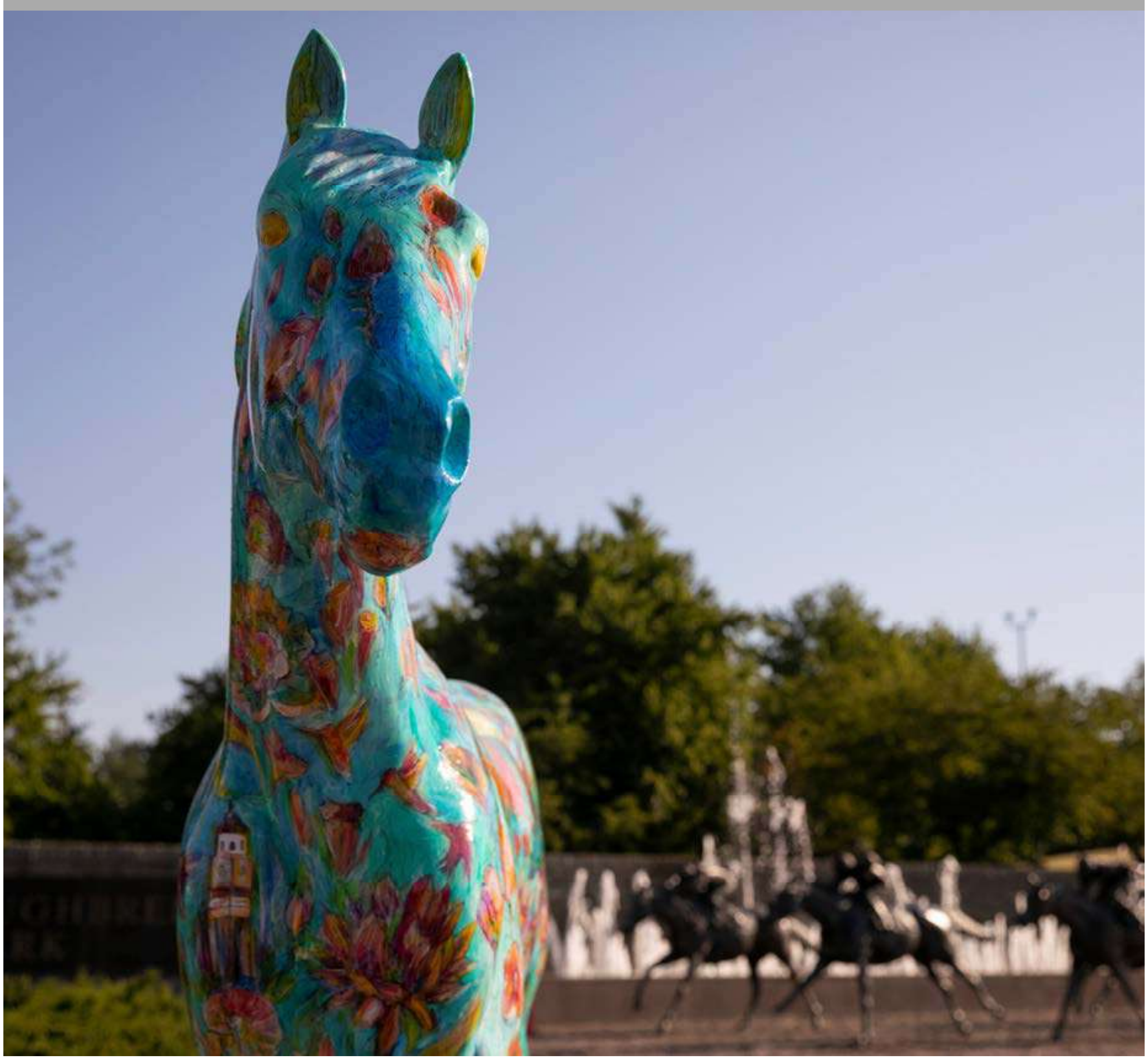
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



Cover by: Amy Wallot/Communications

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
LEXINGTON, KENTUCKY

PREPARED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION

Paid for with Lexington-Fayette Urban County Government Funds

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INTRODUCTORY SECTION

Lexington-Fayette Urban County Government
OFFICE OF THE MAYOR

Linda Gorton
Mayor

November 22, 2022

Dear Community Members,

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

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

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

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

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

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

Sincerely,

Linda Gorton

Linda Gorton
Mayor

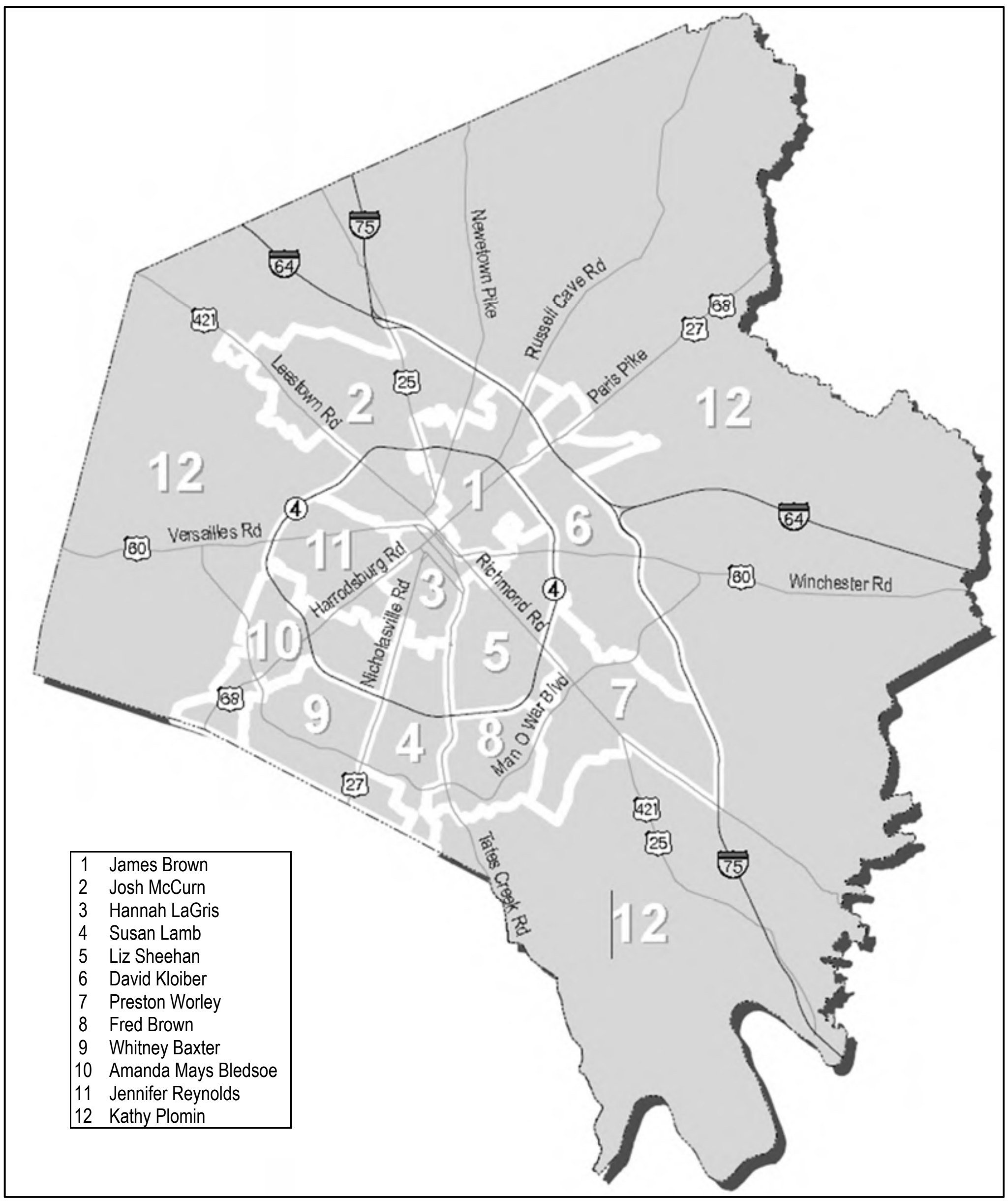
FOLLOW MAYOR GORTON:
www.facebook.com/MayorGorton www.twitter.com/MayorGorton

200 East Main Street • Lexington, KY 40507 • (859) 425-2255 • www.lexingtonky.gov
HORSE CAPITAL OF THE WORLD

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 22, 2022

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

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

As Commissioner of Finance, it is my pleasure to present the Annual Comprehensive Financial Report, also called the Financial Report, of the Lexington-Fayette Urban County Government (the Government) (LFUCG) for the fiscal year ended June 30, 2022. The Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The Financial Report includes all funds of the Government and its component units.

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

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

State statute and the Charter of the Government both require that an independent financial audit be conducted annually. The accounting firm of Strothman and Company, PLLC performed the audit for the fiscal year ended June 30, 2022. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Government for the fiscal year ended June 30, 2022 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the Government's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

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

Profile of the Government (As of June 30, 2022)

Demographic Profile

The City of Lexington, with a population of 321,793, is the second largest city in Kentucky. It is ideally located within 600 miles of 50% of the US population. Besides being the horse capital of the world, Lexington is also home to the state's flagship university, the University of Kentucky, with 31,536 postsecondary students in the talent pool. Incorporated in 1775, Lexington has since grown to encompass just over 286 square miles of land.

Form of Government

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

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

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

Significant Events (as of September 1, 2022)

Federal Response to COVID-19
The American Rescue Plan Act of 2021 was signed into law on March 11, 2021 in an effort to deliver immediate relief for communities struggling in the wake of COVID-19. This bill authorized funding directly impacting LFUCG, including $121 million in aid through the State and Local Fiscal Recovery Fund and $9.6 million in eviction prevention assistance through the Emergency Rental Assistance Program. Subsequently, LFUCG also received subawards and additional awards of $31.1 million after exhibiting a sustained need and ability to quickly process direct payments to qualifying residents. COVID relief funds were partially received and expensed in FY2022, and will continue to impact LFUCG's finances through FY2027. These programs will provide increased funding to support populations disproportionately impacted by COVID-19 and to address lost local government revenue, thereby ensuring the continuity of essential government services through operating and capital infusion.

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

Lexington Convention Center
In July 2018, the Lexington Convention Center (LCC) broke ground on a more than $275 million renovation and expansion, which is the single largest capital project in Lexington's history. The new Convention Center exhibition space will be increased by over 50% and ballroom space by over 40%. The facility will have over 200,000 square feet of flexible meeting and event space, and is managed by Oak View Group Facilities. Construction of all rentable spaces are complete and in-service with the exception of Club C which will be available for use November 1, 2022.

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

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

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

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

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

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

As of August 2022, a total of 61 RMP projects have been completed and another 26 are in the design/construction phase, totaling approximately $353 million in capital related expenditures. Generally projections show total RMP capital project expenses trending below the original estimated expenditure for the projects completed or are under construction to date. The Government will continue to closely monitor this trend as the overall project scope has now begun to transition away from the storage tank projects and into the pipeline upgrade projects—schedules of which are being adversely impacted by serious pipe supply shortages and price increases.

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

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

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

Fiscal Outlook

Local Economy

The unemployment rate in Fayette County was 3.5% in June 2022, as compared to 4.7% in June 2021. Additionally, the Fayette County labor force grew by 3,744 persons during this time. These statistics show ongoing recovery from the economic pressures created by COVID-19, which continue to be felt in Fayette County. During April 2020 at the onset of the pandemic, unemployment rates reached 14.8%. We expect to see employment numbers continue to hold near the 12-month unemployment average of 3.4% over the coming year.

While employment rates continue to improve, Fayette County has also seen an increase in average weekly wages. Fayette County held an average weekly wage of $1,211 in fourth quarter 2021, representing a 4.2% gain from fourth quarter 2020. Factored with the falling unemployment rate, the increase in average weekly wage is projected to result in moderate increases to the Government's major revenue category, Licenses and Permits, during FY2023.

Economic Development Incentives

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

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

LFUCG also participates in the Commonwealth of Kentucky's Kentucky Business Investment Program. The program is a state administered incentive program, providing partial state and local payroll tax refunds for a period of ten years to certain companies creating at least ten new full-time jobs with average hourly wages of at least one hundred fifty percent of the federal minimum wage. This program is expected to produce total additional payroll of over $110 million annually to Fayette County. The KBI program has brought new companies into Lexington-Fayette County that provide a current and continuing tax benefit to the government and new job opportunities for our residents.

Strengthening Fiscal Management

Introduction

In the past several years, the Government has benefited from local economic growth and historically low interest rates that have allowed for significant investments in infrastructure and public safety. The Government has also refinanced existing debt to benefit from the low interest rate environment and decrease its overall debt service burden. The Government will continue to monitor the bond market as Federal Reserve interest rate hikes are realized to ensure that a favorable position is maintained regarding long-term debt.

Budget Control and Financial Management

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

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

The Administration conducts monthly departmental budget reviews. Supplemental information on budget amendments, upcoming issues, and long-term plans are discussed. These meetings, along with the standing Urban County Council Budget, Finance & Economic Development committee, give the Government a platform to discuss critical questions related to programs, policies and priorities in addition to the more routine aspects of governmental budget management.

Long-Term Financial Policies

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

Cash Management and Investment Policy

The Department of Finance is responsible for the custody, investment, and disbursement of all funds of the Government in accordance with the procedures and standards adopted by the Urban County Council. It is the policy of the Government to invest funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the Government. The Government's investments are governed by state statues (KRS 66.480) and an investment policy approved by the Urban County Council. In fiscal year 2022 all funds were invested in either obligations of the United States and its agencies or instrumentalities, mutual funds comprised of those securities, repurchase agreements, collateralized Certificates of Deposit, or commercial paper.

Cash Disbursement and Controls

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

Awards and Acknowledgements

For the 30th year, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lexington-Fayette Urban County Government for its comprehensive annual financial report for the fiscal year ended July 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Respectfully submitted,

Erin Hensley

Erin Hensley, Commissioner
Department Of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lexington-Fayette Urban County
Kentucky

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

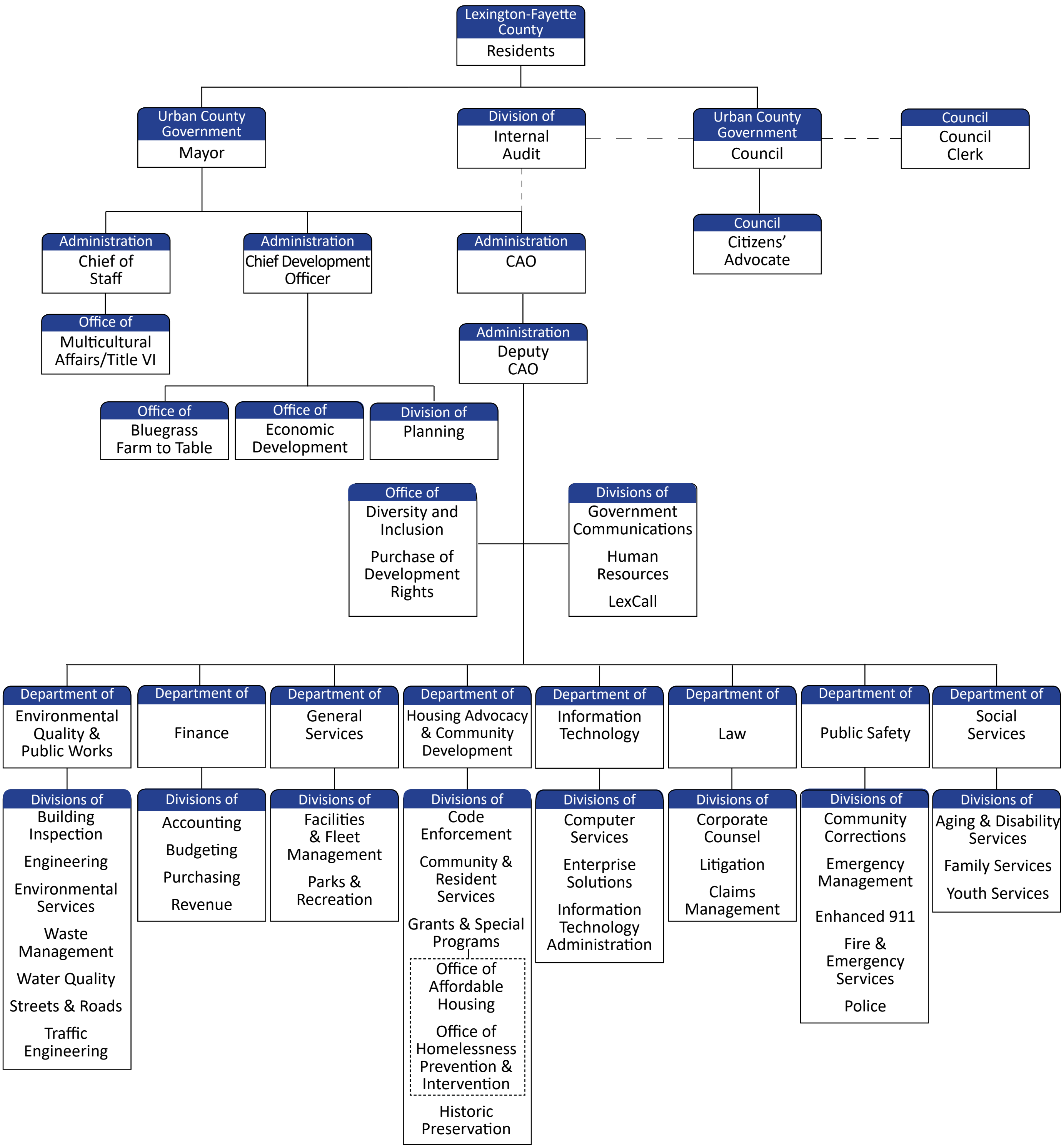
Christopher P. Morrill

Executive Director/CEO

LEXINGTON

Lexington-Fayette Urban County Government

Organizational Chart



July 2021

DIRECTORY OF GOVERNMENTAL OFFICIALS

Council Office	***Stacey Maynard, Council Administrator***
Citizens' Advocate Office	Amber Deitz, Citizens' Advocate
Council Clerk's Office	***Abigail Allen, Director***
Office of the Mayor	***Linda Gorton, Mayor***
Internal Audit	***Bruce Sahli, Director***
Office of the Chief Administrative Officer	***Sally Hamilton, Chief Administrative Officer***
Diversity and Inclusion	Arthur Lucas
Government Communication, Pubic Information Office	Stacey Dimon, Supervisor
Government Communications, LexTV	Chris Edwards, Supervisor
Human Resources	Tammy Walters, Director
LexCall	Kendra Carter, Director
Purchase of Development Rights	Elizabeth Overman, Program Manager
Chief Development Office	***Kevin Atkins, Chief Development Officer***
Planning	Jim Duncan, Director
Chief Information Office	***Aldona Valicenti, Chief Information Officer***
Computer Services	Mike Nugent, Director
Enterprise Solutions	Phillip Stiefel, Director
Finance	***Erin Hensley, Commissioner***
Accounting and Payroll	Phyllis Cooper, Director
Purchasing	Todd Slatin, Director
Revenue	Wes Holbrook, Director
Budgeting	Melissa Lueker, Director
Environmental Quality and Public Works	***Nancy Albright, Commissioner***
Environmental Services	Jennifer Carey, Director
Water Quality	Charles H. Martin, Director
Waste Management	Tracey Thurman, Director
Streets and Roads	Rob Allen, Director
Traffic Engineering	Jeff Neal, Director
Building Inspection	Dewey Crowe, Director
Engineering	Doug Burton, Director
Law	***Susan Speckert, Commissioner***
Public Safety	***Ken Armstrong, Commissioner***
Community Corrections	Rodney Ballard, Director - Acting
Emergency Management	Patricia Dugger, Director
E911	Jonelle Patton, Director
Fire and Emergency Services	Jason Wells, Chief
Police	Lawrence Weathers, Chief
Social Services	***Kacy Allen-Bryant, Commissioner***
Aging & Disability Services	Kristina Stambaugh, Director
Family Services	Shelia Horton-Holt, Director
Youth Services	Briana Persley, Director
General Services	***Chris Ford, Commissioner***
Facilities and Fleet Management	Jamshid Baradaran, Director
Parks and Recreation	Monica Conrad, Director
Housing Advocacy & Community Development	***Charlie Lanter, Commissioner***
Code Enforcement	Alex Olszowy, Director
Community & Resident Services	Danielle Sanders, Director
Grants and Special Programs	Theresa Reynolds, Director
Office of Affordable Housing	Rick McQuady, Manager
Office of Homelessness Prevention & Intervention	Jeff Herron, Manager
Historic Preservation	Bettie L. Kerr, Director

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FINANCIAL SECTION

Strothman and Company
Certified Public Accountants and Advisors
1600 Waterfront Plaza
325 West Main Street
Louisville, KY 40202
502 585 1600

Strothman+Co

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lexington-Fayette Urban County Government (the "Government"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities:

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

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

Basis for Opinions

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

www.strothman.com

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the reports of the other auditors, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Strothman and Company

Louisville, Kentucky
November 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Lexington-Fayette Urban County Government's Annual Comprehensive Financial Report (ACFR) presents a discussion and analysis of the Government's financial performance for the fiscal year ended June 30, 2022. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide a readable explanation of the information within the basic financial statements. It should be read in conjunction with the Letter of Transmittal (which can be found preceding this narrative on page 3) and the financial statements immediately following the analysis.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government–Wide Highlights

- In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. The pandemic has spanned over two years in length. The currently known impacts are:
    - Revenues for license fees and permits continue recovering, up $30.89 million from the final budgeted amount.
    - The Government has been awarded various grant funds from the U.S. Treasury related to the Coronavirus totaling $128.24 million dollars. Several assistance programs are underway and several more projects are under review by the Government.
- Total assets plus deferred outflows of resources of the Primary Government exceeded total liabilities and deferred inflows of resources by approximately $312.78 million at the close of fiscal year 2022. This amount includes a deficit of approximately ($740.57) million in unrestricted net position.
- Governmental Activities' net position was ($67.39) million at the end of fiscal year 2022. Of this amount, $632.03 million was the net investment in capital assets. The net investment in capital assets comprises 937.82% of total net position.
- Business-Type Activities held a balance of $380.17 million in net position. The unrestricted fund balance at June 30, 2022 is $30.08 million, or 25.60% of Business-Type Activity expenses.

Fund Highlights

- As of June 30, 2022, the Government's governmental funds reported combined ending fund balances of $229.43 million, an increase of $58.26 million compared to the previous fiscal year. Of this total amount, $80.39 million is restricted for various projects: public works, public safety, capital projects, grants, urban services, and energy improvements.
- The General Fund, the primary operating fund of the Government, held an unassigned fund balance of $16.06 million or 4.07% of General Fund expenditures. There are two categories of committed fund balance; general government and economic stabilization. Committed funds represent amounts restricted for use by the highest level of governing authority, an ordinance passed by the Urban County Council. The total committed fund balance is $45.61 million. The committed fund balance designation for economic stabilization held a balance of $36.66 million, available for spending in the event of an economic downturn or unforeseen event. There are three categories of assigned fund balance; budget stabilization, general government and capital projects. Assignments for budget stabilization are intended for unknown nonrecurring cost increases should they arise. Assignments for general government represent planning for various projects combined with management's intent to complete these projects. Assignments for capital projects represent management's intent to complete various capital improvements. These assignments total $84.77 million for fiscal year 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Three key elements comprise the basic financial statements, including:

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

A. Government-Wide Financial Statements

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

The *Statement of Net Position* reflects the financial position of the Government at fiscal year ended June 30, 2022. Accordingly, the Government's net position, the difference between assets (what the citizens own) plus deferred outflows of resources and liabilities (what the citizens owe), is one way to determine the financial condition of the Government. Over time, increases or decreases in net position are one indicator of whether the financial health of the Government is improving or deteriorating. However, additional factors such as changes in the Government's revenue structure, its tax base, and its level of assets held, should be considered in order to assess thoroughly the overall financial condition of the Government.

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

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

1. Governmental Activities – The activities in this section are mostly supported by intergovernmental revenues (federal grants) and taxes, namely licenses and permits, property taxes, and charges for services. Most services normally associated with local government fall into this category, including police, fire, solid waste, parks and general administration. Internal Service Fund balances are reported as part of Governmental Activities.

2. Business-Type Activities – These activities normally are intended to recover all or a significant portion of costs through user fees and charges to external users of goods and services provided by the Government. The Business-Type Activities of the Government include the operations of various Enterprise Funds, including sanitary sewer services, landfill and disposal costs, water quality, and leases and operating costs for public facilities related to debt issues.

3. Discretely Presented Component Units – The Government includes eight separate legal entities in its reports. Although legally separate and possessing independent qualities, the Government maintains financial accountability for these entities.

B. Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* report the operations of the Government in greater detail than the *Government-Wide Financial Statements* by providing information about the Government's most significant funds. Local ordinance or bond covenants may require the creation of some funds; others may be created at the discretion of the Administration for management and fiscal control of financial resources. All funds of the Government can be divided into three types of funds: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

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

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

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

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

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

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

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

C. Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

Net position may serve as a useful indicator of a government's financial position. In Table 1 below, the Government's combined net position (Governmental and Business-Type Activities) totaled $312.78 million as of June 30, 2022, an increase of $68.20 million from the previous year. Total depreciation expense government wide was $81.64 million.

The largest proportion of the Government's net position, $960.28 million, is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Government uses these capital assets to provide services to its citizens. As such, these assets are not available for future spending.

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

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

Approximately $88.77 million, or 28.38% of total net position, is subject to external restrictions regarding its use. Restricted amounts within Governmental Activities include fund balances of the general fund, the urban services fund and various special revenue funds. Please refer to the fund analysis beginning on page 25 for more information.

Table 2 indicates that the net position of Governmental Activities totaled ($67.39) million, or (5.26%) of total assets, an increase of $42.59 million from the previous year. Of this total, $632.03 million is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets.

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

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

Table 3 shows the net position of Business-Type Activities totaled $380.17 million at the end of fiscal year 2022, an increase of $7.26 million from the previous fiscal year. Of total net position, $328.25 million, or 86.34%, is invested in capital assets, minus related debt which is still outstanding and used to acquire those assets. The Government uses these capital assets in the same way as the capital assets held by Governmental Activities.

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

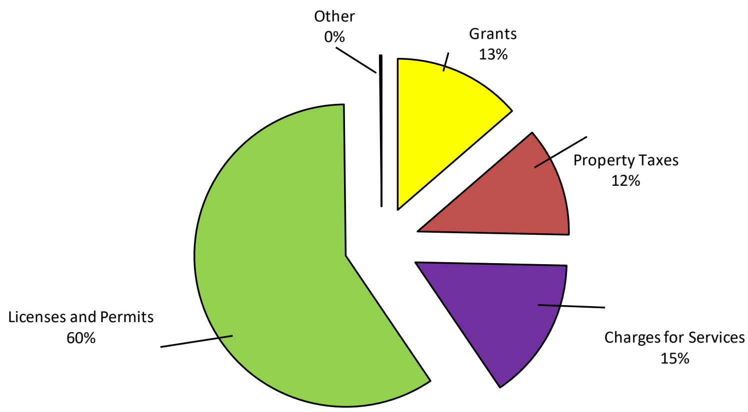
	Business-Type Activities		
	FY 2022	**FY 2021**	**Change**
ASSETS			
Current and other assets	$137,591	$152,337	($14,746)
Capital assets	548,261	531,655	16,606
Total assets	685,852	683,992	1,860
DEFERRED OUTFLOWS OF RESOURCES	14,274	16,677	(2,403)
LIABILITIES			
Current and other liabilities	21,221	18,156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

Governmental Activities

As indicated in Chart 1, the Government funds its Governmental Activities from revenue received from four significant categories. A clear majority, 60%, of the Government's revenue were provided through licenses and permits. This category includes fees placed on employee withholdings, business returns, insurance premiums, and franchise fees. Charges for Services were 15%, which was the second largest contributing category to governmental activity revenues. Revenues collected in this category included charges collected from the Detention Center, EMS charges, golf course collections, fees for building permits, and fees associated with parks and recreation programs. Property Taxes comprised 12% of governmental revenues. Federal and State grant funding represented 13% of governmental revenue. The remaining Other category represented miscellaneous revenues collected by the Government.

Chart 1

Distribution of Governmental Activity Revenues



As indicated by Table 4, revenues from Governmental Activities totaled $612.84 million, which was an increase of $103.45 million, or 20.31%, from the previous fiscal year. Licenses and permits totaled $364.64 million, representing 60.0% of total revenues. As stated earlier, this category includes employee withholdings in the form of an occupational license fee (OLF). This fee is comprised of an assessment of 2.25% on the total wages received by individuals employed in Lexington-Fayette County and an assessment of 2.25% on the net profits of businesses operating in the Lexington-Fayette County area. Licenses and permits increased by $43.68 million, or 13.61% from the previous fiscal year. This is primarily due to an increase in payroll withholdings collected during the fiscal year. Property taxes increased by $3.50 million, due to an increase in realty taxes collected. Charges for services increased by $16.14 million from the previous fiscal year, or 20.86%. Operating grants increased by $42.06 million from the previous fiscal year, or 10.86%. Both of these changes year over year are due to the impact of COVID-19 recovery and receipt of COVID-related grants. The negative Other General Revenues of ($1.20) million in the current year was caused by continued investment losses during the fiscal year.

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

Business-Type Activities

Also indicated on Table 4, revenues from Business-Type Activities increased by $11.42 million from the previous fiscal year or 10.21%. Revenues collected for services provided by the Government increased $13.34 million and other general revenues decreased $1.92 million. Total expenses of Business-Type Activities increased when compared to fiscal year 2021, by $13.14 million. Primarily Sanitary Sewer, Landfill and CKY Network increased $14.42 million, $0.25 million and $0.12 million, respectively. Water Quality, Public Facilities, and Other Business-Type Activities expenses decreased $0.25 million, $0.18 million, and $1.00 million, respectively. The largest program among these activities is the Sanitary Sewer system, with expenses of $85.47 million during the fiscal year, representing 72.72% of all Business-Type Activities expenses.

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

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

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

PERSONNEL COSTS

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

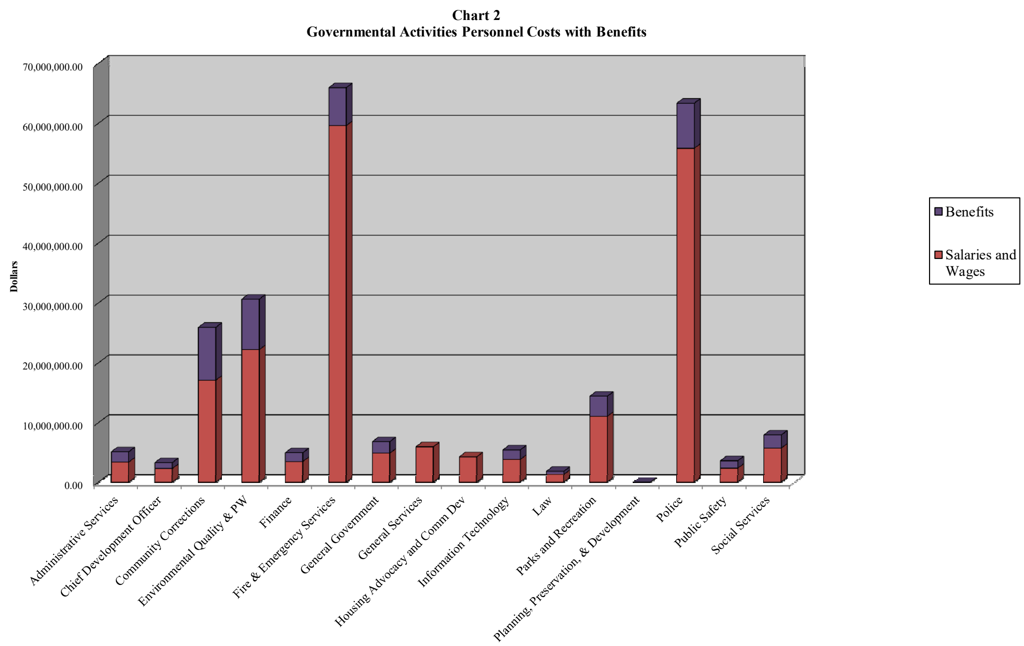
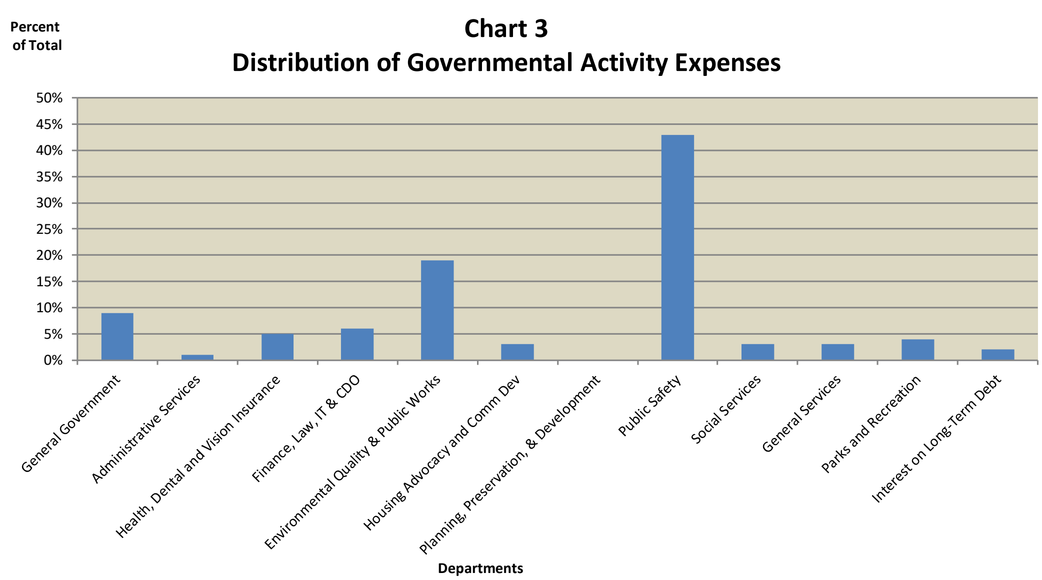


Chart 3 displays the distribution of total costs by governmental activity.



FUNDS OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

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

Governmental Funds

The Government's total governmental funds for the year ended June 30, 2022 reflect a combined ending fund balance of $229.43 million, an increase of $58.26 million from the previous fiscal year. The Government reports fund balance as nonspendable, restricted, committed, assigned, or unassigned (refer to Note 1 to the financial statements for detailed information on the fund balance classifications). The increase is primarily due to revenues in excess of expenditures of $20.49 million and net transfers out and proceeds from the issuance of bonds of $37.77 million. Revenues increased $94.60 million from the previous fiscal year primarily due to licenses and employee and business returns increases of $44.34 million and grant revenues of $40.88 million. Taxes and charges for services increased $3.50 million and $5.79 million respectively. Expenditures increased $79.70 million over the prior fiscal year. Primarily, grant funded expenditures increased approximately $40.49 million. Programs for rental assistance and affordable housing continue in response to underserved communities. Total salaries, wages and benefits increased $23.02 million over the prior fiscal year. Capital expenditures increased $13.06 million over the prior fiscal year.

The Government had $16.06 million of unassigned fund balance available in the General Fund at June 30, 2022. Unassigned fund balance of the General Fund (the Government's main operating fund) represents approximately 8.46% of total general fund expenditures for fiscal year 2022. At the end of fiscal year 2022, the fund balance held by the General Fund totaled $150.26 million, an increase of $44.77 million, or 42.45%, from the previous fiscal year. This was primarily due to revenues in excess of expenditures of $38.51 million, offset by other financing sources of $6.26 million. As mentioned above, revenues for licenses and permits increased $44.34 million from General Funds compared to the prior fiscal year.

The Urban Services Fund is used to finance solid waste collection, streetlights, and street cleaning services for properties within designated property tax districts. At the end of the fiscal year, the Urban Services Fund held a total fund balance of $29.05 million, an increase of $2.27 million over the prior fiscal year. This increase is primarily due to other financing sources of $2.91 million, offset by expenditures in excess of revenues of $0.64 million. Revenues increased overall by $6.02 million compared to the prior fiscal year. Tax revenues and charges for services increased $2.26 million and $3.19 million respectively. Operating expenditures increased $5.60 million over the prior fiscal year.

The Federal and State Grants Fund held a balance of $0.27 million for fiscal year ended June 30, 2022, steady when compared to the prior fiscal year. This fund balance represents grant revenues received, but not spent, that are restricted for specific activities. During fiscal year 2012, an outstanding loan receivable balance was paid in full. The funding is being used for urban development projects. The Government was awarded an additional $55.73 million in funding for COVID relief projects. So far the Government has disbursed $16.15 million in rental assistance and $10.53 million in housing stabilization. Various projects aimed at underserved communities have expenditures totaling $24.09 million. The Government's Urban County Council is committed to developing additional projects to offset negative impacts on the local economy due to the pandemic.

The Other Governmental Funds primarily relate to costs associated with various capital bond projects. During fiscal year 2022, $22.42 million was expended on these projects. Bonds in the amount of $30.97 million were issued to reimburse these expenditures and cover any additional costs associated with the projects, for more information please see Note 3.D. to the financial statements.

Proprietary Funds

The Government's proprietary fund statements provide the same type of information found in the *Government-Wide Financial Statements*, but in more detail. Total net position for the Government's proprietary funds totaled $380.17 million as of June 30, 2022, an increase of $7.26 million from the prior fiscal year. Revenues from charges for services increased $13.34 million and total expenses increased $13.14 million when compared to the prior fiscal year.

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

The Public Facilities Corporation was created by the Government to act as an agency and instrumentality of the Government to finance and operate public projects. The net position of the Public Facilities Corporation was $22.74 million, a decrease of $0.24 million from the prior fiscal year. Both revenues and expenses remained consistent with the prior year.

The Water Quality Fund was established to account for the revenues and expenses of developing and operating storm water related activities. The net position of the Water Quality Fund totaled $27.54 million, an increase of $3.44 million from the prior fiscal year. Revenues in excess of expenses primarily contributed to this increase. The unrestricted fund balance of ($2.78) million occurred when program expenses for the water quality incentive program were delayed.

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

The other enterprise funds were established to account for the acquisition, operation and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. As of June 30, 2022 the other enterprise funds held total net position of $2.07 million, an increase of $0.76 million over the previous fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

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

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

CAPITAL ASSETS

The Government's capital assets totaled $1.42 billion as of June 30, 2022, details of which are in Note 3.B. to the financial statements. This investment includes land, buildings, equipment, park facilities, roads, bridges, and sewer systems. For Governmental Activities, the net investment in capital assets totaled $632.03 million. Governmental Activities net investment in capital assets increased slightly by $0.13 million from the prior fiscal year. The net investment in capital assets of Business-Type Activities totaled $328.25 million, an increase of $20.31 million over the previous fiscal year.

This year's major changes in capital assets included:

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

- Capital assets for Business-Type Activities increased by $16.61 million. The overall increase was primarily due to additions of $39.60 million, offset by depreciation of $22.73 million and retirements of $0.26 million. The increase represents several projects underway related to the Government's Remedial Measures Plan, filed with the Environmental Protection Agency. Additional information can be found in Note 5.B. to the financial statements. The Government implemented GASB 87, new Business-Type Activities capital leases total $3.71 million.

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

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

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

DEBT ADMINISTRATION

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

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

At the end of fiscal year 2022, the Government had $587.56 million in bonds and notes outstanding; Governmental Activities' debt decreased by $6.24 million and total debt decreased by $19.74 million. The decrease in debt for Governmental Activities resulted primarily from the issuance of GO bonds totaling $30.97 million, offset by principal payments and amortized bond costs in the current fiscal year on outstanding debt of $37.21 million. The Business-Type Activities debt decreased $13.50 million primarily from bond and note payable proceeds of $1.77 million, offset by principal payments and amortized bond costs of $15.27 million.

Despite legal changes that provide for the issuance of GO debt, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of GO debt cannot exceed 10% of the value of taxable property in the county, or $3.66 billion. State law provides the same limitation as set forth in the constitution except that the limitation applies to "net indebtedness", which excludes self-supporting obligations, revenue bonds, special assessment debt and non-tax supported debt issued prior to July 15, 1996 (the effective date of the previously discussed statutory change). The total amount of debt subject to the legal limitation is $311.86 million.

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

	Governmental		Business-Type Activities		Total Primary Government	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
General Obligation Bonds, Notes, Leases	$357,609	$363,851	$126,891	$132,237	$484,500	$496,088
Mortgage Revenue Bonds			35,452	38,410	35,452	38,410
Revenue Bonds			67,610	72,802	67,610	72,802
Total	$357,609	$363,851	$229,953	$243,449	$587,562	$607,300

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

NEXT YEAR'S BUDGET

The Lexington-Fayette Urban County Government Fiscal Year 2023 Budget, for all funds combined, net of interfund transfers, is $791,616 million. Significant initiatives in the budget include:

- A commitment of $46.73 million for storm sewer projects and programs as required by the Environmental Protection Agency Consent Decree, which will include the issuance of Sewer Revenue Bonds. For additional information see Note 7.
- GO bonds were approved as part of the fiscal year 2023 budget for $44 million. The bonds will fund projects for Public Safety, building and infrastructure improvements, paving and street maintenance, and fleet replacement.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position — Primary Government			
Function/Program Activities	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Units**
Primary Government:								
Governmental Activities:								
Administrative Services	$7,851,910	$1,537,635	$337,865	$0	($5,976,410)	$0	($5,976,410)	$0
Chief Development Officer	8,528,500	202,945	1,491,639	1,032,759	(5,801,157)		(5,801,157)	
Community Corrections	39,645,784	6,223,554	1,878,669		(31,543,561)		(31,543,561)	
Housing Advocacy and Community Dev	18,617,726	1,160,962	21,138,939		3,682,175		3,682,175	
Environmental Quality & Public Works	105,784,998	7,521,956	3,246,297	13,672,073	(81,344,672)		(81,344,672)	
Finance	9,428,927	147,191	359,622		(8,922,114)		(8,922,114)	
Fire & Emergency Services	93,232,755	13,120,893	7,933,568		(72,178,294)		(72,178,294)	
General Government	49,902,225	18,405,702	266,634		(31,229,889)		(31,229,889)	
General Services	15,070,358	18,653	654,891		(14,396,814)		(14,396,814)	
Health, Dental, and Vision	29,080,692	29,080,692						
Information Technology	15,030,888	3,057,996	246,136		(11,726,756)		(11,726,756)	
Law	2,202,220	12,497	97,873		(2,091,850)		(2,091,850)	
Parks & Recreation	24,502,130	5,393,945	2,533,897		(16,574,288)		(16,574,288)	
Planning, Preservation, & Development	180,279				(180,279)		(180,279)	
Police	90,670,091	4,648,353	9,216,300	200,897	(76,604,541)		(76,604,541)	
Public Safety	14,107,303	539,006	1,915,538		(11,652,759)		(11,652,759)	
Social Services	15,089,641	2,452,012	15,215,720		2,578,091		2,578,091	
Interest on Long-Term Debt	11,430,061				(11,430,061)		(11,430,061)	
Total Governmental Activities	550,356,488	93,523,992	66,533,588	14,905,729	(375,393,179)	0	(375,393,179)	
Business-Type Activities:								
Sanitary Sewer System	85,466,107	88,445,752				2,979,645	2,979,645	
Public Facilities	6,336,747	5,673,049				(663,698)	(663,698)	
Landfill	6,120,842	7,370,873				1,250,031	1,250,031	
Right of Way	471,235	658,898				187,663	187,663	
Extended School Program	552,622	1,024,303				471,681	471,681	
Enhanced 911	5,478,624	4,349,941				(1,128,683)	(1,128,683)	
CKY Network	415,707	505,556				89,849	89,849	
Water Quality	12,680,311	16,362,286				3,681,975	3,681,975	
Total Business-Type Activities	117,522,195	124,390,658	0	0	0	6,868,463	6,868,463	
Total Primary Government	$667,878,683	$217,914,650	$66,533,588	$14,905,729	($375,393,179)	$6,868,463	($368,524,716)	

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

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

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position — Primary Government			
Function/Program Activities	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Units**
Component Units:								
Lexington Center Corporation	$37,710,228	$23,696,935	$1,299,085	$0				($12,714,208)
Lexington Airport Board	28,711,353	22,003,976	7,553,813	18,365,276				19,211,712
Fayette County Department of Health	25,454,988	5,598,892	16,923,829					(2,932,267)
Nonmajor Component Units	50,703,834	4,174,318	8,697,569	2,538,937				(35,293,010)
Total Component Units	$142,580,403	$55,474,121	$34,474,296	$20,904,213	$0	$0	$0	($31,727,773)
General Revenues:								
Property Taxes					$71,866,506	$0	$71,866,506	$65,825,921
Licenses Fees - Wages and Net Profits Taxes					364,643,953		364,643,953	
Grants and Contributions Not Restricted to Specific Programs:								
Community Development Block Grant					2,567,507		2,567,507	
Income (Loss) on Investments					(1,411,662)	(1,150,411)	(2,562,073)	584,640
Net Change in Fair Value of Investments								(2,412,164)
Gain on Sale of Capital Assets					211,600		211,600	9,910
Miscellaneous								1,012,435
Transfers					(1,539,298)	1,539,298		
Total General Revenues and Transfers					436,338,606	388,887	436,727,493	65,020,742
Change in Net Position					60,945,427	7,257,350	68,202,777	33,292,969
Net Position, Beginning					(128,339,295)	372,913,438	244,574,143	317,911,549
Net Position, Ending					($67,393,868)	$380,170,788	$312,776,920	$351,204,518

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

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

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

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

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

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

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

Net change in fund balances - Governmental Funds		$58,258,036
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditure for capital assets	41,819,674	
Less current year depreciation	(58,916,649)	(17,096,975)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(345,493)
The change in other assets is reported in the Statement of Activities and does not require the use of current resources, therefore the change is not reported as an expenditure in the funds:		
Other assets		(229,548)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Lease income		(314,754)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issuance of debt	(27,200,000)	
Premium on bonds	(3,806,399)	
Discount on bonds	40,552	
Principal payments	34,510,000	3,544,153
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.		
Change in net pension asset	5,859,069	
Amortization of current year bond (discounts) premiums	2,697,910	
Amortization of current year bond refunding losses	(706,063)	
Change in net pension liability	225,999,271	
Change in net other post retirement benefit liability	1,864,712	
Change in deferred outflows from pension plans	(48,772,484)	
Change in deferred outflows from other post retirement benefits	(10,877,903)	
Change in deferred inflows from pension plans	(180,601,930)	
Change in deferred inflows from other post retirement benefits	21,250,199	
Unearned revenue and other	10,647	
Change in accrued interest payable	780,554	
Change in restricted receivables (net)	877,770	
Change in compensated absences	(647,834)	17,733,918
Internal Service Funds are used by management to charge self-insurance to individual funds. The net expense of the Internal Service Funds is reported within Governmental Activities.		(603,910)
Change in net position of Governmental Activitie:		$60,945,427

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

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

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

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

	Business-Type Activities Enterprise Funds						
	Sanitary Sewer System	**Public Facilities Corporation**	**Landfill**	**Water Quality**	**Other Enterprise Funds**	**Total**	**Governmental Activities Internal Service Funds**
LIABILITIES							
Current Liabilities:							
Accounts, Contracts and Retainage Payable	$5,593,701	$62,411	$110,397	$3,475,362	$69,139	$9,311,010	$1,495,530
Accrued Payroll	408,890		42,914	192,088	158,847	802,739	
Claims Payable							30,185,840
Bonds Payable		2,640,000		272,005		2,912,005	
Interest Payable		343,719		5,779		349,498	
Unearned Revenue and Other			6,344	108,573		114,917	
Compensated Absences	515,408		7,539	249,880	325,660	1,098,487	
Landfill Closure and Postclosure Care Costs			644,471			644,471	
Payable from Restricted Investments:							
Accounts, Contracts and Retainage Payable	1,281,753					1,281,753	
Bonds and Notes Payable	10,256,780					10,256,780	
Interest Payable	797,395					797,395	
Total Current Liabilities	18,853,927	3,046,130	811,665	4,303,687	553,646	27,569,055	31,681,370
Noncurrent Liabilities:							
Bonds and Notes Payable	180,307,987	32,812,334		3,663,844		216,784,165	
Compensated Absences	1,202,618		67,848	249,880	357,049	1,877,395	
Lease Liability	3,446,371		1,054	38,642	5,975	3,492,042	
Landfill Closure and Postclosure Care Costs			11,934,373			11,934,373	
Net Other Post Employment Benefit Liability	5,741,130		496,489	2,805,275	1,836,512	10,879,406	
Net Pension Liability	19,070,384		1,649,194	9,318,316	6,100,365	36,138,259	
Total Noncurrent Liabilities	209,768,490	32,812,334	14,148,958	16,075,957	8,299,901	281,105,640	0
Total Liabilities	$228,622,417	$35,858,464	$14,960,623	$20,379,644	$8,853,547	$308,674,695	$31,681,370
Deferred Inflows of Resources							
Deferred Other Post Employment Benefit Amounts	$3,017,478	$0	$260,949	$1,474,423	$965,252	$5,718,102	
Deferred Pension Amounts	3,828,648		331,099	1,870,783	1,224,734	7,255,264	
Total Deferred Inflows of Resources	6,846,126	0	592,048	3,345,206	2,189,986	12,973,366	0
Total Liabilities & Deferred Inflows of Resources	$235,468,543	$35,858,464	$15,552,671	$23,724,850	$11,043,533	$321,648,061	$31,681,370
NET POSITION							
Net Investment in Capital Assets	$274,225,016	$20,517,428	$10,356,432	$22,898,415	$252,760	$328,250,051	$0
Restricted for:							
Capital Projects	2,392,511					2,392,511	
Capital Projects - Park Acquisition		3,199,043				3,199,043	
Capital Replacement	3,118,825			108,000		3,226,825	
Energy Improvement Projects	123,765					123,765	
Water Quality Incentive Program				7,304,594		7,304,594	
Maintenance and Operations		1,293,745				1,293,745	
Unrestricted		(2,269,236)	35,917,873	(2,775,078)	1,812,868	32,686,427	7,465,906
Total Net Position	$279,860,117	$22,740,980	$46,274,305	$27,535,931	$2,065,628	378,476,961	$7,465,906
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						1,693,827	
Net Position of Business-Type Activities						$380,170,788	

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, 2022

	Business-Type Activities Enterprise Funds						
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES							
User Charges	$71,830,495	$0	$7,008,538	$16,137,153	$0	$94,976,186	$47,400,622
Fees	2,905,617	344,325	293,245		5,862,281	9,405,468	
Exactions	156,380					156,380	
License Fees and Permits					656,568	656,568	
Rental Income		5,004,491				5,004,491	
Theater Revenues		204,278				204,278	
Other	13,722,741	119,955	69,090	225,985	19,849	14,157,620	
Total Operating Revenues	88,615,233	5,673,049	7,370,873	16,363,138	6,538,698	124,560,991	47,400,622
OPERATING EXPENSES							
Treatment Plant	7,896,840					7,896,840	
Collection System	3,012,837					3,012,837	
Property Management		1,813,002				1,813,002	
Theater Management		184,395				184,395	
Landfill			3,274,103			3,274,103	
Right of Way					464,504	464,504	
Extended School Program					510,127	510,127	
Enhanced 911					5,358,997	5,358,997	
CKY Network					415,707	415,707	
Administration	52,038,987		2,251,004	12,022,795	38,389	66,351,175	3,683,688
Depreciation	18,129,453	3,286,513	595,735	583,779	130,464	22,725,944	
Claims and Benefit Payments							44,491,177
Total Operating Expenses	81,078,117	5,283,910	6,120,842	12,606,574	6,918,188	112,007,631	48,174,865
Operating Income (Loss)	7,537,116	389,139	1,250,031	3,756,564	(379,490)	12,553,360	(774,243)

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

	Business-Type Activities Enterprise Funds						
	Sanitary Sewer System	**Public Facilities Corporation**	**Landfill**	**Water Quality**	**Other Enterprise Funds**	**Total**	**Governmental Activities Internal Service Funds**
NONOPERATING REVENUES (EXPENSES)							
Income on Investments	(950,879)	43	39,112	(239,693)	1,006	(1,150,411)	
Interest Expense and Fiscal Agent Fees	(4,617,772)	(1,413,978)		(73,737)		(6,105,487)	
Amortization of Bond Costs	390,817	261,141				651,958	
Gain (Loss) on Sale of Capital Assets	(161,035)	100,000				(61,035)	
Total Nonoperating Revenues (Expenses)	(5,338,869)	(1,052,794)	39,112	(313,430)	1,006	(6,664,975)	0
Income (Expenses) Before Transfers	2,198,247	(663,655)	1,289,143	3,443,134	(378,484)	5,888,385	(774,243)
Transfers In		400,130			1,147,213	1,547,343	
Transfers Out	(25,469)	25,469			(8,045)	(8,045)	
Change in Net Position	2,172,778	(238,056)	1,289,143	3,443,134	760,684	7,427,683	(774,243)
Net Position, Beginning	277,687,339	22,979,036	44,985,162	24,092,797	1,304,944		8,240,149
Adjustment to Opening Net Position (Note 2.D.)							
Net Position, Beginning - Restated	277,687,339	22,979,036	44,985,162	24,092,797	1,304,944		8,240,149
Net Position, Ending	$279,860,117	$22,740,980	$46,274,305	$27,535,931	$2,065,628		$7,465,906
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(170,333)	
Change in net position of Business-Type Activities						$7,257,350	

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

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

	Business-Type Activities Enterprise Funds						
	Sanitary Sewer System	**Public Facilities Corporation**	**Landfill**	**Water Quality**	**Other Enterprise Funds**	**Total**	**Governmental Activities Internal Service Funds**
Cash Flows from Operating Activities:							
Receipts from Customers	$88,296,135	$2,170,591	$7,343,972	$16,136,900	$6,640,237	$120,587,835	$0
Receipts from Employees and Other Sources							37,282,939
Receipts from Interfund Services Provided		3,522,552				3,522,552	10,117,580
Payments to Suppliers	(41,119,149)	(2,069,566)	(3,759,726)	(1,772,680)	(1,612,338)	(50,333,459)	(3,442,004)
Payments to Employees	(13,424,893)		(1,597,082)	(6,182,840)	(5,052,086)	(26,256,901)	
Payments for Interfund Services Used	(2,668,153)		(264,657)	(1,007,674)	(52,964)	(3,993,448)	
Payments for Claims							(44,333,086)
Net Cash Provided by (Used in) Operating Activities	31,083,940	3,623,577	1,722,507	7,173,706	(77,151)	43,526,579	(374,571)
Cash Flows from Noncapital Financing Activities:							
Transfers In		400,130			1,147,213	1,547,343	
Transfers Out	(25,469)	25,469			(8,045)	(8,045)	
Net Cash Provided by (Used in) Noncapital Financing Activities	(25,469)	425,599	0	0	1,139,168	1,539,298	0
Cash Flows from Capital and Related Financing Activities:							
Purchase of Capital Assets	(28,437,883)	(1,204,308)	(117,437)	(9,726,336)	(67,984)	(39,553,948)	
Proceeds from Note Payable	1,770,071					1,770,071	
Principal Paid on Bonds	(11,589,505)	(2,510,000)		(267,134)		(14,366,639)	
Interest and Fiscal Agent Fees Paid on Bonds	(4,698,531)	(1,413,978)		(73,737)		(6,186,246)	
Proceeds on Sale of Capital Assets	61,766	100,000				161,766	
Net Cash Used in Capital and Related Financing Activities	(42,894,082)	(5,028,286)	(117,437)	(10,067,207)	(67,984)	(58,174,996)	0
Cash Flows from Investing Activities:							
Purchase of Investments	5,121,761	306,093	(39,112)	4,631	1,475,699	6,869,072	
Income on Investments	98,724	43	39,112	6,333	1,006	145,218	
Net Cash Flows Provided by Investing Activities	5,220,485	306,136	0	10,964	1,476,705	7,014,290	0
Net Increase (Decrease)	(6,615,126)	(672,974)	1,605,070	(2,882,537)	2,470,738	(6,094,829)	(374,571)
Cash at Beginning of Year	11,719,695	3,241,673	18,243,506	18,051,057	7,889,612	59,145,543	38,987,220
Cash at End of Year	$5,104,569	$2,568,699	$19,848,576	$15,168,520	$10,360,350	$53,050,714	$38,612,649

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

	Business-Type Activities Enterprise Funds						
	Sanitary Sewer System	**Public Facilities Corporation**	**Landfill**	**Water Quality**	**Other Enterprise Funds**	**Total**	**Governmental Activities Internal Service Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating Income (Loss)	$7,537,116	$389,139	$1,250,031	$3,756,564	($379,490)	$12,553,360	($774,243)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Depreciation	18,129,453	3,286,513	595,735	583,779	130,464	22,725,944	
Allowance for Bad Debts	656,413		74,413	126,924		857,750	
(Increase) Decrease in Assets:							
Accounts Receivable	(104,256)		(60,323)	(117,103)		(281,682)	
Other Receivables	(214,842)	20,094	29,771	2	101,539	(63,436)	(103)
Inventories and Prepaid Expenses	43,912		(2,307)	(45,010)	(22,815)	(26,220)	(70,040)
(Increase) Decrease in Deferred Outflows:							
Deferred Other Post Employment Benefit Amounts	45,106		(3,766)	24,759	32,069	98,168	
Deferred Pension Amounts	1,052,717		66,511	520,669	416,922	2,056,819	
Increase (Decrease) in Liabilities:							
Accounts Payable	1,481,650	(40,966)	11,710	2,856,057	28,969	4,337,420	311,724
Accrued Payroll	49,637		6,248	18,364	6,326	80,575	
Claims Payable							158,091
Unearned Revenue			3,651	(109,137)		(105,486)	
Other Liabilities		(31,203)	(143,321)	(397)		(174,921)	
Compensated Absences	133,707		(5,455)	92,774	(21,870)	199,156	
Lease Liability	3,446,371		1,054	38,642	5,975	3,492,042	
Net Other Post Employment Benefit Liability	(1,582,605)		(136,863)	(773,304)	(506,254)	(2,999,026)	
Net Pension Liability	(4,340,910)		(375,399)	(2,121,089)	(1,388,599)	(8,225,997)	
Increase (Decrease) in Deferred Inflows:							
Deferred Other Post Employment Benefit Amounts	1,543,807		133,507	754,347	493,844	2,925,505	
Deferred Pension Amounts	3,206,664		277,310	1,566,865	1,025,769	6,076,608	
Total Adjustments	23,546,824	3,234,438	472,476	3,417,142	302,339	30,973,219	399,672
Net Cash Provided by (Used In) Operating Activities	$31,083,940	$3,623,577	$1,722,507	$7,173,706	($77,151)	$43,526,579	($374,571)

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

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

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

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

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

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

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

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

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

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

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

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lexington Center Corporation	Lexington Airport Board	Fayette County Department of Health	Nonmajor Component Units	Total
Lexington Center Corporation									
Lexington Center Operations	$18,321,491	$23,696,935	$1,299,085		$6,674,529				$6,674,529
Depreciation and Amortization	9,748,966				(9,748,966)				(9,748,966)
Interest on Long-Term Debt	9,639,771				(9,639,771)				(9,639,771)
Total Lexington Center Corporation	37,710,228	23,696,935	1,299,085	0					(12,714,208)
Lexington Airport Board									
Airport Operations	14,186,919	22,003,976	7,553,813	18,365,276		$33,736,146			33,736,146
Depreciation and Amortization	12,251,905					(12,251,905)			(12,251,905)
Interest on Long-Term Debt	2,272,529					(2,272,529)			(2,272,529)
Total Lexington Airport Board	28,711,353	22,003,976	7,553,813	18,365,276					19,211,712
Fayette County Department of Health									
Department of Health Operations	24,865,745	5,598,892	16,923,829				($2,343,024)		(2,343,024)
Depreciation and Amortization	547,745						(547,745)		(547,745)
Interest on Long-Term Debt	41,498						(41,498)		(41,498)
Total Fayette County Department of Health	25,454,988	5,598,892	16,923,829						(2,932,267)
Nonmajor Component Units	50,703,834	4,174,318	8,697,569	2,538,937				($35,293,010)	(35,293,010)
Total Component Units	$142,580,403	$55,474,121	$34,474,296	$20,904,213	($12,714,208)	$19,211,712	($2,932,267)	($35,293,010)	($31,727,773)
General Revenues:									
Taxes					$8,495,475		$9,889,824	$47,440,622	$65,825,921
Income (Loss) on Investments					(1,647)	$545,408	74,409	(33,530)	584,640
Net Change in Fair Value of Investments						(2,412,164)			(2,412,164)
Gain on Sale of Capital Assets								9,910	9,910
Miscellaneous					97,500	986,577		(71,642)	1,012,435
Total General Revenues					8,591,328	(880,179)	9,964,233	47,345,360	65,020,742
Change in Net Position					(4,122,880)	18,331,533	7,031,966	12,052,350	33,292,969
Net Position, Ending					123,964,566	154,961,850	(40,177,827)	79,162,960	317,911,549
Net Position, Ending					$119,841,686	$173,293,383	($33,145,861)	$91,215,310	$351,204,518

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
INDEX

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

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

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

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

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

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

The Valley View Ferry Authority is a legally separate entity that operates and maintains the Ferry on the Kentucky River at Valley View. The board consists of seven members, two appointed by the Government, three appointed by the Madison County Fiscal Court and two appointed by the Jessamine County Fiscal Court. The Government is not legally responsible for the Valley View Ferry Authority's finances. The Government contributed $14,000 to support the Ferry's operations in fiscal year 2022.

D. Basic Financial Statements

Government-Wide and Fund Financial Statements

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

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

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.

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.

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

<u>Budget Policy</u> – 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

been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations lapse at year-end; however, uncompleted capital projects may be re-appropriated at the beginning of each fiscal year. The Council made several supplemental budgetary appropriations throughout fiscal year 2022. The net effect of these supplemental appropriations was an increase $9,928,876 in the General Fund and an increase of $2,195,698 in the Urban Services Fund, which included re-appropriations of encumbrances from prior fiscal years and various waste management and street light re-appropriations to the following fiscal year 2022, respectively.

F. Assets, Liabilities, and Fund Equity

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

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

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

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

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

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

Interfund Transactions – During the course of its operations, the Government has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds". These accounts are eliminated on the Government-Wide Statement of Net Position. Any residual balances outstanding between the Governmental Activities and Business-Type Activities are reported in the government-wide financial statements as "internal balances."

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

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

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2022 are recorded in assets as prepaid items under the consumption method.

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

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

Various purpose general obligation notes account	$38,413,168
Federal Grants and Contracts	66,737,032
Debt Service on QECB Bond	1,694,835
Total restricted assets	$106,845,035

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

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

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.

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

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

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

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

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

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

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

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

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

Long-term liabilities include the following:

- Compensated absences, which is the accrual for vacation time earned but not taken by employees.

- Principal outstanding on general obligation bonds, general obligation notes, and revenue bonds.

- Net Post-Retirement Health Benefits, which is the net retirement health benefit obligation for the Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund. In addition, it includes the Government's proportionate share of the net liability in the CERS multi-employer defined benefit post-employment health insurance plan.

- Landfill closure and postclosure care liability, which is the estimated total cost to perform certain maintenance and monitoring functions for thirty years after closure.

- Unearned revenue and other liabilities, which is the cash received in advance of being earned, and other long term liabilities.

- Leases, which are assets in use by the Government having a useful life greater than one year and having a cost greater than $5,000 for equipment and $25,000 for land, buildings, infrastructure and related improvements.

- Net postemployment benefit liability, which is the net postemployment benefits obligation for the Policemen's and Firefighters' Retirement Fund. In addition, it includes the Government's proportionate share of the net postemployment benefits liability in the CERS multi-employer defined benefit pension plan.

- Net pension liability, which is the net retirement obligation for the Policemen's and Firefighters' Retirement Fund. In addition, it includes the Government's proportionate share of the net pension liability in the CERS multi-employer defined benefit pension plan.

G. Deferred Inflows of Resources and Deferred Outflows of Resources

With the implementation of GASB Statements 65 and 68, GASB Statements 74 and 75, and GASB Statement 87, the Government's Statement of Net Position includes deferred inflows (or deferred outflows) of resources when appropriate. Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These amounts will not be recognized as expense or revenue until the applicable period.

Deferred Outflows – include the differences between reacquisition price and the net carrying amount of refunded debt obligations that is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, it includes differences between expected and actual experience, changes of assumptions, changes in proportionate share, differences between projected and actual earnings, and differences between projected and actual earnings on investments in both pension plans and other paid employee benefit plans, and contributions to pension plans and other paid employee benefit plans made subsequent to the Government's measurement date of June 30, 2021.

Deferred Inflows – include differences between expected and actual experience, changes of assumptions, changes in proportionate share, and projected and actual earnings on investments in both pension plans and other paid employee benefit plans. Lease related amounts are recognized at the inception of leases in which the Government is the lessor.

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

H. Net Position/Fund Balances

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

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

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

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

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

Nonspendable – These resources include amounts that cannot be spent because they are either not spendable in form, or are legally or contractually required to be maintained intact. The Government's nonspendable funds consisted of prepaid expenses and inventories as of June 30, 2022.

Restricted – Restricted amounts represent resources that are constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation. The Government had restricted funds for various projects: public works, public safety, capital projects, grants, urban services, and energy improvement as of June 30, 2022.

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

Committed for:	
Affordable Housing & Homelessness Intervention	$5,620,729
Economic Stabilization	36,664,996
Chief Development Officer	2,221,947
Social Services	832,570
Special Programs	274,289
Committed Fund Balance	$45,614,531

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 2022.
- Annually report to the Budget, Finance, and Economic Development Committee the dollar amount that could be deposited to the fund to maintain ten percent (10%) of the previous year's General Fund Revenues.

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

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

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

Assigned – Assigned amounts represent resources that the Government intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Urban County Council or by the Commissioner of Finance under the authorization of the Mayor. Amounts classified as assigned have gone before the Government's Urban County Council subsequent to June 30, 2022 for approval through ordinance.

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

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.

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS), and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The liability was measured at June 30, 2021. The total pension liability is defined as equal to the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee services.

The Government recognized aggregate Pension Expense of $55,355,238 for all pension plans of the primary government.

L. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) Post Employment Health Insurance Plan (the Plan), and additions to/deductions from CERS the Plan's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The liability was measured at June 30, 2021. The total OPEB liability is defined as equal to the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee services.

The Government recognized aggregate OPEB Expense of $1,860,195 for all OPEB plans of the primary government.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Excess of Expenditures over Appropriations - The following divisions, in funds that have budgets adopted annually, had excess expenditures over appropriations for the fiscal year ended June 30, 2022:

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

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

C. Fund Deficits

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

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. Cash, Investments, and Securities Lending

Primary Government

The Government's bank balances at June 30, 2022 are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and/or collateralized with securities held by the Government's agent in the Government's name. In accordance with Kentucky Revised Statute (KRS) 66.480 as amended March 18, 2019, and the Government's investment policy, the Government is allowed to invest in the following:

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

In addition, the Pension Trust Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the Government as of June 30, 2022 are summarized and categorized in the following table:

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

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

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

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

Primary Government (except Fiduciary Funds)

		Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1 Year	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value
Cash and Cash Equivalents	$49,834,948	$49,834,948				AA	$54,541,846
Money Market Mutual Funds	146,284,927	146,284,927				NA	209,960,491
Certificates of Deposit	545,086	47,571		$348,871	$148,645		
Commercial Paper	8,923,610	8,923,610					
U.S. Government Agency Obligations	58,913,766	9,079,204	$49,834,562				
Total Investments	$264,502,337	$214,170,260	$49,834,562	$348,871	$148,645		

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

Investment Trust Fund

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

Sewer Investment Trust Fund

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

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

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

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

Sewer Investment Trust Fund

		Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value
Money Market Mutual Funds	$39,452,345	$39,452,345	$0	$0	$0	NA	$39,452,345

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

Pension Trust Funds

The Government's Pension Trust Funds are made up of the Policemen's and Firefighters' Retirement Fund (PFRF) and the City Employees' Pension Fund (CEPF). The disclosures below are separate as the pension funds have different investment policies and different objectives. The PFRF is an active, growing fund, while the CEPF has been closed since 1983. Investments of the PFRF as of June 30, 2022 are summarized and categorized in the following table:

Policemen's and Firefighters' Retirement Fund

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
Bank Loans	$1,975,459		$1,975,459	
Corporate Debt	114,455,780		114,455,780	
Municipal Obligations	5,941,846		5,941,846	
SL Comingle Fund	68,352,727		68,352,727	
US Agencies	2,740,313		2,740,313	
US Government Obligations	74,947,035		74,947,035	
	268,413,160	0	268,413,160	0
Other Investments				
Equity Mutual Funds	375,043,395		375,043,395	
Equity Real Estate	97,627,921		97,627,921	
Equity Securities - Domestic	1,864,597	802,595	518,267	543,735
Equity Securities - International	162,582,888		162,582,888	
	$905,531,961	$802,595	$904,185,631	$543,735

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

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

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

Policemen's and Firefighters' Retirement Fund
Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value
Debt Securities						A	$67,324,885
Bank Loans	$1,975,459	$95,287	$1,697,100	$183,072		AA	56,723,001
Corporate Debt	114,455,780	5,518,679	60,964,701	34,074,226	$13,898,174	AAA	7,964,978
International Bonds						B	19,405,027
Municipal Obligations	5,941,846		3,242,949	1,194,888	1,504,009	BB	28,729,024
SL Comingle Fund	68,352,727	44,542,727		23,627,282	182,717	BBB	27,021,806
US Agencies	2,740,313		321,770	2,318,890	99,653	CCC	3,305,481
US Government Obligations	74,947,035	7,900,690	16,981,071	4,437,424	45,627,850	D	312,263
	$268,413,160	$58,057,383	$83,207,591	$65,835,782	$61,312,403	NR	694,745,497
Other Investments							
Equity Mutual Funds	375,043,395	375,043,395					
Equity Real Estate	97,627,921	97,627,921					
Equity Securities - Domestic	1,864,597	1,693,747			170,850		
Equity Securities - International	162,582,888	162,582,888					
	$905,531,961	$695,005,334	$83,207,591	$65,835,782	$61,483,253		

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

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

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

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

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

As of June 30, 2022, the securities loaned in the portfolio did not have credit risk, and the fair value of securities on loan is $68,352,727. Investments of the CEPF as of June 30, 2022 are summarized and categorized in the following table:

City Employees Pension Fund

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities:				
Corporate Debt	$3,910,484		$3,910,484	
US Agencies				
US Government Obligations	3,683,643	$3,683,643		
	7,594,127	3,683,643	3,910,484	0
Other Investments:				
Equity Mutual Funds	21,629,655		21,629,655	
	$29,223,782	$3,683,643	$25,540,139	$0

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

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

Asset Class	Target Allocation
Domestic Equity	20.00%
International Equity	10.00%
Fixed Income	70.00%
	100.00%

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

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

		Investment Maturities (in years)					
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	S&P Rating	Fair Value
Debt Securities:						AAA	$444,718
Corporate Debt	$3,910,484	$298,917	$3,611,567			AA	4,118,249
US Agencies						A	2,185,496
US Government Obligations	3,683,643	740,345	170,964	$1,638,382	$1,133,951	BBB	845,665
	$7,594,127	$1,039,262	$3,782,531	$1,638,382	$1,133,951	NR	21,629,655
Other Investments:							
Equity Mutual Funds	21,629,655	21,629,655					
	$29,223,782	$22,668,917	$3,782,531	$1,638,382	$1,133,951		

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

Component Units

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

	Reported Amount/ Fair Value
U.S. Government and Government Agency Obligations	$49,051,632
Investments not subject to categorization:	
Certificates of Deposit	26,107,266
Money Market Funds	16,137,588
Total Investments	$91,296,486

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

B. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	$62,895,468	$0	$0	$62,895,468
Purchase of Development Rights	82,560,263			82,560,263
Intangibles	10,604,582			10,604,582
Construction in Progress	26,921,954	23,603,786	(12,601,414)	37,924,326
Developments in Progress	156,990	227,666		384,656
Depreciable Assets:				
Buildings	201,342,973	1,186,672	(487,982)	202,041,663
Intangibles	21,264,213	336,300	(25,128)	21,575,385
Vehicles, Equipment, & Furniture	158,717,977	14,450,903	(10,872,479)	162,296,401
Land & Leasehold Improvements	60,920,263	918,985		61,839,248
Infrastructure	1,068,432,749	12,287,893	(63,656)	1,080,656,986
Sewer Lines	11,749,467			11,749,467
Sewer Plants	216,797			216,797
Totals at Historical Cost	1,705,783,696	53,012,205	(24,050,659)	1,734,745,242
Less Accumulated Depreciation For:				
Buildings	(91,723,961)	(6,458,380)	254,091	(97,928,250)
Intangibles	(19,103,714)	(1,115,776)	25,127	(20,194,363)
Vehicles, Equipment, & Furniture	(112,695,384)	(11,612,688)	9,971,069	(114,337,003)
Land & Leasehold Improvements	(38,185,422)	(3,615,699)		(41,801,121)
Infrastructure	(553,539,928)	(34,485,861)	34,789	(587,991,000)
Sewer Lines	(2,199,058)	(234,140)		(2,433,198)
Sewer Plants	(28,506)	(4,336)		(32,842)
Total Accumulated Depreciation	(817,475,973)	(57,526,880)	10,285,076	(864,717,777)
Intangible Right-to-Use Assets:				
Leased Equipment		3,167,600	(18,503)	3,149,097
Leased Buildings		4,616,027		4,616,027
Less Accumulated Amortization		(1,704,520)		(1,704,520)
Net Intangible Right-to-Use Assets		6,079,107	(18,503)	6,060,604
Governmental Activities Capital Assets, Net	$888,307,723	$1,564,433	($13,784,086)	$876,088,069

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Nondepreciable Assets:				
Land	$50,822,875	$1,159,340	$0	$51,982,215
Construction in Progress	33,528,153	31,187,237	(19,297,219)	45,418,171
Intangibles	1,008,663	1,095,355		2,104,018
Depreciable Assets:				
Buildings	120,944,944	12,000	(465,498)	120,491,446
Intangibles	9,224,526	31,695		9,256,221
Vehicles, Equipment & Furniture	43,658,949	927,577	(1,763,189)	42,823,337
Land & Leasehold Improvements	43,318,087	378,195		43,696,282
Infrastructure	22,992,231	446,567		23,438,798
Sewer Lines	289,130,620	4,743,362		293,873,982
Sewer Plants	304,339,475	14,147,517		318,486,992
Totals at Historical Cost	918,968,523	54,128,845	(21,525,906)	951,571,462
Less Accumulated Depreciation For:				
Buildings	(99,590,716)	(3,520,750)	465,498	(102,645,968)
Intangibles	(8,328,384)	(799,619)		(9,128,003)
Vehicles, Equipment & Furniture	(25,385,957)	(2,794,644)	1,722,455	(26,458,146)
Land & Leasehold Improvements	(37,443,742)	(486,121)		(37,929,863)
Infrastructure	(3,021,053)	(496,589)		(3,517,641)
Sewer Lines	(92,537,698)	(5,611,073)		(98,148,771)
Sewer Plants	(121,005,664)	(8,191,072)		(129,196,736)
Total Accumulated Depreciation	(387,313,213)	(21,899,868)	2,187,953	(407,025,128)
Intangible Right-to-Use Assets:				
Leased Equipment		277,294		277,294
Leased Buildings		4,262,963		4,262,963
Less Accumulated Amortization		(826,076)		(826,076)
Net Intangible Right-to-Use Assets		3,714,181		3,714,181
Business-Type Activities Capital Assets, Net	$531,655,310	$35,943,158	($19,337,952)	$548,260,515

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

Governmental Activities:	
General Government	$1,313,093
Computer Information Technology	1,991,468
Chief Development Officer	14,934
Administrative Services	440,490
Finance	393,743
Housing, Planning & Comm Dev	76,469
Public Safety	840,485
Environmental Quality & Public Works	37,310,914
Police	3,117,576
Fire and Emergency Services	2,246,901
Law	14,620
Community Corrections	2,356,237
Social Services	385,571
General Services	6,293,628
Parks and Recreation	1,797,549
Planning, Preservation, & Development	322,971
Total depreciation expense - Governmental Activities	$58,916,649
Business-Type Activities:	
Sanitary Sewer System	$18,129,453
Public Facilities Corporation	3,286,513
Landfill	595,735
Right of Way	6,731
Extended School Program	4,106
Enhanced 911	119,627
Water Quality	583,779
Total depreciation expense - Business-Type Activities	$22,725,944

	Discretely Presented Component Units			
	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Nondepreciable Assets:				
Land	$40,660,245			$40,660,245
Construction in Progress *	84,409,948	$54,710,729	($126,508,058)	12,612,619
Other *	517,239	3,450		520,689
Depreciable Assets:				
Buildings & Improvements	493,499,755	107,508,612	(27,729)	600,980,638
Vehicles, Equipment, & Furniture *	103,329,577	4,740,393	(785,748)	107,284,222
Land & Leasehold Improvements	98,288,866	25,790,689	(191,910)	123,887,645
Intangibles	283,617	8,926	(21,955)	270,588
Totals at Historical Cost	820,989,247	192,762,799	(127,535,400)	886,216,646
Less Accumulated Depreciation	(284,362,271)	(27,400,023)	1,011,437	(310,750,857)
Net Assets	536,626,976	165,362,776	(126,523,963)	575,465,789
Intangible Right-to-Use Assets:				
Leased Assets		2,447,690		2,447,690
Less Accumulated Amortization		(259,419)		(259,419)
Net Intangible Right-to-Use Assets		2,188,271		2,188,271
Component Unit Activities Capital Assets, Net	$536,626,976	$167,551,047	($126,523,963)	$577,654,060

* Restated beginning balance due to prior period adjustment

Construction Commitments

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

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

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

C. Interfund Receivables, Payables, and Transfers

The principal purpose of the Government's interfund transfers is indicative of funding for capital projects or subsidies of various Government operations and reallocation of special revenues. Due to our practice of cash management by pooling the Government's funds, interfund balances exist as of June 30, 2022. In addition, Federal and State Grants revenues are based on reimbursable expenditures. The composition of interfund balances as of June 30, 2022, is as follows:

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

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

Interfund Transfers:

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

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

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.

Primary Government

Bonds payable, notes payable, compensated absences, landfill closure and postclosure care costs, and net pension liabilities at June 30, 2022 are as follows:

	Purpose of Issue	Original Issue	Interest Rates	Final Maturity	Amount Outstanding	Due Within One Year
Governmental Activities						
Bonds, Notes, Loans, and Leases:						
Pension Obligation,Series 2009B	Police/Fire Pension Fund	$70,610,000	3.50% - 6.00%	1-Apr-2029	$32,715,000	$3,925,000
Pension Obligation, Series 2012A	Police/Fire Pension Fund	$31,000,000	2.50% - 4.00%	1-Oct-2032	1,475,000	1,475,000
General Obligation, Series 2012B	Refunding of 2002C and 2004C	$6,275,000	2.00% - 4.00%	1-Jul-2024	2,300,000	800,000
General Obligation, Series 2013A	Road Resurfacing	$11,275,000	2.00% - 5.00%	1-Oct-2023	2,465,000	1,200,000
General Obligation, Series 2013B	Refunding of 2004,2005C,2006B	$6,005,000	2.00% - 4.00%	1-Jul-2025	1,960,000	515,000
General Obligation, Series 2013C	CIP projects	$17,035,000	3.00% - 4.00%	1-Oct-2037	1,605,000	785,000
General Obligation, Series 2014A	Refunding of 2010A	$55,925,000	3.00% - 5.00%	1-Sep-2030	33,055,000	3,110,000
General Obligation, Series 2014B	CIP projects	$24,245,000	3.25%-5.00%	1-Jan-2035	3,260,000	1,035,000
General Obligation, Series 2014C	QECB Detention Center	$2,900,000	3.25%	1-Jun-2027	2,795,000	
General Obligation, Series 2015A	Refunding of 2006C,2009A,2010G	$19,845,000	3.00% - 5.00%	1-Oct-2028	9,940,000	1,465,000
General Obligation, Series 2015B	CIP projects	$24,860,000	2.00% - 5.00%	1-Oct-2035	14,255,000	1,515,000
General Obligation, Series 2016A	Historic Courthouse Renovation	$22,450,000	.80%-3.00%	1-Aug-2036	17,770,000	990,000
General Obligation, Series 2016B	CIP projects	$8,870,000	2.00% - 5.00%	1-Aug-2036	5,890,000	670,000
General Obligation, Series 2016C	CIP projects	$37,555,000	2.00% - 5.00%	1-Oct-2036	23,505,000	2,445,000
General Obligation, Series 2016D	Refunding of 2006D Detention Center	$28,495,000	4.00% - 5.00%	1-Nov-2024	8,200,000	4,020,000
General Obligation, Series 2017A	CIP projects	$32,435,000	3.00% - 5.00%	1-Sep-2037	22,100,000	2,925,000
General Obligation, Series 2017B	Refunding of 2010D Police/Fire Pension	$22,445,000	2.00% - 2.85%	1-Jun-2030	18,950,000	2,170,000
General Obligation, Series 2018A	CIP projects	$42,055,000	3.00% - 5.00%	1-Oct-2038	34,555,000	2,760,000
General Obligation, Series 2019A	CIP projects	$18,110,000	3.00% - 5.00%	1-Nov-2039	15,545,000	1,380,000
General Obligation, Series 2020A	CIP projects	$6,800,000	2.00% - 5.00%	1-Nov-2030	6,255,000	580,000
General Obligation, Series 2020B	Refunding of 2012A Police/Fire Pension	$19,645,000	.20%-1.58%	1-Oct-2032	19,320,000	325,000
General Obligation, Series 2020C	Refunding of 2013C	$11,485,000	1.00%-1.25%	1-Nov-2033	11,290,000	195,000
General Obligation, Series 2020D	Refunding of 2014B	$18,200,000	.28%-1.68%	1-Nov-2034	17,830,000	375,000
General Obligation, Series 2022A	CIP projects	$27,200,000	2.65% - 5.00%	1-Nov-2041	27,200,000	1,675,000
Premiums and Discounts					23,373,798	
Total Bonds, Notes, and Loans Payable					357,608,798	36,335,000
Other Liabilities:						
Compensated Absences					30,922,697	4,329,178
Leases					5,537,567	
Net Other Post Employment Benefit Liability					353,434,103	
Net Pension Liability					385,049,650	
Total Other Liabilities					774,944,017	4,329,178
Total Governmental Activities					$1,132,552,815	$40,664,178
Business-Type Activities						
Bonds, Notes and Loans:						
Sanitary Sewer, Series 2014A Refunding	Refunding	$24,190,000	3.00% - 5.00%	1-Sep-2030	$15,850,000	$1,490,000
Sanitary Sewer, Series 2019A	SWR CIP Projects	$50,730,000	2.125% - 5.00%	1-Apr-2040	46,185,000	1,755,000
Public Facilities, Series 2016D Refunding	Refunding	$42,590,000	2.65% - 5.00%	1-Oct-2031	31,200,000	2,640,000
Radcliffe road A209-09	SRF Loan	$113,523	2.00%	1-Jun-2030	51,108	5,952
KIA Streetscape A209-8	SRF Loan	$1,254,980	2.00%	1-Dec-2030	594,807	64,869
So. Elkhorn A09-01	SRF Loan	$14,045,119	2.00%	1-Dec-2031	7,371,522	711,971
Wolf Run A10-08	SRF Loan	$9,030,983	2.00%	1-Dec-2035	6,479,929	422,592
A13-002 Bob-O-Link	SRF Loan	$2,711,427	1.75%	1-Dec-2038	2,181,705	123,677
A13-003 East Lake	SRF Loan	$743,414	1.75%	1-Dec-2037	564,340	34,510
A13-003 Century Hills	SRF Loan	$1,327,844	1.75%	1-Dec-2037	1,007,992	61,640
A13-003 West Hickman Trk A	SRF Loan	$4,338,726	1.75%	1-Dec-2037	3,293,611	201,408
A13-003 Woodhill Trk	SRF Loan	$3,588,635	1.75%	1-Dec-2037	2,724,203	166,588
A13-018 E2A	SRF Loan	$5,264,306	1.75%	1-Dec-2037	4,114,909	242,142
A13-007 AW PH3	SRF Loan	$1,154,472	1.75%	1-Dec-2037	750,654	45,910
A13-007 IDLHR N	SRF Loan	$620,324	1.75%	1-Dec-2037	470,749	28,769
A13-002 Wolf Run Trk	SRF Loan	$452,195	1.75%	1-Dec-2038	363,851	20,626
A13-002 Wolf Run WWS	SRF Loan	$5,725,025	1.75%	1-Dec-2038	4,606,548	261,137
A12-016 Blue Sky	SRF Loan	$1,594,026	2.00%	1-Dec-2036	1,180,491	73,852
A13-007 Walhampton Rogers	SRF Loan	$719,816	1.75%	1-Dec-2037	546,184	33,396
A13-007 Cardinal-Laramie PH1-3	SRF Loan	$226,247	1.75%	1-Dec-2037	171,647	10,502
A13-015 Town Branch	SRF Loan	$20,309,618	1.75%	1-Dec-2038	16,336,443	926,085
A14-001 Lower Cane Run WWS	SRF Loan	$12,161,449	1.75%	1-Dec-2038	9,784,898	554,689
A13-015 Marquis Ave	SRF Loan	$583,329	1.75%	1-Dec-2038	469,212	26,599
A13-015 UK Trunk	SRF Loan	$3,009,695	1.75%	1-Dec-2038	2,420,907	137,237
A15-026 West Hickman WWS*	SRF Loan	$64,446,961	1.75%	1-Dec-2038	54,673,876	2,988,869
A13-007 Rodgers Rd	SRF Loan	$1,780,179	1.75%	1-Dec-2037	1,350,701	82,606
A17-003 Lower Griffin Gate Trunk	SRF Loan	$1,286,628	1.75%	1-Dec-2037	1,063,867	58,159
A17-005 Town Branch PH 1*	SRF Loan	$9,969,585	1.75%	1-Dec-2042	4,367,248	
Premiums and Discounts					9,776,548	
Total Bonds, Notes, and Loans Payable					229,952,950	13,168,785
Other Liabilities:						
Compensated Absences					2,975,882	1,098,487
Leases					3,492,042	
Landfill Closure & Postclosure Care Costs					12,578,844	644,471
Net Other Post Employment Benefit Liability					10,879,406	
Net Pension Liability					36,138,259	
Total Other Liabilities					66,064,433	1,742,958
Total Business-Type Activities					$296,017,383	$14,911,743

*Amounts represents draws as of 6/30/2022

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds, Notes, Loans, and Leases:					
General and Pension Obligation Bonds	$341,545,000	$27,200,000	($34,510,000)	$334,235,000	$36,335,000
Net of Bond Premiums and Discounts	22,305,860	3,765,847	(2,697,909)	23,373,798	
Total Bonds, Notes, and Loans Payable	363,850,860	30,965,847	(37,207,909)	357,608,798	36,335,000
Other Liabilities:					
Compensated Absences	30,274,863	2,210,549	(1,562,715)	30,922,697	4,329,178
Leases		5,537,567		5,537,567	
Net Other Post Employment Benefit Liability	355,298,815	32,906,937	(34,771,648)	353,434,103	
Net Pension Liability	611,048,921	58,653,570	(284,652,841)	385,049,650	
Total Governmental Activities Long-Term Liabilities	$1,360,473,459	$130,274,470	($358,195,114)	$1,132,552,815	$40,664,178
Business-Type Activities					
Bonds, Notes, and Loans:					
Revenue Bonds	$66,805,000	$0	($4,770,000)	$62,035,000	$3,245,000
Mortgage Revenue Bonds	33,710,000		(2,510,000)	31,200,000	2,640,000
Notes and Loans	132,257,970	1,770,071	(7,086,639)	126,941,402	7,283,786
Bonds, Notes, and Loans Payable	232,772,970	1,770,071	(14,366,639)	220,176,402	13,168,786
Net of Bond Premiums and Discounts	10,676,479	0	(899,931)	9,776,548	
Total Bonds, Notes, and Loans Payable	243,449,449	1,770,071	(15,266,571)	229,952,949	13,168,786
Other Liabilities:					
Compensated Absences	2,776,726	328,131	(128,977)	2,975,882	1,098,487
Leases		3,492,042		3,492,042	
Landfill Closure and Postclosure Care Costs	12,722,165		(143,321)	12,578,844	1,098,487
Net Other Post Employment Benefit Liability	13,878,432	1,649,028	(4,648,054)	10,879,406	
Net Pension Liability	44,364,256	3,537,323	(11,763,320)	36,138,259	
Total Business-Type Activities Long-Term Liabilities	$317,191,028	$10,776,596	($31,950,242)	$296,017,382	$15,365,760

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

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

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

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

	Principal			
Fiscal Year	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2023	$4,085,000	$4,690,000	$1,128,363	$9,903,363
2024	4,350,000	4,740,000	1,504,181	10,594,181
2025	4,620,000	4,880,000	2,514,987	12,014,987
2026	4,910,000	5,105,000	1,138,213	11,153,213
2027	5,220,000	5,020,000	604,795	10,844,795
2028-2032	25,680,000	25,220,000	1,050,336	51,950,336
2033-2037	30,205,000	22,630,000	356,532	53,191,532
2038-2039	14,870,000	1,860,000		16,730,000
2040-2050	109,765,000		12,673,400	122,438,400
2051-2054	25,810,000			25,810,000
Total	229,515,000	74,145,000	20,970,807	324,630,807
Less payable within one year	(4,085,000)	(4,690,000)	(1,128,363)	(9,903,363)
Refinancing loss/premium-discount	10,017,449	568,571	0	10,586,020
Long term principal due after one year	$235,447,449	$70,023,571	$19,842,444	$325,313,464

	Interest			
Fiscal Year	Lexington Center Corporation	Lexington Airport Board	Nonmajor Component Units	Total
2023	$9,883,082	$2,163,619	$424,689	$12,471,390
2024	9,672,208	2,042,547	397,012	12,111,767
2025	9,447,957	1,914,443	352,873	11,715,273
2026	9,209,708	1,772,420	311,646	11,293,774
2027	8,956,457	1,621,403	285,660	10,863,520
2028-2032	40,926,663	5,915,123	1,211,118	48,052,904
2033-2037	34,545,650	1,948,136	940,985	37,434,771
2038-2039	11,511,965	57,796	925,629	12,495,390
2040-2050	33,610,884		555,377	34,166,261
2051-2054	1,350,917			1,350,917
Total	$169,115,491	$17,435,487	5,404,989	$191,955,967

General Description of the Government's Bonds and Notes Payable

Revenue and Mortgage Revenue Bonds

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

1. $24,190,000 of Tax-Exempt Sewer System Revenue Refunding Bonds, Series 2014A, issued at a premium, and payable annually in principal installments ranging from $500,000 to $3,095,000 plus interest over 13 years, to fully refund the Sewer System Revenue Bonds, Series 2009A, (Taxable Build America Bonds). The refunding provided for a cumulative savings of $1,119,864 over the life of the bonds and a net present value savings of

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

2. $50,730,000 of Sewer System Revenue Bonds, Series 2019A, issued at a premium and payable annually in principal installments ranging from $1,275,000 to $3,320,000 plus interest over 20 years for the purpose of financing various improvements to the Sanitary Sewer System mandated by the consent decree agreement with the Environmental Protection Agency.

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

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

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

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

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

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

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

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

1. KIA Loan A209-09 Radcliffe Road issued in the amount of $113,523, payable semi-annually in principal installments ranging from $1,837 to $3,438 plus interest over 20 years. Financing improvements to the storm water system along Radcliffe Road in Fayette County.

2. KIA Loan A209-08 Streetscape issued in the amount of $1,254,980, payable semi-annually in principal installments ranging from $25,671 to $37,843 plus interest over 20 years. Financing improvements to the storm water system in the city center of Lexington. These funds were used in conjunction with the streetscape project that included upgrades to the sidewalks, sewer and storm water systems. This capital project included South Limestone, East and West Main Street, and Vine Street.

3. KIA Loan A09-01 South Elkhorn Pump station issued in the amount of $14,045,119, payable semi-annually in principal installments ranging from $281,600 to $423,693 plus interest over 20 years. Financing the upgrade of the South Elkhorn pump station and construction of a new 36-inch force main. The Capital Replacement Reserve Fund requirement is $43,020 annually for 10 years.

4. KIA Loan A10-08 Wolf Run Pump station issued in the amount of $9,030,983 payable semi-annually in principal installments ranging from $184,734 to $272,320 plus interest over 20 years for the upgrade and expansion of the Wolf Run pump station. The Capital Replacement Reserve Fund requirement is $26,250 annually for 10 years.

5. KIA Loan A13-002 issued in the amount of $8,888,648, payable semi-annually y in principal installments ranging from $184,811 to $262,124 for the upgrades to the Bob-O-Link Trunk Line, Wolf Run Trunk Line and the Wolf Run Storage Tank Capacity Upgrade. The Capital Replacement Reserve Fund requirement is $35,000 annually for 10 years.

6. KIA Loan A13-003 issued in the amount of $9,997,196, payable semi-annually in principal installments ranging from $205,263 to $284,896 plus interest over 20 years for the upgrades to the Eastlake Trunk Line, Century Hills Trunk Line, West Hickman Trunk Line and the Woodhill Trunk Line. The Capital Replacement Reserve Fund requirement is $25,000 annually for 10 years.

7. KIA Loan A13-007 issued in the amount of $4,298,547, payable semi-annually in principal installments ranging from $91,001 to $127,822 plus interest over 20 years for the upgrades to the Storm Water Systems of Anniston Wickland, Idlehour, Walhamption Rogers, and Perimeter Park Neighborhoods. The Capital Replacement Reserve Fund requirement is $12,000 annually for 10 years.

8. KIA Loan A13-18 issued in the amount of $5,264,306, payable semi-annually in principal installments ranging from $110,486 to $155,191 plus interest over 20 years for the upgrades to the Expansion Area 2A Wastewater System. The Capital Replacement Reserve Fund requirement is $15,000 annually for 10 years.

9. KIA Loan A12-16 issued in the amount of $1,594,025, payable semi-annually in principal installments ranging from $32,607 to $48,066 for the acquisition and conversion to a pump station of the Blue Sky Wastewater Treatment plant. The Capital Replacement Reserve Fund requirement is $4,825 annually for 10 years.

10. KIA Loan A13-15 issued in the amount of $31,801,000, payable semi-annually in principal installments ranging from $501,433 to $704,653 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Town Branch Wastewater Treatment Facility, upgrades to Marquis Avenue, and the UK Trunk Line. The Capital Replacement Reserve Fund requirement is $80,000 annually for 10 years.

11. KIA Loan A14-001 issued in the amount of $12,161,449, payable semi-annually in principal installments ranging from $252,568 to $358,616 for design and construction of Phase 1 of a multi-phase waste water storage facility at the Lower Cane Run Pump Station. The Capital Replacement Reserve Fund requirement is $50,000 annually for 10 years.

12. KIA Loan A15-026 issued in the amount of $83,732,326 for design and construction of Phase 1 of a multi-phase waste water storage facility at the West Hickman Waste Water Treatment Plant. As of June 30, 2022 the Government has received only a partial draw of $64,446,961.20 with the remaining balance of $19,285,364.80 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund requirement is $209,000 annually for 10 years.

13. KIA Loan A17-003 issued in the amount of $1,286,628, payable semi-annually in principal installments ranging from $27,003 to $37,930 for the replacement of 4,700 linear feet of gravity sewer pipes. The Capital Replacement Reserve Fund requirement is $5,900 annually for 10 years.

14. KIA Loan A17-005 issued in the amount of $9,969,585 for the replacement of 5,600 linear feet of 12 inch sewer pipes with 21 inch sewer pipes. Additionally a source water pump and a Bio-swale for surface water treatment from paved areas will be installed. As of June 30, 2022 the Government has received only a partial draw of $4,367,248 with the remaining balance of $5,602,337 to be requested in future years. Until the remaining balance is requested, the Kentucky Infrastructure Authority does not issue an amortization schedule for the loan, nor does the Government initiate payment of principal toward the loan. Amortization estimation has been used based on information outlined in the Assistance Agreement between KIA and the Government. The Capital Replacement Reserve Fund Requirement is $25,000 annually for 10 years.

General Obligation Bonds and Notes

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

1. $70,610,000, Series 2009B, Taxable General Obligation Pension Funding Bonds, issued at a discount and payable annually in principal installments ranging from $2,315,000 to $5,515,000 plus interest over 20 years, to finance additional contributions to the Policemen's and Firefighters' Retirement Plan.

2. $35,825,000, Series 2010D, Taxable General Obligation Pension Funding Bonds issued at a discount and payable annually in principal installments ranging from $1,195,000 to $2,700,000 plus interest over 20 years, to finance additional contributions to the Policemen’s and Firefighters’ Retirement Plan. Of the outstanding balance, $22,445,000 was refunded through the issuance of Series 2017B, leaving a remaining balance of $6,480,000.

3. $31,000,000, Series 2012A, Taxable General Obligation Pension Funding Bonds, issued at a premium and payable annually in principal installments ranging from $1,170,000 to $2,110,000 plus interest over 20 years, to finance additional contributions to the Policemen’s and Firefighters’ Retirement Plan. Of the outstanding balance, $19,645,000 was refunded through the issuance of Series 2020B, leaving a remaining balance of $4,300,000.

4. $6,275,000, Series 2012B, General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2002C and the General Obligation Bond Series 2004C. Issued at a discount and payable in annual principal payments ranging from $20,000 to $825,000 plus interest over 12 years. The refunding provided for a cumulative savings of $597,633 over the life of the bonds resulting in net present value savings of $545,403 or 8.76% of the refunded principal.

5. $11,275,000, Series 2013A, Various Purpose General Obligation Bonds to finance various street and highway improvements including the rehabilitation and paving of existing roads and streets throughout Lexington Fayette

County, Kentucky. Issued at a premium and payable in annual principal payments ranging from $845,000 to $1,265,000 plus interest over 10 years.

6. $6,005,000, Series 2013B, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2004C, General Obligation Bond Series 2005C and General Obligation Bond Series 2006B. Issued at a premium and payable annually in principal installments ranging from $40,000 to $925,000 plus interest over 13 years. The refunding provided for a cumulative savings of $402,579 over the life of the bonds resulting in net present value savings of $293,222 or 5.10% of the refunded principal.

7. $17,035,000, Series 2013C, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to communications and computer equipment and other equipment, traffic engineering equipment, police and fire equipment, police and fire vehicles, and golf carts, remodeling and renovation of public safety buildings, Kentucky Theatre renovations, maintenance building, fire stations, street and sidewalk improvements, various park projects and improvements, HVAC system maintenance, and weather and emergency systems upgrades. Issued at a premium and payable in principal installments ranging from $595,000 to $1,195,000 plus interest over 20 years. Of the outstanding balance, $11,485,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of $3,085,000

8. $55,925,000, Series 2014A, Various Purpose General Obligation Refunding Bonds, for refunding the General Obligation Bond Series 2010A Build America Bonds. Issued at a premium and payable annually in principal installments ranging from $2,325,000 to $4,220,000 plus interest over 17 years. The refunding provided for a cumulative savings of $2,214,916 over the life of the bonds resulting in net present value savings of $2,437,443 or 4.35% of the refunded principal.

9. $24,245,000, Series 2014B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing managed email solution/exchange, storage area network, new tax revenue system, procurement website upgrade, Accela software, network infrastructure remediation, police patrol transport wagon, general repairs, life safety, autos vehicle replacement, pothole patcher, public safety ops/Lexcall center, sidewalk and catch basin repair, sidewalks, jail management system, public safety radio system, roof repair and replacement, HVAC repair and replacement, infrastructure improvements, Shillito multipurpose sports fields, Carver Center improvements, dugout replacement, aquatics improvements, Kentucky Theatre concession renovation, fire training tower, land acquisition and fire station design #24 and relocation of fire station #2, providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and construction of a new senior center. Issued at a premium and payable in annual principal payments ranging from $690,000 to $1,830,000 plus interest over 20 years. Of the outstanding balance, $18,200,000 was refunded through the issuance of Series 2020C, leaving a remaining balance of $5,185,000

10. $2,900,000, Series 2014C, Energy Conservation General Obligation Bonds-Federally Taxable Qualified Energy Conservation Bonds to finance energy conservation measures and other qualifying projects at the Fayette County Detention Center including, but not limited to, LED lighting retrofits, chiller plant optimization, intake HVAC retrofit, inner ring HVAC retrofits, constant-volume reheat fan reset, controls upgrade, demand controlled ventilation, Variable-Air-Volume (VAV) box occupancy controls, energy efficient motors, demand controlled ventilation, kitchen hoods, and installation of new walk-in refrigeration. Issued at par with annual sinking fund payments of $196,441 and a 70% interest subsidy with a final maturity of 12 years. In March of 2018, $105,000 in unused proceeds were redeemed in an extraordinary call per IRS guidelines. The new par amount is $2,795,000.

11. $19,845,000, Series 2015A, Various Purpose General Obligation Refunding Bonds, for refunding a portion of the General Obligation Bond Series 2006C, General Obligation Bond Series 2009A and full refunding of Series 2010G, Various Purpose General Obligation Public Projects Recovery Zone Economic Development Bonds.

Issued at a premium and payable annually in principal installments ranging from $1,080,000 to $2,985,000 plus interest over 14 years. The refunding provided for a cumulative savings of $1,118,502 over the life of the bonds resulting in net present value savings of $849,671 or 4.28% of the refunded principal.

12. $24,860,000, Series 2015B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to financing an ERP software upgrade, new Budgeting system, procurement website upgrade, general repairs, life safety, autos vehicle replacement, roof repair and replacement, HVAC repair and replacement, neighborhood paving, infrastructure improvements, parks improvements and upgrades providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights, and additional funding for the Emergency Operations Center. Issued at a premium and payable in annual principal payments ranging from $480,000 to $2,015,000 plus interest over 20 years.

13. $22,450,000, Series 2016A, Taxable General Obligation Bonds to finance the restoration and rehabilitation of the historic Fayette County Courthouse (the "Historic Courthouse Project") located at 215 West Main Street in downtown Lexington, Fayette County, Kentucky which Historic Courthouse Project will help preserve the history and architecture of Lexington-Fayette County, enhance the economic development of downtown Lexington, assist in elimination of blight, and reinforce and promote additional redevelopment activities in downtown Lexington-Fayette County. Issued at Par and payable in annual principal payments ranging from $910,000 to $1,435,000 plus interest over 20 years.

14. $8,870,000, Series 2016B, Various Purpose General Obligation Bonds to finance various projects for Departments within the Government, including but not limited to: financing the design and infrastructure improvements for Town Branch Commons Corridor (TBCC), an innovative multimodal greenway that will link two regional trail systems, the Legacy Trail and Town Branch Trail, and through its unique linear park-like design and stormwater management systems, TBCC will create a livable, sustainable streetscape in downtown Lexington and will connect established and emerging neighborhoods to each other, downtown, and adjacent higher education (collectively, the "Town Branch Commons Corridor Project"); streetscape and sidewalk improvements located in the Versailles Road area; and street improvements including widening, opening, extending, realigning, grading, repaving, resurfacing, and otherwise rehabilitating and improving streets, roads, thoroughfares, avenues, and expressways throughout Lexington-Fayette County. Issued at a premium and payable in annual principal payments ranging from $190,000 to $815,000 plus interest over 20 years.

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

16. $28,495,000, Series 2016D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2006D Detention Center Refunding Bond. Issued at a premium and payable in annual principal payments ranging from $2,920,000 to $4,180,000 plus interest over 8 years. The refunding provided for a cumulative savings of $3,942,183 over the life of the bonds resulting in net present value savings of $3,742,315 or 11.47% of the refunded principal.

17. $32,435,000, Series 2017A, Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including, but not limited to,

(i) the construction, installation, renovations, repairs and upgrades and equipping of fire stations, software system upgrades, safety operations and other safety related projects, new firetrucks, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, renovations, repairs and upgrades related to public buildings, renovations, repairs and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, (ii) providing funding for a program to preserve and manage agricultural, rural and natural lands, including the purchase of conservation easements or development rights. Issued at a premium and payable in annual principal payments ranging from $585,000 to $2,925,000 plus interest over 20 years.

18. $22,445,000, Series 2017B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2010D Lexington-Fayette Urban County Government Taxable General Obligation Pension Funding Bonds. Issued at a premium and payable in annual principal payments ranging from $295,000 to $2,595,000 plus interest over 13 years. The refunding provided for a cumulative savings of $ 1,963,714 over the life of the bonds resulting in net present value savings of $1,964,340 or 9.82% of the refunded principal.

19. $42,055,000, Series 2018A Various Purpose General Obligation Bonds financing the acquisition of various projects for departments within the Lexington-Fayette Urban County Government, including but not limited to software system upgrades, safety operations and other safety related projects, new firetrucks, new police cars, road resurfacing, road maintenance, streetscapes and sidewalk improvements, renovations and upgrades related to public buildings, fleet vehicle replacement, and upgrades related to park projects, and various other improvements within departments of the Lexington-Fayette Urban County Government, and (ii) providing funding for renovations to the Lexington Convention Center. Issued at a premium and payable in annual principal payments ranging from $1,060,000 to $3,595,000 plus interest over 20 years.

20. $18,110,000, Series 2019A Various Purpose General Obligation Bonds financing repairs and upgrades and equipping of fire stations, safety operations, new firetrucks and other fire safety related projects, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, pedestrian safety improvements, renovations, repairs and upgrades related to public buildings, new voting machines, public art funding and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from $210,000 to $1,900,000 plus interest over 20 years.

21. 6,800,000, Series 2020A Various Purpose General Obligation Bonds financing, new police cars, road resurfacing, traffic signal upgrades, and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from $545,000 to $785,000 plus interest over 10 years.

22. $19,645,000, Series 2020B Taxable General Obligation Pension Funding Refunding Bonds issued to finance the refunding of a portion of the 2012A Lexington-Fayette Urban County Government Taxable General Obligation Pension Funding Bonds. Issued at Par and payable in annual principal payments ranging from $325,000 to $2,005,000 plus interest over 13 years. The refunding provided for a cumulative savings of $ 1,998,958 over the life of the bonds resulting in net present value savings of $1,993,274 or 11.15% of the refunded principal.

23. $11,485,000, Series 2020C, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2013C Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from $195,000 to $1,150,000 plus interest over 13 years. The refunding provided for a cumulative savings of $1,070,316 over the life of the bonds resulting in net present value savings of $1,075,104 or 10.67% of the refunded principal.

24. $18,200,000, Series 2020D, Various Purpose General Obligation Refunding Bonds to finance the refunding of the 2014B Various Purpose General Obligation Bonds. Issued at Par and payable in annual principal payments ranging from $370,000 to $1,785,000 plus interest over 14 years. The refunding provided for a cumulative

savings of $1,353,965 over the life of the bonds resulting in net present value savings of $1,358,474 or 9.03% of the refunded principal.

25. $27,200,000, Series 2022A Various Purpose General Obligation Bonds financing, repairs and upgrades and equipping of fire stations, safety operations, new firetrucks and other fire safety related projects, new police equipment, new police cars, road resurfacing, road maintenance, road upgrades, streetscapes and sidewalk improvements, pedestrian safety improvements, renovations, repairs and upgrades related to public buildings, park playground equipment, and various other improvements within departments of the Lexington-Fayette Urban County Government. Issued at a premium and payable in annual principal payments ranging from $535,000 to $2,505,000 plus interest over 20 years.

Landfill Closure and Postclosure Care Cost

State and Federal laws and regulations require the Government to place final covers on its landfills and to perform certain maintenance and postclosure monitoring functions at its landfills for thirty years. Since the operations and maintenance of the Government's landfills are accounted for in an Enterprise Fund, the accrued liability for these costs are reported in the Landfill Fund as required by GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The liability at June 30, 2022 is based on the estimated cost of maintaining and monitoring the Old Frankfort Pike Landfill (OFPLF) and the Haley Pike Landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations and these costs will be funded by the Landfill Fund. The OFPLF ceased accepting waste decades ago. The Haley Pike Landfill ceased accepting waste in December 2011. Both of these landfills are at 100% capacity. The Haley Pike Landfill has been capped. Environmental monitoring and maintenance of the property will occur over the next 30 years, in accordance with Kentucky State Law.

NOTE 4. SELF-INSURANCE PROGRAM

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

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

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, 2022 the undiscounted estimated liability was $32,723,616. The discounted estimated liability as of June 30, 2022 was $29,110,793. Changes in the balances of claims liabilities during the past two years are as follows:

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

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

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

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

NOTE 5. CONTINGENT LIABILITIES AND COMMITMENTS

A. Litigation – The Government is party to numerous legal proceedings where the ultimate outcome cannot be determined with certainty or cannot be reasonably estimated, many of which normally occur in government operations. The Government's Department of Law estimates that there are pending cases in which there is a reasonably possible likelihood that the Government will incur some liability. As of June 30, 2022 the Government has accrued approximately $10,400,000 for potential liabilities for the cases covered by self-insurance (See Note 4.B.).

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

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

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

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

Reserve Account to be used to fund expected replacements and major repairs of fixed assets. And a Current Operating Reserve Account to be used to provide a reasonable reserve for the operations of LCC. The Management Contract between LCC and LFUCG is coterminous with the term of the New Agreement and is automatically renewed from year to year with the New Agreement.

On February 7, 2018, UK signed a Facility Right of Use Agreement with a minimum of 16 events must be University of Kentucky men's basketball games. LCC is to provide UK four club spaces to be constructed in the Convention Project. The agreement has a term of 15 years and terminates June 30, 2033.

An agreement between LCC and the Lexington Convention and Visitors Bureau, dated March 20, 2001, provides for annual contributions of $948,000 to LCC for the period beginning 2001 and ending 2012. Contributions shall decrease in the amount of $100,000 each successive fiscal year beginning in 2013, with a final contribution of $48,000 in 2021.

In an agreement signed September 20, 2018 an effective date of January 1, 2019. The new agreement establishes monthly contribution from Visit LEX of $62,500 and LCC agrees to fund an "Incentive Fund" in the amount of $250,000. The first three years of the agreement, LCC shall maintain an annual limit in the fund of $125,000 thereafter. The agreement has a term of 66 months with 5-year automatic renewals and a final 54 month term for a total of 30 years.

Due to significant loss of Transient Room Tax revenues in 2020 caused by Pandemic, Visit Lex and LCC have agreed to the deferral of a portion of the Visit Lex contribution to LCC for a three year period. Visit Lex will contribute $97,000 annually, during the period 7/1/20 – 6/30/22, increasing $405,000 annually through 7/1/22 – 6/30/23. Visit Lex will resume monthly installment of $62,500 and begin to repay deferred amounts for 120 consecutive months.

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

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

On January 1, 2018, LCC entered into an agreement with Oak View Group LLC (OVG) to retain OVG as exclusive third party booking agent for events and concerts at Rupp Arena. This agreement expires December 31, 2022, but can be extended 5 additional years. On August 31, 2022, LCC Board of Directors approved day-to-day operations of all LCC facilities on be behalf of LCC. OVG is responsible for the marketing, sales, finance operation and generating new business opportunities and drive economic impact for Lexington. This contracts ends June 30, 2026, which can be renewed 5 additional years. LCC payments to OVG totaled $2,112,767; total liabilities due to OVG $1,034,587 at June 30, 2022.

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

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

The COVID-19 pandemic has adversely impacted the Airport’s operations for FY 2021 and FY 2020. The Airport was the recipient of federal grant dollars that provided economic relief to commercial service airports as they responded to COVID-19. Grant dollars were determined by the Federal Aviation Administration based on various formulas. A combined total of approximately $7,554,000 was rewarded to the Airport, which was then applied toward payroll expenditures and debt payments.

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

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

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

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

On March 29, 2012, the Library closed on financing for the Energy Project with the Kentucky League of Cities. Financing the program with revenue bonds 2014 Series A. The outstanding bond payable about was $447,500 at June 30, 2022.

On December 30, 2014, the Library closed on financing for the relocation project related to the Eagle Creek Branch with Kentucky Bank. The construction lease has a fixed rate of 2.78% and the principal balance is $1,556,513 as of June 30, 2022.

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

G. Lexington Convention and Visitors Bureau – The Bureau has pledged a portion of its occupancy tax receipts to the Lexington Center Corporation (LCC) to support the growth and expansion of the arena and convention facilities. The Bureau's original agreement pledged $248,000 to the LCC for fiscal year 2019. A new agreement was executed effective January 1, 2019 that terminated the prior agreement and provides financial assistance through fiscal year 2024. The agreement includes five auto renewals to allow the agreement to extend through 2049. This agreement requires the Bureau to pay annually $750,000 to help meet the LCC expansion project bond requirements. The amount is payable in equal monthly installments of $62,500 being due the last day of each month. LCC may assign its rights to the Bureau's contributions to the bondholders or lenders and in such event, the Bureau would be required to make payments directly to the lender. As of June 30, 2021, the balance of funds payable under this agreement is $2,527,500 and is recognized as a deferred outflows of resources in the Statement of Net Position. In FY20 due to the significant loss of Transient Room Tax revenues caused by the COVID-19 Pandemic, Visit Lex and LCC have agreed to the deferral of a portion of the Visit Lex contributions to LCC for a three-year period. Visit Lex contribute the sum of $97,500 annually in monthly installments of $8,125 during the period of July 1, 2020 to June 30, 2022, increasing to $405,000 annually in monthly installment of $33,750 during the period from July 1, 2022 through June 30, 2023. Visit Lex will resume monthly installments of $62,500, by paying an additional monthly amount of approximately $16,333 for 120 consecutive months.

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

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

I. Conduit Debt – The Government has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector or nonprofit entity served by the bond issue. The Government is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were 13 series of Industrial Revenue Bonds outstanding with an aggregate amount payable of approximately $41,105,327.

To provide for the construction of a hospital facility, the PFC issued Lease Revenue Bonds, Series 2011A (Eastern State Hospital Project). The bonds are a special limited obligation of the PFC, payable solely from and secured by a pledge of rentals to be received from a lease agreement between the PFC and the Commonwealth of Kentucky. The bonds do not constitute a debt or pledge of the faith and credit of the PFC or the Government, and accordingly have not been reported in the accompanying financial statements. On June 2, 2021, the Commonwealth of Kentucky entered into a Forward Delivery Agreement with PNC Bank to fully refund the outstanding balance of $98,995,000 2011A Eastern State Hospital Project. As of June 30, 2022 the outstanding balance of the bonds is $91,920,000

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

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

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

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

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

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

As of June 30, 2022, the Government has property tax abatement agreements through two programs available for specific projects designated to be within the blighted redevelopment areas as follows:

- *Commonwealth Participation Program for Real Property Ad Valorem Tax Revenues* – The Government's revenues for realty, business returns, and employee withholdings will be reduced by an estimated $654,826 for tax credits related to fiscal year 2021 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of $10 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; and pledged revenues shall not exceed 100 percent of approved public infrastructure costs. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2022, three state abatement agreements have been entered into with local businesses.
- *Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas* – The Government's revenues for realty, business returns, and employee withholdings will be reduced by an estimated $39,116 for tax credits related to fiscal year 2021 under an agreement entered into by the state in the next fiscal year. Projects must meet several qualifications for mixed use and blighted/deteriorated conditions. Participation requirements include being a new economic activity in the Commonwealth; having a positive impact on the Commonwealth; a minimum capital investment of at least $20 million but not over $200 million; and recovery of up to 100 percent of approved public infrastructure costs, and costs related to land preparation, demolition and clearance up to 20 years. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 20 years. As of June 30, 2022, four state abatement agreements have been entered into with local businesses.

- *Commonwealth Participation Program for Signature Projects* – The Government's revenues for realty, business returns, and employee withholdings will be reduced by an estimated $220,294 for tax credits related to fiscal year 2021 under an agreement entered into by the state in the next fiscal year. Participation requirements include a positive impact on the Commonwealth as certified by a qualified independent consultant; a minimum capital investment of $200 million; not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail; pledged revenues shall not exceed 80 percent of approved public infrastructure costs; recovery of up to 100 percent of public infrastructure costs less sales taxes paid, signature costs less sales tax paid, and financing costs related to the public infrastructure costs over a period of up to 30 years; and qualifies for a sales tax refund on the purchase of construction materials that no not qualify as an approved public infrastructure cost or an approved signature cost. The Government has pledged 80% of its revenues for realty, business returns, and employee withholdings for 30 years. As of June 30, 2022, two state abatement agreements have been entered into with local businesses.

The Government participates in the Commonwealth of Kentucky's Kentucky Business Investment Program. This program is a state administered tax incentive, authorized by KRS 154.32, and approved by the Kentucky Economic Development Finance Authority. In order to be eligible, a company must create ten (10) new full-time jobs for Kentucky residents, incur eligible costs of at least $100,000, pay average hourly wages of at least one hundred fifty percent (150%) of the federal minimum wage, and provide a minimum level of benefits by the activation date. Incentives are approved for up to ten (10) years. The Government participates by providing an inducement of one percent (1%) of payroll taxes to the company per authorized job. This reduces the payroll taxes paid per job from 2.25% to 1.25%. The local inducement is approved by resolution of the Urban County Council. As of June 30, 2022, twenty-three (23) companies participated in that program at the local level. Payroll withholdings are reduced by an estimated amount of $1,105,922.

L. Affordable Housing Loan Program – On May 8, 2014, the Government passed Ordinance 52-2014 establishing the affordable housing loan program to promote housing projects by developers to provide more affordable housing options to qualifying residents of Lexington, Kentucky. In addition to loans, the program also provides assistance in the form of grants. The Urban County Council also issued a memorandum on August 11, 2014 establishing funding in the amount of $2,000,000 beginning in fiscal year 2015 and thereafter, for total program funding as of June 30, 2022 of $9,000,000. In addition to funding from the Government, loan repayments are rolled back into the program. As of June 30, 2022, there are $5,372,442 in outstanding loans for this program.

M. Jobs Fund Loan Program – On December 5, 2013, the Government passed Ordinance 153-2013 establishing a local economic development incentive program in order to attract or expand the level of employment in Lexington-Fayette County. The purpose of the program is to provide certain qualified businesses with local funding through grants, loans, forgivable loans, or other agreements. The program is focused on attracting innovative businesses and promoting expansion of existing businesses, with a priority focus on advanced manufacturing, technology, professional shared service operations, or healthcare, or which have or will be locating their primary base of operations or headquarters in Lexington-Fayette County. In addition, Ordinance 152-2013 establishes the "Economic Development Investment Board" to perform duties related to the program. The typical maximum of any funding agreement will not exceed $50,000 for a grant agreement and $250,000 for a loan or other agreement. Upon the recommendation of the Chief Development Officer and Economic Development Investment Board, the final approval for all agreements is given by the Urban County Council. The Urban County Council established funding with ordinance 51-2014 on May 15, 2014, in the amount of $1,000,000 beginning in fiscal year 2014 and thereafter for total funding as of June 30, 2022 of $4,020,000. As of June 30, 2022, there are $1,084,484 in outstanding loans for this program.

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

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

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

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

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

NOTE 6. LEASES

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

A. Lessee

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

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

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

B. Lessor

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

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

	Total
FY 2023	$154,669
FY 2024	14,700
FY 2025	14,700
FY 2026	14,700
FY 2027 & thereafter	73,500
	$272,269

NOTE 7. THE SINGLE AUDIT ACT

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

NOTE 8. SUBSEQUENT EVENTS

Primary Government

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

Component Unit

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

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

NOTE 9. DEFINED BENEFIT PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS

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

A. Plan Descriptions

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

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.

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

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

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

Both pension plans are included in the Government's comprehensive annual report and do not issue stand-alone financial reports. Membership for both plans consisted of the following at June 30, 2021:

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

B. Summary of Significant Accounting Policies

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

C. Contributions

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

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

D. Net Pension Liability

The Government's net pension liability/(asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Additional information as of the latest actuarial valuation is presented in the following table.

	Policemen's and Firefighters' Pension Fund	City Employees' Pension Fund
Valuation date	July 1, 2021	July 1, 2021
Actuarial cost method	Entry Age Normal Funding	Entry Age Normal Funding
Amortization method	Level Dollar - Closed	Level Dollar - Open
Remaining amortization period	23 years closed	15 years open
Asset valuation method	5 year smoothed market	Market
Actuarial assumptions:		
Investment rate of return	6.82%	5.07%
Projected salary increases	3.50% to 9.50%	N/A
Cost-of-living adjustments	See Note 8.A. on page 93	3.00%
Inflation	2.75%	N/A

Changes in the Net Pension Liability (Asset)

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

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

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

The following presents the net pension liability of the Government's PFRF pension plan, calculated using the discount rate of 6.82%, as well as what the PFRF's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.82%) or 1-percentage-point higher (7.82%) than the current rate:

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

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

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

At June 30, 2021, the CEPF and PFRF reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CEPF

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	$0	$3,398,709
Total	$0	$3,398,709

PFRF

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

Employer contributions subsequent to the Measurement date above includes an "other changes" amount of $69,240. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the CEPF pension will be recognized in pension expense as follows:

Year ended June 30:	
2023	$(821,010)
2024	(959,599)
2025	(861,756)
2026	(756,344)
2027	0
Thereafter	0

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

Year ended June 30:	
2023	$(4,641,864)
2024	(10,882,929)
2025	(17,906,702)
2026	(34,340,065)
2027	(12,305)
Thereafter	0

E. Other Post Employment Benefit (OPEB)

The Governmental Accounting Standards Board issued Statement No. 75 (GASB 75), "*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions"* in June 2015. GASB 75's effective date is for an employer's fiscal year beginning after June 15, 2017. For the purposes of reporting under GASB 75, the Plan is assumed to be a single-employer defined benefit OPEB plan without a special funding situation where no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. In addition, the health insurance is administered as one plan and actuarial calculations cannot reasonably be separated into separate PFRF and CEPF plans.

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

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

Plan membership – As of June 30, 2021 the plan membership data is as follows:

	Number
Inactive Plan Participants:	
Retirees and beneficiaries currently receiving benefits	1,087
Active Plan Participants:	
Active members	1,162
Total	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 the health insurance component of the benefit pool for current urban-county government employees for eligible members. All payments are made to the approved provider of the group health insurance plan, not to the retiree, and the retiree shall not be entitled to receive any portion of the government contribution remaining after payment is made to the approved provider. Upon the death of an active member due to occupational causes, the Government will pay one hundred percent (100%) of the cost of the family medical coverage for the member's surviving spouse and dependent children as long as they remain eligible for a monthly retirement allowance from the retirement fund. Upon the death of an active member due to non-occupational causes, the member's surviving spouse and dependent children are able to stay on the plan as long as the applicable premium payments are made.

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

RETIREE GROUP HEALTH INSURANCE PLAN OPTIONS:

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

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

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

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

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

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

Total OPEB Liability (TOL) of the Government

Total OPEB Liability	$289,327,771
Fiduciary Net Position	0
Net OPEB Liability	$289,327,771
FNP % of the TOPEBL	0%

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

Inflation	2.75%
Real Wage growth	N/A
Wage Inflation	N/A
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.16%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.75% by 2029
Post-Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.75% by 2023

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Government, calculated using the discount rate of 2.16%, as well as what the Government's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower and 1-percentage point higher than the current discount rate:

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

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

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	$245,893,373	$289,327,771	$346,913,548

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

For the year ended June 30, 2021, the Government recognized OPEB expense of $(6,253,778). At June 30, 2021 the Government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$0	$78,213,639
Changes of assumptions	42,869,574	12,623,965
Employer contributions subsequent to the Measurement date	5,744,265	
Total	$48,613,839	$90,837,604

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

Year ended June 30:	
2023	$(27,063,593)
2024	(17,341,993)
2025	(2,081,292)
2026	(1,535,117)
2027	53,965
Thereafter	0

Payable to the OPEB Plan

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

F. Pension Plan Financial Statements

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
June 30, 2022

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

STATEMENT OF CHANGES IN NET POSITION
June 30, 2022

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

G. The County Employees' Retirement System

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

Contributions – Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6% of their salary to the plan. The Government’s contribution rate for nonhazardous employees was 21.17%. Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who began participation on or after September 1, 2008 are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member’s account and 1% will go to the KRS insurance fund. The Government’s contribution rate for hazardous employees was 33.86%.

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

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

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

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

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

At June 30, 2021, the Government reported a liability of $249,081,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Government’s proportion of the net pension liability was based on a projection of the Government's long term share of contributions to the pension plan relative to the projected contributions of all participating governmental agencies, as actuarially determined. At June 30, 2021, the Government's portion of nonhazardous and hazardous was 2.96% and 2.26%, respectively.

At June 30, 2021, the Government reported pension expense of $20,297,343. At June 30, 2021, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$3,828,213	$1,833,723
Difference between projected and actual earnings on pension plan investments	9,250,016	40,888,641
Change of assumptions	3,286,944	
Changes in proportion and differences between Employer contributions and proportionate share of contributions	10,231	7,284,172
Government contributions subsequent to the measurement date	23,713,304	
Total	$40,088,708	$50,006,536

The $23,713,304 reported as deferred outflows of resources related to pensions resulting from Government contributions subsequent to the measurement date will be recognized as a reductions of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$(6,288,763)
2023	(9,819,621)
2024	(7,499,995)
2025	(10,022,753)
2026	0
Thereafter	0

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes and it is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 67.

The Actuarial Cost Method is Entry Age Normal, Level Percentage of Pay, as required by GASB Statement No. 67. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions. The amortization period was changed to 30 years, closed and the Gain/Loss incurring after 2019 will be amortized over a separate 20 year amortization base.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

	1% Decrease (5.25%)	**Current Discount Rate (6.25%)**	**1% Increase (7.25%)**
Nonhazardous	$242,315,593	$188,933,045	$144,760,240
Hazardous	76,667,008	60,148,028	46,685,126
CERS's net pension liability	$318,982,601	$249,081,073	$191,445,366

Payable to the Pension Plan

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

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

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

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

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

Relationship to Combining Financial Statements

The Schedule was reconciled to the Plan's Combining Statement of Changes in Fiduciary Net Position – Insurance Fund in KRS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021, with the following difference. The 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount on the Pension Funds are considered as an OPEB asset. As a result, the reported plan fiduciary net position for the Insurance Fund as of June 30, 2021, includes the 401(h) asset balance.

The components associated with OPEB expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position as shown in the Combining Statement of Changes in Fiduciary Net Position and in accordance with requirements promulgated by Governmental Accounting Standards Board (GASB) Statements No. 74 and 75. The net OPEB liability at June 30, 2021, is reported in the Notes to Combining Financial Statements and Required Supplementary Information.

Summary of Significant Accounting and Reporting Policies

Measurement Focus, Basis of Accounting and Basis of Presentation

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

The CERS Non-hazardous, CERS Hazardous, KERS Non-hazardous, KERS Hazardous Insurance Funds are reported as OPEB trust funds, and are accounted for on the accrual basis of accounting. OPEB contributions are determined by the KRS Board and required by the employers, and the employees contributions are set by Kentucky Revised Statute 61.702(2)(b)(1). KRS recognized employer and employee contributions to the plans through June 30, 2021. OPEB expenses are recognized as the benefits come due for the CERS Non-hazardous, CERS Hazardous, KERS Non-hazardous, and KERS Hazardous Insurance Plans, which includes payments made to the Department of Employee Insurance (DEI), and Humana Inc. for OPEB costs incurred for the fiscal year ended June 30, 2021. KRS contracts with DEI and Humana to administer the claims. DEI administers retiree claims for retirees under the age of 65, and Humana administers retiree claims for members 65 and over. Since, the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

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

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

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

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

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

Pre-65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually increasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-yeat set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

Senate Bill 249 passed during the 2019 legislative session and changed the funding period for the amortization of the net liability to 30 years as of June 30, 2020. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

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

Discount Rate

In accordance with paragraph 48 of GASB Statement No. 74, a single discount rate of 5.20% CERS Non-hazardous and 5.05% for Hazardous was used for the reporting and disclosure of the insurance plan. Note, this is the equivalent discount rate that produces the same total OPEB liability as the individual single discount rate assumptions used by each individual fund to measure the total OPEB liability for the fiscal year ending June 30, 2021. The single discount rates for each individual fund are provided in Exhibit 1 of this report and are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The following presents the net OPEB liability of the Government's CERS OPEB Nonhazardous plan, calculated using the discount rate of 5.20%, as well as what the CERS's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

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

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

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

Contributions

The Government's non-hazardous contribution rate was 5.78%. Hazardous covered employees who began participation on or after September 1, 2008 are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The Government's contribution rate for hazardous employees was 10.47%.

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

Pension Expense, Deferred Inflows and Outflows of Resources

At June 30, 2021, the Government reported OPEB expense of $8,113,873. At June 30, 2021, the Government reported deferred outflows if resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$9,489,690	$18,899,312
Difference between projected and actual earnings on pension plan investments	4,009,969	16,321,132
Change of assumptions	19,618,144	59,565
Changes in proportion and differences between Employer contributions and proportionate share of contributions		4,131,713
Government contributions subsequent to the measurement date	8,650,412	
Total	$41,768,215	$39,411,722

The $6,654,076 reported as deferred outflows of resources related to OPEB resulting from Government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period. The implicit subsidy amount of $1,996,336 has been added to the Government contributions subsequent to the measurement date in the table above.

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

Year ended June 30:	
2022	$(133,752)
2023	(1,027,479)
2024	(1,044,508)
2025	(4,363,763)
2026	275,582
Thereafter	0

Payable to the OPEB Plan

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

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

NOTE 10. RECENT GASB PRONOUNCEMENTS

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

continued

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

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

continued

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

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

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

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

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

continued

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

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

a-primarily operating savings of $1.62 million and personnel savings of $0.51 million

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

	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Total pension liability								
Service cost	$15,273,403	$0	$15,682,820	$0	$15,545,613	$0	$15,736,332	$0
Interest	53,365,849	852,811	54,617,104	805,933	56,566,064	736,800	58,934,015	712,234
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)
Changes of assumptions							53,757,251	
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)
Net change in total pension liability	15,041,900	(721,783)	27,509,302	(1,009,825)	33,251,614	(397,653)	89,052,706	(1,376,720)
Total pension liability-beginning	738,343,325	12,970,313	753,385,225	12,248,530	780,894,527	11,238,705	814,146,141	10,841,052
Total pension liability-ending (a)	$753,385,225	$12,248,530	$780,894,527	$11,238,705	$814,146,141	$10,841,052	$903,198,847	$9,464,332
Plan fiduciary net position								
Contributions-employer	$27,636,473	$0	$22,705,036	$0	$24,755,620	$0	$29,667,706	$0
Contributions-member	9,730,115		9,881,338		9,493,378		11,186,704	
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
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)
Administrative Expense	(598,923)	(27,178)	(665,175)	(28,356)	(178,943)	(15,639)	(226,211)	(7,240)
Other					80,010		141,051	(2)
Net change in plan fiduciary net position	79,557,071	2,754,276	(1,565,163)	(600,686)	(14,814,576)	(76,435)	75,282,074	(10,149)
Plan fiduciary net position-beginning	556,723,810	28,029,242	636,280,881	30,783,518	634,715,718	30,182,832	619,901,142	30,106,397
Plan fiduciary net position-ending (b)	$636,280,881	$30,783,518	$634,715,718	$30,182,832	$619,901,142	$30,106,397	$695,183,216	$30,096,248
Net pension liability-ending (a) - (b)	$117,104,344	($18,534,988)	$146,178,809	($18,944,127)	$194,244,999	($19,265,345)	$208,015,631	($20,631,916)
Plan fiduciary net position as a percentage of the total pension liability	84.46%	251.32%	81.28%	268.56%	76.14%	277.71%	76.97%	318.00%
Covered payroll	$63,248,485	$0	$62,102,632	$0	$65,934,339	$0	$73,360,313	$0
Net pension liability as a percentage of covered payroll	185.15%	0.00%	235.38%	0.00%	294.60%	0.00%	283.55%	0.00%

	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2021	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Total pension liability								
Service cost	$19,289,452	$0	$20,003,501	$0	$21,523,014	$0	$23,642,819	$0
Interest	65,525,538	618,238	70,968,916	569,079	72,718,815	442,128	74,554,683	382,057
Changes of benefit terms								
Differences between expected and actual experience	47,795,400	(70,751)	3,305,760	136,834	12,804,385	(348,011)	7,350,061	(846,563)
Changes of assumptions			23,468,904	836,049	63,209,919	486,789	(10,438,501)	(112,589)
Benefit payments, including refunds of member contributions	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)	(67,768,892)	(978,736)
Net change in total pension liability	73,560,380	(717,224)	56,733,039	307,153	106,544,740	(555,317)	27,340,170	(1,555,831)
Total pension liability-beginning	903,198,847	9,464,332	976,759,227	8,747,108	1,033,492,266	9,054,261	1,140,037,006	8,498,944
Total pension liability-ending (a)	$976,759,227	$8,747,108	$1,033,492,266	$9,054,261	$1,140,037,006	$8,498,944	$1,167,377,176	$6,943,113
Plan fiduciary net position								
Contributions-employer	$27,576,764	$0	$30,277,170	$0	$32,549,517	$0	$31,406,687	$0
Contributions-member	10,750,008		10,356,318		10,875,896		10,985,494	
Net investment income	71,009,316	1,369,365	42,194,879	2,030,058	40,611,737	2,111,700	230,659,566	5,282,756
Benefit payments, including refunds of member contributions	(59,050,010)	(1,264,711)	(61,014,042)	(1,234,809)	(63,711,393)	(1,136,223)	(67,768,892)	(978,736)
Administrative Expense	(306,716)	(4,994)	(317,040)	(7,210)	(468,526)	(1,320)	(483,915)	(783)
Other	8,396		112,421		3,764,246		69,240	
Net change in plan fiduciary net position	49,987,758	99,660	21,609,706	788,039	23,621,477	974,157	204,868,180	4,303,237
Plan fiduciary net position-beginning	695,183,216	30,096,248	745,170,974	30,195,908	766,780,680	30,983,947	790,402,157	31,958,104
Plan fiduciary net position-ending (b)	$745,170,974	$30,195,908	$766,780,680	$30,983,947	$790,402,157	$31,958,104	$995,270,337	$36,261,341
Net pension liability-ending (a) - (b)	$231,588,253	($21,448,800)	$266,711,586	($21,929,686)	$349,634,849	($23,459,160)	$172,106,839	($29,318,228)
Plan fiduciary net position as a percentage of the total pension liability	76.29%	345.21%	74.19%	342.20%	69.33%	376.02%	85.26%	522.26%
Covered payroll	$73,131,137	$0	$76,794,393	$0	$77,788,689	$0	$75,342,623	$0
Net pension liability as a percentage of covered payroll	316.68%	0.00%	347.31%	0.00%	449.47%	0.00%	228.43%	0.00%

*In 1973 the City of Lexington froze new entrants into the CEPF; In fiscal year 2010 the last active employee retired

Actuarial Assumptions:

Valuation date	7/1/2014	7/1/2014	7/1/2015	7/1/2015	7/1/2016	7/1/2016	7/1/2017	7/1/2017
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
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
Amortizaiton period	30 years	15 years	29 years	15 years	28 years	15 years	27 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
Investment rate of return	7.50%	7%, including inflation	7.50%	7%, including inflation	7.50%	7%, including inflation	7.50%	7%, including inflation
Cost of living benefit increases (maximum)	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
Projected salary increase	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA	4% to 10.50%	NA
Mortality table	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB

Valuation date	7/1/2018	7/1/2018	7/1/2019	7/1/2019	7/1/2020	7/1/2020	7/1/2021	7/1/2021
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
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
Amortizaiton period	26 years	15 years	25 years	15 years	24 years	15 years	23 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
Investment rate of return	7.50%	7%, including inflation	7.26%	5.21%, including inflation	6.74%	4.77%, including inflation	6.82%	5.07%, including inflation
Cost of living benefit increases (maximum)	NA	3.00%	NA	3.00%	NA	3.00%	NA	3.00%
Inflation	2.75%	NA	2.40%	NA	2.75%	NA	2.75%	NA
Projected salary increase	3.5% to 10.50%	NA	3.5% to 9.50%	NA	4% to 9.50%	NA	3.50% to 9.50%	NA
Mortality table	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2000 Combined Table projected to the valuation date using scale BB	RP-2014 Mortality Table projected to the valuation date using projection scale BB	RP-2000 Combined Table projected to the valuation date using scale AA

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

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

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

	Fiscal Year												
	2012		2013		2014		2015		2016		2017		
	Police & Fire	City	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	$29,808,757	$0	*
Contributions in relation to the actuarially determined contribution *	30,665,280		22,322,068		23,217,413		22,705,036		24,755,620		29,808,757		*
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Covered payroll	$54,595,799	$42,972	$62,455,725	$43,416	$63,248,485	$0	$62,102,632	$0	$65,934,339	$0	$73,360,313	$0	
Contributions as a percentage of covered payroll	56.17%	NA	35.74%	NA	36.71%	NA	36.56%	NA	37.55%	NA	40.63%	NA	

*In 1973 the City of Lexington froze new entrants into the CEPF; In fiscal year 2010 the last active employee retired

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

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

	Fiscal Year									
	2018		2019		2020		2021		2022	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Actuarially determined contribution	$27,585,160	$0	$30,277,170	$0	$32,549,517	$0	$31,475,926	$0	$34,860,746	$0
Contributions in relation to the actuarially determined contribution	27,585,160		30,277,170		32,549,517		31,475,926		34,860,746	
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$73,131,137	$0	$76,974,393	$0	$77,788,689	$0	$75,342,623	$0	$75,342,623	$0
Contributions as a percentage of covered payroll	37.72%	NA	39.33%	NA	41.84%	NA	41.78%	NA	46.27%	NA

Changes in Assumption:

2020

Police & Fire - The assumed rate of return was lowered from 7.26% to 6.74%.

2019

City - The assumed rate of return was lowered from 7.00% to 5.21%. The discount rate lowered from 7.00% to 5.21%.

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		2022	
	Police & Fire	City	Police & Fire	City	Police & Fire	City	Police & Fire	City
Annual money-weighted rate of return, net of investment expense, cont.	11.09%	6.18%	9.06%	7.60%	6.39%	9.89%	25.24%	11.92%

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

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

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

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

*Corrected

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.

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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021
The Government's proportion of the net pension liability (asset)	$115,215,078	$155,544,394	$187,010,198	$241,742,130	$248,050,278	$283,836,175	$305,778,330	$249,081,073
The Government's proportionate share of the net pension liability (asset)								
Nonhazardous	2.71%	2.76%	2.96%	3.20%	3.12%	3.09%	3.07%	2.96%
Hazardous	2.28%	2.39%	2.41%	2.44%	2.41%	2.41%	2.34%	2.26%
Covered payroll	$72,558,727	$74,948,371	$84,194,948	$88,823,610	$89,177,740	$88,234,162	$88,620,733	$85,434,765
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	158.79%	207.54%	222.12%	272.16%	278.15%	321.69%	345.04%	291.55%
Plan fiduciary net position as a percentage of the total pension liability	66.06%	66.11%	55.19%	52.57%	52.60%	51.09%	47.00%	56.21%
Actuarial Assumptions:								
Valuation date	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2018	7/1/2019
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortizaiton period	30 years	28 years	28 years	28 years	27 years	26 years	25 years	30 years, closed-G/L incurring after 2019 amortized over separate 20 yr amortization bases
Actuarial asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	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	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	7.75%	7.50%	7.50%	7.50%	6.25%	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%	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	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)	Pub-2010 General Mortality Table - Non hazardous and Pub-2010 Public Safety Mortality table for Hazardous plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

Source: Kentucky Retirement System

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$15,852,724	$10,836,390	$10,952,366	$13,388,248	$14,087,247	$21,120,711	$20,990,058	$21,851,163	$22,697,391
Contribution in relation to the contractually required contribution	16,161,747	16,354,078	16,954,959	13,767,651	14,162,524 *	16,718,583	20,050,133	19,311,623 **	23,713,304
Contribution deficiency (excess)	($309,023)	($5,517,688)	($6,002,593)	($379,403)	($75,277)	$4,402,128	$939,925	$2,539,540	($1,015,913)
Government's covered payroll	$72,558,727	$74,948,371	$84,194,948	$88,823,610	$89,177,740	$88,234,162	$100,537,948	$95,652,350	$108,580,370
Contributions as a percentage of covered payroll	22.27%	21.82%	20.14%	15.50%	15.88%	18.95%	19.94%	20.19%	21.84%

Changes in Assumption:

2015

The assumed investment rate of return was decreased from 7.75% to7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017

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

* corrected in fiscal year 2020
** corrected in fiscal year 2022

2021

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

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

Source: Kentucky Retirement Systems

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

	2016	2017	2018	2019	2020	2021
The Government's proportion of the collective net OPEB liability (asset)	$62,469,796	$84,449,594	$72,503,766	$69,782,179	$95,656,368	$74,985,735
The Government's proportionate share of the net OPEB liability (asset)						
Nonhazardous	50,412,648	64,271,500	55,313,166	51,948,223	74,032,126	56,717,444
Hazardous	12,057,148	20,178,094	17,190,600	17,833,956	21,624,242	18,268,291
Covered payroll	84,194,948	88,823,610	89,177,740	$88,234,162	$88,620,733	$85,434,765
The Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	74.20%	95.08%	81.30%	79.09%	107.94%	87.77%
Plan fiduciary net position as a percentage of the total OPEB liability	368.55% *	317.27% *	317.54% *	412.31% *	283.52% *	426.31%

* Corrected in 2022

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

Source: Kentucky Retirement Systems

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

	2017	2018	2019	2020	2021	2022
Contractually required contribution	$5,205,891	$5,090,084	$6,655,493	$5,487,323	$5,153,353	$5,582,061
Contribution in relation to the contractually required contribution	4,934,657	4,885,000	* 5,762,562	5,238,327	5,053,403	6,654,076
Contribution deficiency	$271,234	$205,084	$892,931	$248,996	$99,950	($1,072,015)
Government's covered payroll	$88,823,610	$89,177,740	$88,234,162	$100,537,948	$95,652,350	$108,580,370
Contributions as a percentage of covered payroll	5.56%	5.48%	6.53%	5.21%	5.28%	6.13%

* Amount corrected in fiscal year 2020

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

Source: Kentucky Retirement Systems

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continued

See Independent Auditors' Report

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

	Capital Projects Funds														
	2013 Bond Projects	**2014 Bond Projects**	**2015 Bond Projects**	**2016 Bond Projects**	**2017 Bond Projects**	**2018 Bond Projects**	**2019 Bond Projects**	**2020 Bond Projects**	**2021 Bond Projects**	**2022 Bond Projects**	**2023 Bond Projects**	**Public Library Corporation**	**Roads, Parks, Open Space, Storm Water Exactions**	**Total**	**Total Nonmajor Governmental Funds**
ASSETS															
Current Cash	$8,191	$2,818	$132,137	$0	$0	$0	$0	$0	$0	$0	$0	$493,302	$4,813,346	$5,885,487	$17,301,578
Current Investments												329,008		372,859	372,859
Other				(1)				575,368					300	575,667	575,897
Restricted Investments	12,089	332,271	478,348	656,165	2,451,597	4,347,058	1,809,213	3,933,087	233,468	23,717,031	0			38,408,224	38,408,224
Total Assets	$20,280	$335,089	$610,485	$656,164	$2,451,597	$4,347,058	$1,809,213	$4,508,455	$233,468	$23,717,031	$0	$822,310	$4,813,646	$45,242,237	$56,658,558
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts and Contracts Payable	$0	$0	$0	$0	$0	$0	$191,994	$0	$0	$2,145,248	$588,963	$0	$27,643	$2,953,848	$3,252,625
Due to Other Funds				257,660	66,798	553,693					1,548,559			2,426,710	2,426,710
Unearned Revenue & Other														0	1,127,349
Total Liabilities	0	0	0	257,660	66,798	553,693	191,994	0	0	2,145,248	2,137,522	0	27,643	5,380,558	6,806,684
Fund Balances:															
Restricted for:															
Public Works														0	8,289,552
Public Safety														0	1,222,395
Capital Projects	20,280	335,089	610,485	398,504	2,384,799	3,793,365	1,617,219	4,508,455	233,468	21,571,783	(2,137,522)	822,310	4,786,003	39,861,679	39,861,679
Assigned														0	478,248
Total Fund Balances	20,280	335,089	610,485	398,504	2,384,799	3,793,365	1,617,219	4,508,455	233,468	21,571,783	(2,137,522)	822,310	4,786,003	39,861,679	49,851,874
Total Liabilities and Fund Balances	$20,280	$335,089	$610,485	$656,164	$2,451,597	$4,347,058	$1,809,213	$4,508,455	$233,468	$23,717,031	$0	$822,310	$4,813,646	$45,242,237	$56,658,558

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

	Special Revenue Funds									Capital Projects Funds				
				Local Economic Assistance										
	County Aid Program	Municipal Aid Program	Industrial Revenue Bond	Mineral Severance	Coal Severance	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
REVENUES														
Charges for Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Intergovernmental	602,564	5,327,115		292,797		269,387	244,710	233,858	6,970,431					
Other									0					91
Income on Investments	70	100		23					193				154	(87)
Total Revenues	602,634	5,327,215	0	292,820	0	269,387	244,710	233,858	6,970,624	0	0	0	154	4
EXPENDITURES														
Current:														
Environmental Quality & Public Works		595,468		235,948					831,416					
Police						208,365	154,882		363,247					
Equipment						74,050	21,256		95,306			2		
Acquisitions and Construction	644,976	2,740,051		479					3,385,506					
Total Expenditures	644,976	3,335,519	0	236,427	0	282,415	176,138	0	4,675,475	0	0	2	0	0
Excess (Deficiency) of Revenues over (under) Expenditures	(42,342)	1,991,696		56,393	0	(13,028)	68,572	233,858	2,295,149	0	0	(2)	154	4
OTHER FINANCING SOURCES (USES)														
Transfers Out		(3,312,092)	(70,000)						(3,382,092)					
Lease (as lessee)							21,256		21,256					
Total Other Financing Sources (Uses)	0	(3,312,092)	(70,000)	0	0	0	21,256	0	(3,360,836)	0	0	0	0	0
Net Change in Fund Balances	(42,342)	(1,320,396)	(70,000)	56,393	0	(13,028)	89,828	233,858	(1,065,687)	0	0	(2)	154	4
Fund Balances (Deficits), Beginning	3,322,707	5,958,488	135,725	421,855	305,370	13,028	761,997	136,712	11,055,882	43,851	35,864	947	243,738	592,885
Fund Balances (Deficits), Ending	$3,280,365	$4,638,092	$65,725	$478,248	$305,370	$0	$851,825	$370,570	$9,990,195	$43,851	$35,864	$945	$243,892	$592,889

Continued

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

	Capital Projects Funds														
	2013 Bond Projects	2014 Bond Projects	2015 Bond Projects	2016 Bond Projects	2017 Bond Projects	2018 Bond Projects	2019 Bond Projects	2020 Bond Projects	2021 Bond Projects	2022 Bond Projects	2023 Bond Projects	Public Library Corporation	Roads, Parks, Open Space, Storm Water Exactions	Total	Total Nonmajor Governmental Funds
REVENUES															
Charges for Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0	$0
Intergovernmental				52,873										52,873	7,023,304
Exactions													133,187	133,187	133,187
Other						17,582		575,370	0	0	0			593,043	593,043
Income on Investments	(138)	158	227	401	1,182	2,900	1,217	2,911	600	6,187	0	567	3,348	19,627	19,820
Total Revenues	(138)	158	227	53,274	1,182	20,482	1,217	578,281	600	6,187	0	567	136,535	798,730	7,769,354
EXPENDITURES															
Current:															
General Government						29,896							(1,420)	28,476	28,476
Finance												386		386	831,802
Information Technology										49,348				49,348	49,348
Environmental Quality & Public Works						11,386	1,031							12,417	12,417
Police						95,114								95,114	458,361
Community Corrections										127,200				127,200	127,200
Debt Service:															
Other Debt Service										165,750				165,750	165,750
Capital:															
Equipment							14,703	260,142	245,096	5,608,967	2,137,522			8,266,432	8,361,738
Acquisitions and Construction		247	(130,450)	546,245	34,396	420,130	975,616	2,694,783	1,010,758	3,448,986				9,000,711	12,386,217
Total Expenditures	0	247	(130,450)	546,245	34,396	556,526	991,350	2,954,925	1,255,854	9,400,251	2,137,522	386	(1,420)	17,745,834	22,421,309
Excess (Deficiency) of Revenues over (under) Expenditures	(138)	(89)	130,677	(492,971)	(33,214)	(536,044)	(990,133)	(2,376,644)	(1,255,254)	(9,394,064)	(2,137,522)	181	137,955	(16,947,104)	(14,651,955)
OTHER FINANCING SOURCES (USES)															
Transfers Out				(11,999)		(1,729,152)								(1,741,151)	(5,123,243)
Issuance of Debt										27,200,000				27,200,000	27,200,000
Premium on Bonds										3,806,399				3,806,399	3,806,399
Discount on Bonds										(40,552)				(40,552)	(40,552)
Total Other Financing Sources (Uses)	0	0	0	(11,999)	0	(1,729,152)	0	0	0	30,965,847	0	0	0	29,224,696	25,863,860
Net Change in Fund Balances	(138)	(89)	130,677	(504,970)	(33,214)	(2,265,196)	(990,133)	(2,376,644)	(1,255,254)	21,571,783	(2,137,522)	181	137,955	12,277,592	11,211,905
Fund Balances (Deficits), Beginning	20,418	335,178	479,808	903,474	2,418,013	6,058,561	2,607,352	6,885,099	1,488,722	0	0	822,129	4,648,048	27,584,087	38,639,969
Fund Balances (Deficits), Ending	$20,280	$335,089	$610,485	$398,504	$2,384,799	$3,793,365	$1,617,219	$4,508,455	$233,468	$21,571,783	($2,137,522)	$822,310	$4,786,003	$39,861,679	$49,851,874

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

Grantor/Program Title	Federal ALN	Direct/ Pass-through Grantor's Number	Accrued (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Total Expenditures	Accrued (Deferred) Revenue at June 30, 2022
US Department of Agriculture:							
Direct Programs:							
Child Care Food Program	10.558	11475	$6,759	$19,235		$12,476	$0
Child Care Food Program	10.558	11475		30,644		38,786	8,142
Child/Adult Care Food Program EOC	10.558	11475		6,228			(6,228)
American Farmland Soil Health Stewards Program	10.913	NR203A750013G023		3,000			(3,000)
Total US Department of Agriculture			6,759	59,107		51,262	(1,086)
US Department of Housing and Urban Development:							
Direct Programs:							
Community Dev Block Grant	14.218	B14MC210004	67,393	67,393			
Community Dev Block Grant	14.218	B15MC210004		886		886	
Community Dev Block Grant	14.218	B16MC210004		12,054		12,054	
Community Dev Block Grant	14.218	B17MC210004	4,284	37,853		33,569	
Community Dev Block Grant	14.218	B18MC210004	359	22,721	2,172	27,890	7,700
Community Dev Block Grant	14.218	B19MC210004	6,856	370,751	41,290	388,004	65,399
Community Dev Block Grant	14.218	B20MC210004	15,540	703,991	99,681	655,004	66,234
Community Dev Block Grant	14.218	B21MC210004		192,992	19,177	328,149	154,334
Community Dev Block Grant CARES ACT	14.218	B20MW210004	434	168,212	167,118	9,915	9,255
Community Dev Block Grant CARES ACT	14.218	B20MW210004		752,786	782,598		29,812
Emergency Solutions	14.231	E19MC210004	4,894	43,396	30,622	7,880	
Emergency Solutions	14.231	E20MC210004		93,131	59,930	33,738	537
Emergency Solutions	14.231	E21MC210004		2,587	2,587		
Emergency Solutions CARES ACT	14.231	E20MW210004	910	123,124	99,153	23,883	822
Emergency Solutions CARES ACT	14.231	E20MW210004	158,080	688,155	528,915	1,160	
HOME	14.239	M15MC210201		56,813		56,813	
HOME	14.239	M16MC210201		2,317		2,317	
HOME	14.239	M17MC210201		90,700		90,816	116
HOME	14.239	M18MC210201	13,386	138,637	80,118	45,133	
HOME	14.239	M19MC210201	4,178	413,478	378,242	31,058	
HOME	14.239	M20MC210201		113,083	31,000	83,612	1,529
HOME	14.239	M21MC210201		21,632	5,447	22,086	5,901
HOME-ARP	14.239	M21MP210201		2,726		3,480	754
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H17-0017-00	40,242	40,242			
Housing Opp for Pers with AIDS (HOPWA)	14.241	KY-H200017	46,596	439,028	477,525	6,883	91,976
HOPWA CARES ACT	14.241	KY-H2001W057	9,863	56,164	44,484	1,868	51
Continuum of Care	14.267	KY0233L4I021900	3,761	26,246		22,485	
Continuum of Care	14.267	KY0240L4I022000		10,686		13,723	3,037
Total US Department of Housing and Urban Development			376,776	4,691,784	2,850,059	1,902,406	437,457
US Department of Justice:							
Direct Programs:							
Police Confiscated Funds	16.001	NA	(1,335,012)	74,752		282,415	(1,127,349)
Coronavirus Emergency Supplemental Fund.Prog.	16.034	2020-VD-BX-1279	(265,571)			15,773	(249,798)
SCAAP	16.606	2019-AP-BX-0086	(21,549)			9,463	(12,086)
SCAAP	16.606	2019-AP-BX-0789	(71)				(71)
SCAAP	16.606	2020-AP-BX-1189	(31,567)				(31,567)
Justice Assistance Grant	16.738	2018-DJ-BX-0168	(801)			801	
Justice Assistance Grant	16.738	2019-DJ-BX-0499	(25,011)			24,123	(888)
Justice Assistance Grant	16.738	2020-DJ-BX-0873	(1,275)				(1,275)
Justice Assistance Grant	16.738	15PBJA-21-GG-01493-JAGX		153,791		95,000	(58,791)
Comprehensive Opioid Abuse Program (COAP)	16.838	2018-AR-BX-K059	79,348	194,663		115,315	
Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP)	16.838	2020-AR-BX-0079	8,103	62,471		128,675	74,307
Passed through Commonwealth of Kentucky:							
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2020-LFUCG-STRE-00008	20,110	27,551		7,441	
VOCA (Victims of Crime Advocate Program)	16.575	VOCA-2021-LFUCG-STRE-00018				18,480	18,480
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2020-LFUCG-STRE-00136	20,806	39,559		18,753	
Underserved Minority Victim Advocacy Prog.	16.575	VOCA-2021-LFUCG-STRE-00075		47,208		69,899	22,691
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2020-LFUCG-ST-00719	16,619	41,974		25,355	
Sexual Assault Nurse Examiner (SANE)	16.588	VAWA-2021-LEXINGTO-00006		5,846		16,038	10,192
Project Safe Neighborhood	16.609	DG-PRJSAEAST-2018-LFUCG ST-00001	57,586	112,886		108,899	53,599
Project Safe Neighborhood	16.609	DG-PRJSAEAST-2019-LFUCG ST-00001		25,849		25,849	
Street Sales (Confiscated Funds)	16.738	2020-JAG-LFUCG-STRE-01223		5,590		5,590	
Street Sales	16.738	2020-JAG-LFUCG-STRE-01223	8,496	29,921		21,425	
Street Sales	16.738	JAG-2021-LEXINGTO-00033		9,868		30,000	20,132
Total US Department of Justice			(1,469,789)	831,929		1,019,294	(1,282,424)
US Department of Transportation:							
Passed through Commonwealth of Kentucky:							
Air Quality Planning	20.205	2000001997	41,055	41,055			
Armstrong Mill Sidewalks	20.205	PO2-628-1700004143		3,425		3,425	
Bicycle and Pedestrian Planning	20.205	2000001997	24,513	24,513			
Brighton Trail Pedestrian Bridge	20.205	P02-628-1700002505	1,118,319	1,514,938		507,888	111,269
Citation Trail	20.205	PO2-628-1700004156	214,751	214,751			
Clays Mill Road	20.205	PO2-625-1500002693	200,547	3,631,478		4,741,048	1,310,117
Congestion Management/Bottleneck Study	20.205	2000001666	67,000	194,000		127,000	

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

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

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

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

Note: Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Program Title	Grantor's Number	Grantor	Accrued or (Deferred) Revenue at July 1, 2021	Revenue Received	Passed Through to Sub recipients Expenditures	Expenditures	Accrued or (Deferred) Revenue at June 30, 2022
Area Development Fund Jacobson	22-BG-01	Bluegrass Area Development District	$0	$30,000		$0	($30,000)
Coldstream State Economic Delevlopment	N/A	Kentucky Cabinet Economic Development		500,000		500,000	
Day Treatment	PON25232000003019	Kentucky Dept. of Juvenile Justice		100,000		100,000	
Economic Development-Ashland	N/A	Kentucky Cabinet Economic Development	(450,000)	401,820		851,820	
Economic Development-Belcan Engineer.	N/A	Kentucky Cabinet Economic Development	(34,000)				(34,000)
Economic Development-Bingham McCutchen	N/A	Kentucky Cabinet Economic Development	(200,000)				(200,000)
Economic Development-Tiffany	N/A	Kentucky Cabinet Economic Development	(40,800)				(40,800)
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services	(497)			497	
Emergency Medical Services	N/A	Kentucky Bd. Emergency Medical Services	(10,000)			6,613	(3,387)
Federal Highway Planning	2000001393	Kentucky Transportation Cabinet	4,854	4,854			
Federal Highway Planning		Kentucky Transportation Cabinet		15,190		23,348	8,158
Fire Training Incentive	155	Kentucky Fire Commission		3,276,026		3,276,026	
Fire Training Administration	155	Kentucky Fire Commission	(7,822)			7,646	(176)
Fire Training Administration	155	Kentucky Fire Commission	(11,827)			6,941	(4,886)
Fire Training Administration	155	Kentucky Fire Commission	(35,185)			16,029	(19,156)
Fire Training Administration	155	Kentucky Fire Commission		36,860		181	(36,679)
Hazard Mitigation Grant Program (HMGP)	PON2-095-1700001334	Kentucky Emergency Management				270	270
Home Network	2019-2020-PUBLIC-R	Lexington Fayette County Health Dept	(36,535)			36,535	
Home Network	2020-2021-PUBLIC-R	Lexington Fayette County Health Dept	(17,530)	12,921		30,451	
Home Network	2021-2022-PUBLIC-R	Lexington Fayette County Health Dept		19,470			(19,470)
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(24,925)	(24,925)			
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet	(75,914)			75,914	
Kentucky Pride	N/A	Kentucky Energy & Environmental Cabinet		178,909		38,598	(140,311)
KY Pride Household Hazardous Waste Mgmt	N/A	Kentucky Division of Waste Management		102,000		102,000	
Local Records Grant Project	SY1903LR16	Kentucky Dept. for Libraries & Archives	(625)	(625)			
Paula Nye Memorial Education	2019-07	Kentucky Bicycle and Bikeway Commission	(1,376)			1,376	
Paula Nye Memorial Education	2021-07	Kentucky Bicycle and Bikeway Commission		13,500		9,291	(4,209)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(38,499)			662	(37,837)
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(40,357)			267	(40,090)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation	252,360	252,360			
Police Training Administration	N/A	Kentucky Law Enforcement Foundation	(35,925)	3,158			(39,083)
Police Training Incentive	N/A	Kentucky Law Enforcement Foundation		2,701,212		2,939,836	238,624
Police Training Administration	N/A	Kentucky Law Enforcement Foundation		33,647			(33,647)
SANE3 (Sexual Assault Treatment Project)	VAWA-2019-LFUCG-ST-00645	Kentucky Justice Cabinet	2,400	3,200		800	
SANE3 (Sexual Assault Treatment Project)	VAWA-2020-LFUCG-ST-00719	Kentucky Justice Cabinet	5,000	11,200		6,200	
SANE3 (Sexual Assault Treatment Project)	VAWA-2021-Lexingto-00006	Kentucky Justice Cabinet		1,400		3,200	1,800
Senior Citizens	AS-2020-2021	Bluegrass Area Development District	16,313	16,313			
Senior Citizens	AS-2021-2022	Bluegrass Area Development District		104,571		104,651	80
State Homeland Commercial Mobile Radio (2)	PO2 094 1800001195 1	Kentucky Office Homeland Security		2,377		2,377	
State Homeland Commercial Mobile Radio (2)	SC 094 2100000228 1	Kentucky Office Homeland Security		17,910		17,910	
State Homeland Commercial Mobile Radio	SC 094 2100000225 1	Kentucky Office Homeland Security	37,113	37,113			
State Homeland Commercial Mobile Radio	SC 094 2100001120 1	Kentucky Office Homeland Security		72,409		72,409	
Thermal Imaging Camera Grant	N/A	Kentucky Fire Commission		3,200		3,200	
Waste Tire	PO2-625-2100003752	Kentucky Energy & Environmental Cabinet		4,000		4,000	
Total State Financial Assistance			($743,777)	$7,930,070	$0	$8,239,048	($434,799)

Per generally accepted accounting principles, grant revenues received but not earned with purpose restrictions only are recognized as revenues and fund balance in the financial statements.

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for the acquisition, operation, and maintenance of the Government's facilities and services which are entirely or predominantly self-supported by user charges or where the Government has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes.

The **Right of Way** program was established in 2003 to account for fees levied to monitor and manage public facilities located in public rights-of-way.

The **Extended School Program** was established in 1994 to provide before and after school care for children in participating elementary and middle schools.

The **Enhanced 911 Fund** was established in 1996 to account for the revenues and expenses of developing and operating an enhanced 911 system.

The **Central Kentucky Network Fund** was established in 2014 to ensure the appropriate treatment of revenues or other monies received from jurisdictions participating in the Central Kentucky 911 Network.

The **Small Business Development Fund** was established in 2000 to promote and assist the growth and development of business concerns. This program was previously administered by the Urban County Development Corporation, a component unit of the Government, which was dissolved in March 2000.

The **Public Parking Corporation** was established in 1984 to account for the construction and operation of government-owned parking facilities.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2022

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

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

	Right of Way	Extended School Program	Enhanced 911	CKY Network	Small Business Development	Public Parking Corporation	Total
Operating Revenues							
User Charges	$0	$0	$0	$0	$0	$0	$0
Fees		1,019,162	4,337,563	505,556			5,862,281
License Fees and Permits	656,568						656,568
Other	2,330	5,141	12,378				19,849
Total Operating Revenues	658,898	1,024,303	4,349,941	505,556	0	0	6,538,698
Operating Expenses							
Right of Way	464,504						464,504
Extended School Program		510,127					510,127
Enhanced 911			5,358,997				5,358,997
CKY Network				415,707			415,707
Administration		38,389					38,389
Depreciation	6,731	4,106	119,627				130,464
Total Operating Expenses	471,235	552,622	5,478,624	415,707	0	0	6,918,188
Operating Income (Loss)	187,663	471,681	(1,128,683)	89,849	0	0	(379,490)
Nonoperating Revenues (Expenses)							
Income on Investments			520		486		1,006
Total Nonoperating Revenues	0	0	520	0	486	0	1,006
Income (Loss) Before Transfers	187,663	471,681	(1,128,163)	89,849	486	0	(378,484)
Transfers In		836,227		310,986			1,147,213
Transfers Out			(8,045)				(8,045)
Change in Net Position	187,663	1,307,908	(1,136,208)	400,835	486	0	760,684
Net Position, Beginning	1,797,804	(1,716,601)	960,796	90,119	172,323	503	1,304,944
Net Position, Ending	$1,985,467	($408,693)	($175,412)	$490,954	$172,809	$503	$2,065,628

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

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

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing on a cost-reimbursement basis of services provided by one department to other departments within the Government and outside agencies associated with the Government. Individual funds included in this fund type are as follows:

The **Health, Dental, and Vision Care Insurance Fund** accounts for the Government’s self-insurance programs for employee medical, dental, and vision care benefits.

The **Insurance and Risk Management Fund** accounts for the Government's self-insurance programs for workers' compensation, vehicle liability and physical, general liability and property damage coverage.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

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

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

	Health, Dental, and Vision Care Insurance				Insurance and Risk Management	Total
	Health	Dental	Vision Care	Total		
Operating Revenues						
Premiums	$34,446,316	$2,365,394	$471,229	$37,282,939	$10,117,683	$47,400,622
Total Operating Revenues	34,446,316	2,365,394	471,229	37,282,939	10,117,683	47,400,622
Operating Expenses						
Claims and Benefit Payments	30,723,761	2,396,399	479,091	33,599,251	10,891,926	44,491,177
Operating Supplies and Expense	3,683,688			3,683,688		3,683,688
Total Operating Expenses	34,407,449	2,396,399	479,091	37,282,939	10,891,926	48,174,865
Operating Income (Loss)	38,867	(31,005)	(7,862)	0	(774,243)	(774,243)
Change in Net Position	38,867	(31,005)	(7,862)	0	(774,243)	(774,243)
Net Position, Beginning	255,434	(253,387)	(2,047)	0	8,240,149	8,240,149
Net Position, Ending	$294,301	($284,392)	($9,909)	$0	$7,465,906	$7,465,906

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

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

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Government in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. These include pension trust, expendable trust, and agency funds. Individual funds included in this fund type are as follows:

INVESTMENT TRUST FUND

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

CUSTODIAL FUNDS

The **Neighborhood Sewer Projects Fund** is a custodial fund that accounts for the collection of special assessments and debt service payments on financing for neighborhood capital projects.

The **Juvenile & Adult Probation Fund** accounts for funds collected by the divisions of Youth Services and Detention Services from juvenile and adult offenders and disbursed to victims in accordance with court decrees and funds collected from and disbursed for inmates on work release.

The **Property & Evidence Fund** accounts for monies collected from prisoners. Once the case has been adjudicated through the court system, money is distributed as ordered.

The **Domestic Relations Fund** accounts for the child support payments collected by the Government from non-custodial parents and disbursed to custodial parents.

The **Representative Payee Fund** accounts for funds managed by the Government on behalf of adults who are unable to manage their own money in order to prevent the exploitation, abuse, and neglect of these citizens.

The **Prisoners' Account System** was transferred to the Government in 1994 and accounts for the operations of the commissary at the Fayette County Detention Center.

Statement of Net Position
Investment Trust Funds
June 30, 2022

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

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

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

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

	Domestic Relations Fund	Juvenile and Adult Probation	Neighborhood Sewer Projects Fund	Representative Payee Program	Property & Evidence Fund	Prisoner Account	Total Custodial Funds
ASSETS							
Cash and Cash Equivalents	$314,227	$335,508	$714	$11,839	$2,186,172	$1,541,559	$4,390,019
Interest Receivable	50						50
Total Assets	$314,277	$335,508	$714	$11,839	$2,186,172	$1,541,559	$4,390,069
LIABILITIES							
Accounts Payable and Accrued Expenses	$0	$0	$0	$0	$2,065	$322,280	$324,345
Total Liabilities	$0	$0	$0	$0	$2,065	$322,280	$324,345
NET POSITION							
Individuals, organizations, and Other Governments	$314,277	$335,508	$714	$11,839	$2,184,107	$1,219,279	$4,065,724

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

	Domestic Relations Fund	Juvenile and Adult Probation	Neighborhood Sewer Projects Fund	Representative Payee Program	Property & Evidence Fund	Prisoner Account	Total Custodial Funds
ADDITIONS							
Contributions:							
Employer	$0	$0	$0	$0	$0	$0	$0
Plan Members		41,120			840,633	2,163,113	3,044,866
Other Governments				156,960		152,325	309,285
Total Contributions	0	41,120	0	156,960	840,633	2,315,438	3,354,151
Total Additions	0	41,120	0	156,960	840,633	2,315,438	3,354,151
DEDUCTIONS							
Benefit Payments		39,185		216,924	382,519	2,011	640,639
Administrative Expense						2,252,606	2,252,606
Total Deductions	0	39,185	0	216,924	382,519	2,254,617	2,893,245
Net Increase (Decrease)	0	1,935	0	(59,964)	458,114	60,821	460,906
Net Position, Beginning	314,277	333,573	714	71,803	1,725,993	1,158,458	3,604,818
Net Position, Ending	$314,277	$335,508	$714	$11,839	$2,184,107	$1,219,279	$4,065,724

NONMAJOR COMPONENT UNITS

The **Lexington Transit Authority** is authorized to promote and develop mass transportation, including acquisition, operation, and extension of the existing mass transit system.

The **Lexington Public Library** provides educational, informational, and recreational services to Lexington and Fayette County through circulating and reference materials.

The **Lexington Convention and Visitors Bureau** promote recreational, convention, and tourist activity in Lexington and Fayette County.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2022

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

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

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lexington Transit Authority	Lexington Public Library	Lexington Convention and Visitors Bureau	Total Nonmajor Component Units
Lexington Transit Authority								
Transit Operations	$26,171,389	$3,826,775	$6,899,087	$2,233,937	($13,211,590)			($13,211,590)
Depreciation and Amortization	3,029,140				(3,029,140)			(3,029,140)
Total Lexington Transit Authority	29,200,529	3,826,775	6,899,087	2,233,937				(16,240,730)
Lexington Public Library								
Library Operations	13,095,751	347,543	584,919	305,000		($11,858,289)		(11,858,289)
Depreciation and Amortization	1,665,503					(1,665,503)		(1,665,503)
Interest on Long-Term Debt	272,972					(272,972)		(272,972)
Total Lexington Public Library	15,034,226	347,543	584,919	305,000				(13,796,764)
Lexington Convention and Visitors Bureau								
Convention and Tourism Operations	6,018,943		1,213,563				($4,805,380)	(4,805,380)
Depreciation and Amortization	416,197						(416,197)	(416,197)
Interest on Long-Term Debt	33,939						(33,939)	(33,939)
Total Lexington Convention and Visitors Bureau	6,469,079	0	1,213,563	0				(5,255,516)
Total Nonmajor Component Units	$50,703,834	$4,174,318	$8,697,569	$2,538,937	($16,240,730)	($13,796,764)	($5,255,516)	($35,293,010)
General Revenues:								
Taxes					$21,029,258	$17,766,972	$8,644,392	$47,440,622
Income (Loss)on Investments						(63,653)	30,123	(33,530)
Gain on Sale of Capital Assets					9,910			9,910
Miscellaneous					(215,665)	127,983	16,040	(71,642)
Total General Revenues					20,823,503	17,831,302	8,690,555	47,345,360
Change in Net Position					4,582,773	4,034,538	3,435,039	12,052,350
Net Position, Ending					57,286,404	19,178,457	2,698,099	79,162,960
Net Position, Ending					$61,869,177	$23,212,995	$6,133,138	$91,215,310

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON
ENHANCED 911 FUND
For the Year Ended June 30, 2022

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

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

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

STATISTICAL SECTION

The Lexington-Fayette Urban County Government's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Government's overall financial health.

Financial Trends: Tables 1 – 6

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.

Revenue Capacity: Tables 7 – 12

These schedules contain information to help the reader assess the Government's most significant local revenue sources.

Debt Capacity: Tables 13 – 17

These schedules present information to help the reader assess the affordability of the Government's current level of outstanding debt and the Government's ability to issue additional debt in the future.

Demographic & Economic Indicators: Tables 18 – 21

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activity takes place.

Operating Information: Tables 22 – 24

These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the government provides and the activities it performs.

TABLE 1

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NET POSITION
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	$877,691,469	$860,074,409	$838,877,310	$813,823,945	$752,686,501	$718,483,933	$667,270,316	$693,353,437	$631,903,811	$632,033,984
Restricted	26,895,407	22,045,314	34,719,227	58,884,930	61,892,472	69,345,687	67,240,794	63,237,509	53,003,957	71,227,610
Unrestricted (Deficit)	(94,638,121)	(83,112,939)	(350,353,804)	(370,433,940)	(403,166,799)	(741,550,665)	(766,027,807)	(841,868,598)	(813,247,063)	(770,655,462)
Total governmental activities net position	809,948,755	799,006,784	523,242,733	502,274,935	411,412,174	46,278,955	(31,516,697)	(85,277,652)	(128,339,295)	(67,393,868)
Business-type Activities										
Net Investment in Capital Assets	217,313,258	222,913,279	227,825,104	231,848,112	235,845,376	247,162,736	275,607,655	301,488,408	307,936,575	328,250,051
Restricted	66,194,803	68,209,300	60,086,906	69,892,072	77,840,186	74,759,178	15,450,619	16,856,445	26,438,988	17,540,483
Unrestricted (Deficit)	27,429,362	33,237,351	36,179,971	38,061,916	41,169,488	39,300,274	54,867,555	43,004,483	38,537,875	34,380,254
Total business-type activities net position	310,937,423	324,359,930	324,091,981	339,802,100	354,855,050	361,222,188	345,925,829	361,349,336	372,913,438	380,170,788
Primary Government										
Net Investment in Capital Assets	1,095,004,727	1,082,987,688	1,066,702,414	1,045,672,057	988,531,877	965,646,669	942,877,971	994,841,845	939,840,386	960,284,035
Restricted	93,090,210	90,254,614	94,806,133	128,777,002	139,732,658	144,104,865	82,691,413	80,093,954	79,442,945	88,768,093
Unrestricted (Deficit)	(67,208,759)	(49,875,588)	(314,173,833) *	(332,372,024)	(361,997,311)	(702,250,391) **	(711,160,252)	(798,864,115)	(774,709,188)	(736,275,208)
Total primary government net position	$1,120,886,178	$1,123,366,714	$847,334,714	$842,077,035	$766,267,224	$407,501,143	$314,409,132	$276,071,684	$244,574,143	$312,776,920

* In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions.
** In 2018, the Government implemented GASB Statement No. 74 which revised the reporting for its liability related to other paid employee benefits (OPEB).

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Administrative Services	$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	$7,851,910
Chief Development Officer	620,665	192,555	513,854	2,074,348	207,793	263,297	1,207,709	4,475,178	9,346,711	8,528,500
Community Corrections	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	39,645,784
Housing Advocacy and Community Development****										18,617,726
Environmental Quality & Public Works	83,878,537	45,339,718	54,933,912	60,134,890	61,270,031	65,541,170	64,882,901	99,634,822	96,885,122	105,784,998
Finance	14,744,087	16,726,346	14,049,319	39,135,165	49,393,398	36,669,013	36,311,239	38,586,921	33,442,989	9,428,927
Fire & Emergency Services	62,781,239	67,689,682	56,832,342	66,853,053	84,838,719	92,898,310	89,329,598	97,423,698	105,140,016	93,232,755
General Government	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	49,902,225
General Services**	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	15,070,358
Health, Dental and Vision Insurance	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355	29,080,692
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	15,030,888
Law	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	2,202,220
Parks & Recreation	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	24,502,130
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	180,279
Police	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	90,670,091
Public Safety**	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	14,107,303
Social Services	10,194,745	10,478,516	10,964,083	11,754,471	13,035,311	14,222,704	15,086,794	14,413,447	14,282,123	15,089,641
Interest on Long-Term Debt	13,116,205	13,053,635	13,116,151	13,722,941	15,336,458	15,273,176	16,044,874	15,587,055	13,486,302	11,430,061
Total governmental activities	401,365,596	413,673,193	391,551,819	460,655,438	537,647,840	534,867,022	550,346,772	548,538,910	552,113,702	550,356,488
Business-type Activities:										
Sanitary Sewer System	39,014,016	43,664,387	41,207,716	44,271,125	50,078,962	53,354,239	63,106,251	65,670,252	71,045,009	85,466,107
Public Facilities	9,419,886	8,895,507	8,829,979	9,596,104	8,666,540	8,049,921	6,915,288	6,898,732	6,519,030	6,336,747
Public Parking	84,866	265,226	66,994	66,987	1,965,274					
Landfill	4,099,770	6,060,197	4,426,038	5,542,566	3,962,016	4,071,987	4,799,382	4,677,693	6,096,303	6,120,842
Right of Way	284,470	308,683	280,214	336,415	493,872	529,580	593,476	626,891	552,084	471,235
Extended School Program	2,198,555	1,977,394	1,951,359	2,262,605	2,023,018	2,137,227	2,152,127	1,802,941	960,424	552,622
Prisoners' Account System	1,393,543	1,844,393	1,253,423	1,716,855	3,002,164	2,930,224				
Enhanced 911	2,930,379	2,384,796	2,638,373	3,940,313	4,170,674	4,701,497	4,797,403	5,074,477	5,985,370	5,478,624
CKY Network	10,668	450,919	1,307,829	879,328	412,763	266,242	421,115	417,102	299,418	415,707
Water Quality	8,308,501	9,139,302	8,618,921	11,290,945	12,062,937	13,618,632	13,628,042	14,744,923	12,930,972	12,680,311
Total Business-Type Activities	67,744,654	74,990,804	70,580,846	79,903,243	86,838,220	89,659,549	96,413,084	99,913,011	104,388,610	117,522,195
Total Primary Government	$469,110,250	$488,663,997	$462,132,665	$540,558,681	$624,486,060	$624,526,571	$646,759,856	$648,451,921	$656,502,312	$667,878,683

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues										
Governmental Activities:										
Administrative Services***	$559,050	$367,363	$351,158	$498,615	$769,505	$2,123,003	$395,756	$480,879	$567,300	$1,537,635
Chief Development Officer***		6,281	76,504	2,500	6,569	9,159	40,428	190,118	134,655	202,945
Community Corrections	8,286,565	9,161,315	8,574,892	9,330,723	9,263,554	9,309,583	10,424,478	9,225,735	7,770,541	6,223,554
Housing Advocacy and Community Development****										1,160,962
Environmental Quality & Public Works***	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	7,521,956
Finance	2,413,363	3,358,781	1,912,603	472,126	55,401	462,509	459,930	399,959	181,688	147,191
Fire & Emergency Services	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	13,120,893
General Government	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	18,405,702
General Services**	28,827	4,155	97,971	18,346	1,700	16,548	4,139	7,724	96,112	18,653
Health, Dental, and Vision	25,006,634	24,893,545	25,000,892	22,632,726	26,894,758	27,763,298	28,505,869	28,527,889	27,703,355	29,080,692
Information Technology**		4,271	3,821	3,096	981	213	3,376	598	8	3,057,996
Law	36,944	49,006	15,013	31,416	17,700	1,087	2,638	20,731	344	12,497
Parks & Recreation	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	5,393,945
Planning, Preservation, & Development* ***	240,168	2,245,228	2,709,381	3,119,969	3,114,354	3,134,064	3,100,837	(651)		
Police	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	4,648,353
Public Safety** ***	1,857,059	64,898	247,994	69,522	73,187	69,023	73,867	792,741	570,258	539,006
Social Services	1,857,123	1,703,695	1,804,885	1,662,363	1,586,791	1,864,271	2,129,603	2,097,349	1,875,735	2,452,012
Operating Grants & Contributions	13,065,758	15,108,425	15,087,470	13,383,964	13,146,822	10,617,000	11,596,202	34,183,724	24,469,743	66,533,588
Capital Grants & Contributions	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	14,905,729
Total Governmental Activities	98,573,466	98,840,995	100,429,782	96,193,389	95,431,225	96,743,087	101,633,043	121,796,937	118,258,244	174,963,309
Business-Type Activities:										
Charges for Services										
Sanitary Sewer System	52,927,780	50,480,049	52,007,762	58,394,719	63,890,717	64,451,293	75,961,739	77,458,054	77,390,312	88,445,752
Public Facilities	5,830,285	6,375,794	6,405,783	6,987,558	7,303,362	6,145,356	5,949,941	5,978,762	5,717,363	5,673,049
Public Parking	4,560			705						
Landfill	6,845,329	7,064,989	7,211,864	7,050,937	7,060,342	7,028,050	7,173,603	7,217,580	7,062,426	7,370,873
Right of Way	392,466	520,812	475,126	495,490	703,959	656,344	682,221	773,172	759,809	658,898
Extended School Program	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	1,024,303
Prisoners' Account System	1,619,626	2,372,285	1,227,415	1,621,110	3,146,187	3,165,206				
Enhanced 911	3,517,634	4,273,106	3,810,087	4,126,861	4,429,699	4,542,449	4,176,602	4,470,178	4,116,670	4,349,941
CKY Network	25,738	111,576	1,269,890	815,110	400,735	319,414	498,913	458,376	374,504	505,556
Water Quality	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	16,362,286
Total Business-Type Activities	85,839,645	86,520,306	87,979,682	95,443,490	102,404,830	102,450,861	111,353,185	113,199,933	111,049,209	124,390,658
Total Primary Government	184,413,111	185,361,301	188,409,464	191,636,879	197,836,055	199,193,948	212,986,228	234,996,870	229,307,453	299,353,967
Net (Expense)/Revenue										
Governmental Activities	(302,792,130)	(314,832,198)	(291,122,037)	(364,462,049)	(442,216,615)	(438,123,935)	(448,713,729)	(426,741,973)	(433,855,458)	(375,393,179)
Business-Type Activities	18,094,991	11,529,502	17,398,836	15,540,247	15,566,610	12,791,312	14,940,101	13,286,922	6,660,599	6,868,463
Total Primary Government	(284,697,139)	(303,302,696)	(273,723,201)	(348,921,802)	(426,650,005)	(425,332,623)	(433,773,628)	(413,455,051)	(427,194,859)	(368,524,716)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	53,597,311	54,759,199	55,241,837	56,751,090	58,636,843	62,072,333	64,573,949	66,619,933	68,365,906	71,866,506
Licenses and Permits	238,924,158	248,271,270	265,596,253	275,539,490	288,771,661	304,625,553	303,562,887	304,493,274	320,966,286	364,643,953
Grants & Contributions Not Restricted to Specific Programs:										
Community Development Block Grant	2,176,035	2,009,120	1,719,372	8,018,438	1,154,744	1,951,474	3,352,871	2,433,102	2,079,748	2,567,507
Income on Investments	(509,890)	263,242	1,941,282	1,341,333	602,208	1,029,385	2,733,373	1,974,061	(276,837)	(1,411,662)
Sale of Assets	283,406			413,379	1,144,379	149,226	421,745			211,600
Transfers	(1,106,585)	(871,447)	(2,546)	(313,102)	1,210,302	(800,072)	564,725	(349,759)	(160,156)	(1,539,298)
Total Governmental Activities	293,364,435	304,431,384	324,496,198	341,750,628	351,520,137	369,027,899	375,209,550	375,170,611	390,974,947	436,338,606
Business-Type Activities:										
Income on Investments	(215,314)	1,021,558	(604,800)	547,366	159,737	962,755	1,730,075	1,652,479	775,068	(1,150,411)
Sale of Assets			10,168		536,905	28,641	19,254			
Transfers	(11,902,981)	871,447	2,546	313,102	(1,210,302)	800,072	(564,725)	349,759	160,156	1,539,298
Total Business-Type activities	(12,118,295)	1,893,005	(592,086)	860,468	(513,660)	1,791,468	1,184,604	2,002,238	935,224	388,887
Total Primary Government	281,246,140	306,324,389	323,904,112	342,611,096	351,006,477	370,819,367	376,394,154	377,172,849	391,910,171	436,727,493
Change in Net Position										
Governmental activities	(9,427,695)	(10,400,814)	33,374,161	(22,711,421)	(90,696,478)	(69,096,036)	(73,504,179)	(51,571,362)	(42,880,511)	60,945,427
Business-type activities	5,976,696	13,422,507	16,806,750	16,400,715	15,052,950	14,582,780	16,124,705	15,289,160	7,595,823	7,257,350
Prior Period Adjustment - Government Activities	(1,548,751)	(541,157)	(309,138,212)	1,743,623	(166,283)	(296,037,183)	(4,291,473)	(2,189,593)	(181,132)	
Prior Period Adjustment-Business-Type Activities	378,175		(17,074,699)	(690,596)		(8,215,642)	(31,421,064)	134,347	3,968,279	
Total Primary Government	($4,621,575)	$2,480,536	($276,032,000)	($5,257,679)	($75,809,811)	($358,766,081)	($93,092,011)	($38,337,448)	($31,497,541)	$68,202,777

*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 Divsions, Emergency Management and Enhanced 911.

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

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

TABLE 3

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Nonspendable	1,405,198	1,627,367	2,064,127	2,102,194	2,343,585	2,480,783	2,290,430	2,374,571	2,182,047	2,082,387
Restricted for:										
Public Safety			198,175	397,688	602,807	812,350	1,026,212	1,222,654	1,419,095	1,615,537
Energy Improvement Projects	408,227	636,874	552,989	552,011	676,218	595,075	628,995	261,950	221,462	110,368
Committed for:										
General Government	6,612,684	11,249,146	11,606,932	13,353,512	5,941,545	3,640,127	4,228,784	5,312,381	6,455,660	8,949,535
Economic Stabilization	23,290,466	25,224,221	29,685,851	30,687,844	31,408,506	34,015,454	35,345,181	42,476,494	37,964,969	36,664,996
Assigned to:										
Capital Projects	8,060,560	8,137,251	20,449,635	13,924,969	4,913,896	1,660,938	2,318,361		999,854	47,248,952
General Government	10,325,000	12,700,000	14,500,000	21,200,000	14,000,000	15,400,000	16,145,000	28,197,020	43,894,927	
Budget Stabilization										32,839,184
Unassigned	4,309,677	4,176,646	4,273,341	4,789,658	5,419,629	5,757,987	5,931,602	4,069,019	12,348,918	16,064,468
Total	54,411,812	63,751,505	83,331,050	87,007,876	65,306,186	64,362,714	67,914,565	83,914,089	105,486,932	145,575,427
Urban Services										
Reserved										
Nonspendable	175	11,112	2,735	2,603	22,900	62,543	94,468	78,519	32,783	23,991
Restricted for:										
Urban Service Projects	28,631,854	29,855,868	31,391,398	30,368,714	23,836,031	28,107,799	25,745,424	23,788,028	26,694,268	28,973,516
Energy Improvement Projects	10,383	13,314	2,930	2,930	5,860	11,720	2,930	2,930	50,860	50,000
Total	28,642,412	29,880,294	31,397,063	30,374,247	23,864,791	28,182,062	25,842,822	23,869,477	26,777,911	29,047,507
All Other Governmental Funds										
Reserved										
Undesignated, reported in:										
Nonspendable	22,376	77,859	106,066	2,680					13,028	
Restricted for:										
Public Works	9,032,953	11,534,007	8,202,688	6,271,461	5,618,682	7,765,585	8,233,228	9,055,584	9,722,290	8,289,552
Public Safety	1,659,378	1,569,569	1,529,730	1,460,930	1,418,500	1,253,572	1,429,926	1,157,066	898,709	1,222,395
Capital Projects	25,214,697	20,133,026	33,754,253	57,700,163	41,101,200	47,044,427	43,874,848	39,554,277	27,584,087	39,861,679
Grants Projects	1,262,100	1,262,100	210,880	232,138	241,043	250,200	259,010	266,013	269,294	271,798
Committed for:										
General Government										
Assigned to:										
General Government	445,690	1,721,084	1,327,774	720,741	457,767	390,941	244,977	238,234	421,855	478,248
Unassigned				(82,433)		(36,392)				
Total	$37,637,194	$36,297,645	$45,131,391	$66,305,680	$48,837,192	$56,668,333	$54,041,989	$50,271,174	$38,909,263	$50,123,672

LFUCG elected to implement GASB Statement No. 54, Fund Balance Reporting and the Governmental Fund Type Definitions, in fiscal year 2011.
This statement allows the entity to apply prospectively in the statistical section. Therefore, LFUCG has not reclassified prior information.

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Licenses and Permits	$243,655,298	$253,581,959	$271,354,443	$281,240,662	$294,952,524	$310,378,790	$310,116,817	$310,886,231	$328,788,906	$373,427,606
Taxes	53,597,311	54,759,199	55,241,837	56,751,090	58,636,843	62,072,333	64,573,949	66,619,933	68,365,906	71,866,506
Charges for Services	26,365,849	26,797,087	28,036,635	29,175,200	27,222,202	27,327,074	29,687,509	27,348,530	28,167,517	33,960,064
Fines and Forfeitures	311,930	258,112	235,626	222,201	234,820	185,061	231,863	182,230	182,939	230,555
Intergovernmental	32,365,491	38,199,741	35,010,716	38,232,668	28,719,916	27,179,190	29,163,862	54,678,597	50,893,614	91,771,875
Exactions	532,410	486,643	2,074,477	317,370	514,337	148,447	243,198	79,066	347,624	133,187
Property Sales	462,570	181,052	529,770	585,626	1,766,593	332,635	542,862	599,831	763,263	784,760
Income on Investments	(509,785)	263,298	1,941,301	1,341,478	602,208	1,029,385	2,733,373	1,974,061	(276,837)	(1,411,662)
Other	3,436,946	4,067,219	5,244,909	4,536,586	5,011,982	6,771,390	5,953,044	5,468,172	5,065,116	6,139,275
Total Revenues	360,218,020	378,594,310	399,669,714	412,402,881	417,661,425	435,424,305	443,246,477	467,836,651	482,298,048	576,902,166
Expenditures										
Administrative Services***	10,370,972	5,014,372	7,431,873	8,060,766	9,259,948	9,397,369	9,524,646	11,771,749	14,526,272	7,279,353
Chief Development Officer***	613,743	190,339	537,986	1,107,841	963,105	1,322,146	1,305,739	4,187,070	9,273,861	8,618,036
Environmental Quality & Public Works***	37,037,311	36,407,046	40,387,589	42,819,684	43,305,223	46,744,561	47,066,717	50,127,256	49,958,294	58,565,417
Housing Advocacy and Community Development*****										19,515,399
Finance	5,115,502	5,020,225	5,225,806	5,536,971	5,977,862	6,004,097	5,872,974	5,570,958	5,484,950	8,094,061
General Government	5,647,407	5,678,539	6,306,980	6,542,424	6,556,907	6,354,511	7,962,989	5,152,565	6,018,206	7,234,011
General Services**	26,517,790	24,348,481	26,139,238	29,278,819	30,038,997	30,457,511	30,817,638	28,833,781	25,638,638	31,996,746
Information Technology**		6,018,607	7,513,809	9,187,214	9,964,616	13,127,259	12,010,209	10,550,550	10,597,824	11,603,708
Law	3,994,327	4,035,393	2,844,757	2,275,312	10,462,417	2,590,350	2,904,061	2,349,463	2,237,365	2,285,423
Outside Agencies	20,260,096	24,739,506	23,623,807	28,736,538	22,958,277	23,470,932	25,103,810	25,427,994	30,473,637	46,962,205
Planning, Preservation, & Development* ***	3,659,901	8,670,017	10,436,351	12,486,736	14,614,512	14,506,605	13,339,484	97,481	29,594	0
Public Safety** ***	172,413,558	173,507,393	177,216,505	186,290,364	209,591,012	211,574,153	216,669,362	224,825,855	217,479,323	236,110,500
Social Services	8,222,664	8,196,041	8,422,005	9,190,567	10,296,721	10,852,548	11,188,437	10,874,167	11,206,332	12,116,655
Debt Service:										
Principal	17,855,000	21,925,000	20,850,000	22,010,000	21,470,000	26,855,000	29,245,000	31,840,000	33,720,000	34,510,000
Interest and Other	13,108,740	13,667,645	12,558,133	13,938,702	15,073,088	15,356,878	16,167,674	15,951,685	14,025,339	12,410,865
Capital	28,336,917	48,815,941	51,092,128	70,848,354	95,073,861	43,876,088	61,177,621	46,466,887	46,046,870	59,110,478
Total Expenditures	353,153,928	386,234,545	400,586,967	448,310,292	505,606,546	462,490,008	490,356,361	474,027,461	476,716,505	556,412,857
Excess (Deficiency) of Revenues over (under) Expenditures	7,064,092	(7,640,235)	(917,253)	(35,907,411)	(87,945,121)	(27,065,703)	(47,109,884)	(6,190,810)	5,581,543	20,489,309
Other Financing Sources (Uses)										
Transfers In	7,226,272	28,308,895	21,319,957	24,833,948	11,581,277	12,385,610	11,979,061	10,850,178	20,034,961	21,417,397
Transfers Out	(7,822,695)	(29,163,490)	(21,316,119)	(25,134,821)	(11,801,402)	(12,710,446)	(11,141,975)	(11,107,641)	(20,195,117)	(22,956,695)
Debt Proceeds (net of bond refunding)	21,177,299	78,350,131	49,993,988	56,180,000	70,278,668	54,808,279	42,055,000	18,110,000	6,800,000	27,200,000
Issuance of Refunding Debt, par									49,330,000	0
Payment to Refunded Debt Escrow Agent									(48,867,263)	0
Premium (Discount) on Bonds Issued	(4,549,025)	(60,617,275)	(19,150,513)	3,362,960	(27,626,773)	(15,467,353)	2,804,065	2,174,949	616,374	3,765,847
Leases (as lessee)										8,342,178
Total Other Financing Sources (Uses)	16,031,851	16,878,261	30,847,313	59,242,087	42,431,770	39,016,090	45,696,151	20,027,486	7,718,955	37,768,727
Net Change in Fund Balances	$23,095,943	$9,238,026	$29,930,060	$23,334,676	($45,513,351)	$11,950,387	($1,413,733)	$13,836,676	$13,300,498	$58,258,036
Debt Service as a Percentage of Noncapital Expenditures	9.1%	10.1%	9.1%	9.0%	7.8%	9.7% ****	9.9% ****	10.8%	10.8%	9.1%

*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.

**In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

***In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of 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 Divsions, Emergency Management and Enhanced 911.

****Correction on Debt Service Percentage for FY18 & FY19

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

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

TABLE 5

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CHANGES IN FUND BALANCE, GENERAL FUND
LAST TEN FISCAL YEARS
(Budgetary Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Licenses and Permits	$242,304,633	$252,196,981	$269,928,753	$279,796,674	$293,445,670	$308,811,807	$308,462,028	$309,112,252	$326,612,154	$370,948,496
Taxes	21,368,326	21,899,738	21,826,464	22,599,975	23,068,237	24,528,574	25,221,927	25,901,995	26,768,336	28,012,485
Charges for Services	24,202,174	24,643,221	25,633,499	27,409,249	24,604,479	24,865,154	28,196,399	26,275,627	27,072,970	29,675,493
Fines and Forfeitures	309,442	257,039	234,615	220,612	234,363	184,729	230,914	182,230	182,915	230,555
Intergovernmental	1,978,891	1,720,761	797,537	858,600	546,939	775,621	975,875	857,714	800,012	741,745
Property Sales	137,719	56,688	318,536	205,560	1,265,147	248,629	236,248	379,746	217,207	339,718
Income on Investments	(556,777)	432,454	1,564,895	775,012	339,889	556,641	1,604,513	1,282,752	165,279	(1,367,202)
Other	2,388,300	2,509,949	4,198,344	3,669,875	3,502,017	4,131,498	4,981,187	3,601,621	4,208,261	4,602,582
Total Revenues	292,132,708	303,716,831	324,502,643	335,535,557	347,006,741	364,102,653	369,909,091	367,593,937	386,027,134	433,183,872
Expenditures and Other Financing Sources (Uses)										
Administrative Services***	8,112,087	2,656,141	5,617,560	6,177,391	7,524,232	7,751,744	7,773,340	9,666,087	12,750,700	11,517,517
Chief Development Officer***	163,743	182,074	267,683	1,001,763	845,523	1,288,532	1,305,739	3,141,622	8,001,842	5,983,291
Environmental Quality & Public Works***	8,103,750	7,366,215	9,814,924	11,746,025	11,730,796	12,369,277	11,441,398	14,806,608	14,703,360	17,668,498
Finance	5,101,158	5,022,088	5,350,469	5,494,593	5,909,131	5,938,150	5,875,301	5,504,228	5,432,310	6,831,670
General Government	3,476,730	3,664,554	4,109,338	4,265,335	4,333,737	3,444,293	5,124,053	1,568,837	2,842,117	3,760,629
General Services**	26,774,613	29,847,860	27,906,695	31,355,145	31,546,178	30,722,576	28,716,761	27,672,668	25,283,448	30,249,734
Housing Acvocacy and Community Development****										5,094,723
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	13,072,788
Law	3,926,008	3,974,171	2,315,205	2,182,164	10,186,108	2,454,494	2,548,860	2,256,394	2,205,664	2,117,848
Outside Agencies	17,121,904	18,935,337	19,540,759	20,264,359	20,528,503	20,987,191	22,289,443	22,816,635	21,492,688	22,018,454
Planning, Preservation, & Development* ***	2,738,011	7,742,329	9,540,472	11,872,258	13,588,891	13,399,720	12,365,983			
Public Safety** ***	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	220,552,311
Social Services	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	9,049,883
Debt Service	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	46,755,115
Other Financing (Sources) Uses	2,332,547	2,541,672	643,862	1,181,014	694,993	366,171	(2,874,377)	79,306	1,488,614	(6,262,620)
Financing Sources (Uses)	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	388,409,841
Net Change in Fund Balance	$10,146,223	$9,339,693	$19,579,545	$2,294,572	($21,580,833)	$360,650	$3,521,450	$19,287,620	$21,753,976	$44,774,031

*Planning, Preservation, & Development was added in FY13 and was previously included with Administration.
**In FY16 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.
***In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition the Division of Lexcall was created in Administrative Services. The Division of Code Enforceme moved to Public Safety. The Division of DEEM/Enhanced 911 was split into two separate Divsions, Emergency Management and Enhanced 911.
*****In FY22 the Department of Housing Advocacy and Community Development was created. The following changes were made relative to the new department. The division of Racial Justice and Equity was also created. In addition the divisions of Homeless Intervention & Prevention, Grants and Special Programs, and Historic Preservation were moved from Administrative Services. Code Enforcement was moved from Public Safety. Adult Services was renamed Community Residential Services and moved from Social Services.

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

TABLE 6

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Sewer Service Charges	$45,990,027	$46,577,092	$46,845,571	$53,005,210	$60,085,888	$60,398,087	$61,524,855	$63,750,674	$67,943,984	$71,830,495
Sewer Tap on Fees	2,325,787	2,013,656	2,482,245	3,249,636	2,154,652	2,923,533	2,119,925	2,338,996	1,892,298	2,905,617
Exactions	4,002,945	801,569	426,085	411,513	294,332	329,120	273,763	131,575	58,727	156,380
Rental Income							358,303			
Other Income	609,021	1,155,128	2,297,116	1,127,145	912,835	82,988	12,257,683	11,013,992	7,351,626	13,722,741
Total Revenues	52,927,780	50,547,445	52,051,017	57,793,504	63,447,707	63,733,728	76,534,529	77,235,237	77,246,635	88,615,233
Operating Expenses										
Treatment Plant	8,217,471	7,935,854	7,318,958	6,713,706	7,116,239	8,157,629	7,745,135	8,491,727	8,146,604	7,896,840
Collection System	4,405,020	4,461,052	4,187,968	4,413,641	4,536,910	1,832,856	2,467,916	2,337,284	2,684,663	3,012,837
Administration	16,216,619	20,773,379	20,119,458	21,566,883	24,011,158	28,262,383	37,748,088	36,559,715	38,528,583	52,038,987
Depreciation	7,683,896	8,047,827	8,471,363	9,130,305	10,568,196	12,137,121	12,517,562	13,649,916	16,327,030	18,129,453
Total Operating Expenses	36,523,006	41,218,112	40,097,747	41,824,535	46,232,503	50,389,989	60,478,701	61,038,642	65,686,880	81,078,117
Operating Income	16,404,774	9,329,333	11,953,270	15,968,969	17,215,204	13,343,739	16,055,828	16,196,595	11,559,755	7,537,116
Net Nonoperating Revenues/(Expenses)	(2,649,715)	(1,451,967)	(1,710,547)	(2,005,954)	(4,005,015)	(2,289,314)	(1,444,433)	(3,656,358)	(4,657,136)	(5,338,869)
Transfers In	1,208,935	88,369,088	6,230			150,000	172,823,976	280,000		
Transfers Out	(1,039,194)	(88,351,969)	354	(4,236)	(185,026)	56,435	(172,680,119)	(187,703)	(120,000)	(25,469)
Net Income/Change in Net Position	$13,924,800	$7,894,485	$10,249,307	$13,958,779	$13,025,163	$11,260,860	$14,755,252	$12,632,534	$6,782,619	$2,172,778

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

TABLE 7

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
NET ASSESSED VALUE
REAL, TANGIBLE, & INTANGIBLE PROPERTY
(In Thousands)

Fiscal Year	Residential	Farms	Commercial	Oil, Mineral & Timber Rights	Tangible	Intangible	Total	Less Intangible	Total Taxable Assessed Value	Total Direct Tax Rate (Per $100 of Assessed value)
2013	$15,235,648	$897,667	$6,523,119	$1,499	$5,333,542		$27,991,475		$27,991,475	0.2535
2014	15,299,695	899,945	6,757,308	1,127	5,395,493		28,353,568		28,353,568	0.2535
2015	15,741,024	919,466	7,162,151	1,080	5,793,103		29,616,824 *		29,616,824	0.2535
2016	15,497,091	911,673	6,935,829	995	5,527,611		28,873,199 *		28,873,199	0.2538
2017	16,346,959	948,410	7,509,402	1,345	5,801,304		30,607,420		30,607,420	0.2538
2018	17,358,420	746,352	8,117,423	1,740	5,953,135		32,177,070		32,177,070	0.2533
2019	17,859,282	752,367	8,789,535	1,889	5,810,802		33,213,875		33,213,875	0.2533
2020	18,607,797	767,150	9,147,948	1,889	6,110,074		34,634,858		34,634,858	0.2536
2021	18,979,626	784,560	9,375,806	1,731	6,097,093		35,238,816		35,238,816	0.2536
2022	20,413,121	802,162	9,302,533	410	6,051,875		36,570,101		36,570,101	0.2531

Note: Property is assessed at 100% fair market value. The intangible property tax rate was repealed as of January 1, 2006 per Kentucky Revised Statute 132.208.
* Year 2015 & 2016 data was flipped: Corrected Error
Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 8

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2013	$53,136,159	$52,567,908	98.9%	$568,251 *	$53,136,159	100.0%
2014	53,598,026	53,147,356	99.2%	450,670 *	53,598,026	100.0%
2015	54,798,187	53,072,141	96.9%	1,699,084	54,771,225	100.0%
2016	55,935,427	54,402,567	97.3%	1,383,963	55,786,530	99.7%
2017	58,046,716	56,107,829	96.7%		56,107,829	96.7%
2018	61,778,968	59,899,917	97.0%		59,899,917	97.0%
2019	63,891,892	62,113,756	97.2%		62,113,756	97.2%
2020	66,517,997	64,288,746	96.6%		64,288,746	96.6%
2021	67,116,194	66,715,808	99.4%		66,715,808	99.4%
2022	71,748,516	70,546,231	98.3%		70,546,231	98.3%

Note: Data provided by the Sheriff's Tax Settlement Report
*Corrected to reflect collections to date by fiscal year of levies

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

TABLE 9

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER $100)

	LFUCG Direct Rates					Overlapping Rates						
		Urban Services										
Fiscal Year	General	Refuse	Street Lights	Street Cleaning	Total Direct	Fayette County School	Commonwealth of Kentucky	Extension Services	Soil & Water Conservation	Health Department	Lextran	Total
2013	0.0800	0.1431	0.0210	0.0094	0.2535	0.6280	0.1220	0.0032	0.0004	0.0280	0.0600	1.0951
2014	0.0800	0.1431	0.0210	0.0094	0.2535	0.6740	0.1220	0.0033	0.0004	0.0280	0.0600	1.1412
2015	0.0800	0.1431	0.0210	0.0094	0.2535	0.6960	0.1220	0.0034	0.0005	0.0280	0.0600	1.1634
2016	0.0800	0.1431	0.0210	0.0097	0.2538	0.7400	0.1220	0.0035	0.0005	0.0280	0.0600	1.2078
2017	0.0800	0.1431	0.0210	0.0097	0.2538	0.7500	0.1220	0.0035	0.0006	0.0280	0.0600	1.2179
2018	0.0800	0.1426	0.0210	0.0097	0.2533	0.7500	0.1220	0.0035	0.0006	0.0280	0.0600	1.2174
2019	0.0800	0.1426	0.0210	0.0097	0.2533	0.8100	0.1220	0.0035	0.0006	0.0280	0.0600	1.2774
2020	0.0800	0.1426	0.0213	0.0097	0.2536	0.8100	0.1220	0.0035	0.0006	0.0280	0.0600	1.2777
2021	* 0.0800	* 0.1426	* 0.0213	* 0.0097	* 0.2536	* 0.8100	* 0.1220	* 0.0035	* 0.0006	* 0.0280	* 0.0600	1.2777
2022	0.0800	0.1423	0.0212	0.0096	0.2531	0.8080	0.1190	0.0040	0.0006	0.0280	0.0600	1.2727

Note: All taxpayers in Fayette County are subject to the General Service rate. Total Direct rate is for taxpayers receiving complete urban services. Rates would be reduced for those taxpayers receiving less than full urban services.

* Updated rate in 2022

The annual increase in real property tax revenue, excluding new assessments, must be 4% or less. Any amount over 4% is subject to a recall vote.

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

TABLE 10

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

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

*Hap Properties purchased Hamburg Pavillion from Fourth Quarter Properties in July 2014.

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

TABLE 11

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
DIRECT AND OVERLAPPING
LICENSE FEE RATES
LAST TEN FISCAL YEARS

Fiscal Year	LFUCG Direct Rate	Fayette County School	Total
2013	2.25%	0.50%	2.75%
2014	2.25%	0.50%	2.75%
2015	2.25%	0.50%	2.75%
2016	2.25%	0.50%	2.75%
2017	2.25%	0.50%	2.75%
2018	2.25%	0.50%	2.75%
2019	2.25%	0.50%	2.75%
2020	2.25%	0.50%	2.75%
2021	2.25%	0.50%	2.75%
2022	2.25%	0.50%	2.75%

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

TABLE 12

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
TEN MAJOR OCCUPATIONAL TAX WITHHOLDERS
CURRENT YEAR AND NINE YEARS AGO

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

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

TABLE 13

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

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	QECB Bond	Lease Revenue Notes Payable	Bond Anticipation Notes	Revenue Bonds	Mortgage Revenue Bonds	Notes Payable	Total Primary Government	% of Personal Income	Primary Government Debt Per Capita
2013	$314,541,343				$45,400,398	$54,830,752	$14,403,727	$429,176,220	3.3%	$1,390 *
2014	310,040,731				42,590,809	52,872,841	27,785,157	433,289,538	3.2% *	1,391 *
2015	319,736,652	2,900,000 **			38,561,469	53,625,000	36,968,889	451,792,010	3.2% *	1,435 *
2016	356,149,549	2,900,000 **			35,850,000	51,315,000	64,267,000	510,481,549	3.6%	1,603
2017	375,507,126	2,900,000 **			33,017,706	49,080,404	86,872,538	547,377,774	3.5%	1,699
2018	386,251,016	2,795,000 **			30,129,000	46,578,000	120,023,000	585,776,016	3.6%	1,809
2019	399,625,856	2,795,000 **			30,129,000	43,965,000	522,444,000	998,958,856	6.0%	3,091
2020	385,703,338	2,795,000			77,836,589	41,248,000	138,742,000	646,324,927	3.6%	2,004
2021	361,055,860	2,795,000			72,801,603	38,409,948	132,237,000	607,299,411	na	1,887
2022	354,813,798	2,795,000			67,610,000	35,451,950	126,891,000	587,561,748	na	na

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.
See table 18 for population data.
Personal income data for 2021 & 2022 not available at time of publication.
Population data for 2022 not available at time of publication

* Updated in 2017
** Moved the Qualified Energy Conservation Bond (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	
2013	$314,541,343		1.12%	$1,018	*
2014	310,040,731		1.09%	996	*
2015	322,636,652	**	1.09%	1,025	*
2016	359,049,549	**	1.24%	1,127	
2017	378,407,126	**	1.24%	1,174	
2018	389,046,016	**	1.21%	1,202	
2019	402,420,856	**	1.21%	1,245	
2020	388,498,338	**	1.12%	1,204	
2021	363,850,860		1.03%	1,131	
2022	357,608,798		0.98%	n/a	

Notes: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements.
See Table 7 for property value date and Table 18 for population data.

Population 2022 was not available at time of publication.

* Updated in 2017
**Updated formual to include QECB bond on Table 13
Source: Department of Finance, Lexington-Fayette Urban County Government

TABLE 15

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF DIRECT AND OVERLAPPING INDEBTEDNESS
AS OF JUNE 30, 2021

	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Lexington Center Corporation			
Mortgage Revenue Bonds, Series 2018	$107,830,000	3.87%	$4,177,340
Mortgage Revenue Bonds, Series 2018A	79,720,000	3.87%	3,088,357
Mortgage Revenue Bonds, Series 2018B	10,100,000	3.87%	391,275
Mortgage Revenue Bonds, Series 2020	31,865,000	3.87%	1,234,452
Lexington Public Library			
Variable Rate, Revenue Bonds Series 2014A	447,500	1.43%	6,384
Lexington-Fayette Urban County Government Airport Corporation			
Variable Rate General Airport, Revenue, and Refunding Bond 2009B (AMT)	5,400,000	3.60%	194,251
Fixed Rate General Airport, Revenue, and Refunding Bond 2016C (Fed Taxable)	29,310,000	3.60%	1,054,351
Fixed Rate General Airport, Revenue, and Refunding Bond 2016D (non-AMT)	4,690,000	3.60%	168,710
Fixed Rate General Airport, Revenue, and Refunding Bond 2016E (AMT)	3,230,000	3.60%	116,191
Fixed Rate General Airport, Revenue, and Refunding Bond 2019A (Fed Taxable)	31,515,000	3.60%	1,133,670
Fayette County School & Kentucky School Commission Bonds	486,545,000	100.00%	486,545,000
Subtotal, Overlapping Debt			498,109,981
LFUCG, Direct Debt			357,608,798
Total Direct and Overlapping Indebtedness			$855,718,779

Notes

(1) Industrial Revenue Bonds, Industrial Development Bonds, and Multi-Family and Single Family Housing Bonds are not included in this schedule of overlapping debt as they are not secured by the full faith and credit of Lexington-Fayette Urban County Government.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in LFUCG or by ratio of total revenue of overlapping unit to total revenue of LFUCG.

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

TABLE 16

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value	$27,991,475	$28,353,568	$29,616,824	$28,873,199	$30,607,420	$32,177,070	$33,213,875	$34,634,858	$35,238,816	$36,570,101
Debt limit (10% of Assessed Value)	$2,799,148	$2,835,357	$2,961,682	$2,887,320	$3,060,742	$3,217,707	$3,217,707	$3,463,486	$3,523,882	$3,657,010
Total net debt applicable to limit	194,414	200,820	171,917	162,861	184,801	183,990	362,029	362,797	324,130	311,860
Legal debt margin	$2,604,734	$2,634,537	$2,789,765	$2,724,459	$2,875,941	$3,033,717	$2,855,678	$3,100,689	$3,199,752	$3,345,150
Total net debt applicable to the limit as a percentage of debt limit	6.95%	7.08%	5.80%	5.64%	6.04%	5.72%	11.25%	10.47%	9.20%	8.53%

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

TABLE 17

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

Sanitary Sewer System

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2013	$52,769	$28,839	$23,930	$3,413	$2,400	4.12
2014	51,542	33,170	18,372	3,505	2,348	3.14
2015	51,440	31,626	19,814	2,067	1,917	4.97
2016	58,234	32,694	25,540	3,094	2,536	4.54
2017	63,289	35,664	27,625	3,688	2,644	4.36
2018	64,355	38,253	26,102	5,220	3,039	3.16
2019	77,698	47,961	29,737	7,922	2,673	2.81
2020	78,210	47,389	30,821	10,483	4,127	2.11
2021	77,948	49,360	28,588	11,213	5,042	1.76
2022	87,664	62,949	24,715	11,590	4,699	1.52

Public Facilities Corporation

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2013	$5,830	$2,305	$3,525	$2,050	$2,416	0.79
2014	6,376	2,111	4,265	2,130	2,334	0.96
2015	6,406	2,436	3,970	2,215	2,247	0.89
2016	6,988	2,708	4,280	2,310	2,646	0.86
2017	7,305	2,625	4,680	2,405	2,274	1.00
2018	6,149	2,960	3,189	2,055	1,875	0.81
2019	5,956	2,158	3,798	2,165	1,673	0.99
2020	5,988	2,285	3,703	2,270	1,567	0.97
2021	5,717	1,944	3,773	2,390	1,538	0.96
2022	5,673	1,997	3,676	2,510	1,414	0.94

Public Parking Corporation

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2013	$5	$4	$1	$0	$0	0.00
2014						
2015						
2016	1		1			
2017						
2018						
2019						
2020						
2021						
2022						

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
2013	$0	$0	$0	0.00
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				

Note: Details regarding LFUCG outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

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

TABLE 18

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population		Personal Income (Thousands)		Per Capita Personal Income		Civilian Labor Force: Employed	Civilian Labor Force: Unemployed	Civilian Labor Force: Unemployment Rate	
2013	308,501	*	$12,826,933		$41,578	*	158,648	9,769	5.8%	*
2014	310,725	*	13,472,243	*	43,357	*	158,848	7,983	4.8%	*
2015	314,767	*	14,224,629	*	45,191	*	160,099	6,423	3.9%	*
2016	318,449	*	14,338,062	*	45,025	*	163,637	6,153	3.6%	*
2017	322,193	**	15,602,893	**	48,427	**	167,944	6,360	3.6%	*
2018	323,780	**	16,247,217	**	50,180	**	169,048	5,801	3.3%	
2019	323,152		16,709,370		51,707		170,028	5,836	3.3%	
2020	322,570	***	17,803,115		58,954		162,405	9,879	5.7%	
2021	321,793		na		na		148,127	12,778	4.7%	
2022	na		na		na		153,279	9,828	3.5%	

* Updated in 2018
** Updated in 2019
*** Updated in 2022
Note:
Personal Income and Per Capita Personal Income data for 2021 & 2022 not available at time of publication.
Population data for 2022 not available at time of publication.

Source: The Bureau of Economic Analysis
Source: U.S. Census Bureau
Source: The Bureau of Labor Statistics

TABLE 19

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
PRINCIPAL EMPLOYERS, FAYETTE COUNTY
CURRENT YEAR AND NINE YEARS AGO

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

Source: Lexington Chamber of Commerce

TABLE 20

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

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

*The Government has corrected years 2001-2017 to reflect the correct employment numbers per category. In addition, fiscal years 2001-2006 have been updated to reflect categories using current industry standards.

Source: Bureau of Labor Statistics

TABLE 21
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
U.S. CENSUS BUREAU STATISTICS

	2000 Census		2010 Census	
	Value	%	Value	%
Population and Number of Households				
Population				
Under 18 years	55,533	21.3%	62,633	21.2%
18 - 64 years	178,805	68.7%	202,032	68.3%
65 years and over	26,174	10.0%	31,138	10.5%
Total	260,512	100.0%	295,803	100.0%
Number of Households	108,288		123,043	
Economic and Education				
Family Income				
Less than $10,000	3,587	5.6%	4,407	6.3%
$10,000 - $24,999	8,947	14.1%	8,791	12.7%
$25,000 - $49,999	17,124	26.9%	15,164	21.9%
$50,000 - $74,999	14,759	23.2%	12,913	18.6%
$75,000 or more	19,231	30.2%	28,149	40.5%
Total Families	63,648	100.0%	69,424	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	167,235	100.0%	191,593	100.0%
Unemployment Rate	1.8%		7.0%	

Source: U.S. Census Bureau

TABLE 22

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
LFUCG EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Excluding Temporary, Seasonal, and Part-Time Employees)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administrative Services	129	94	47	49	76	78	79	74	77	76	79
General Government	66	66	67	69	65	67	67	71	72	72	70
Finance & Administration	68	65	69	70	73	74	73	71	74	70	74
Information Technology			44	52	52	51	49	54	52	50	52
General Services											
Parks & Recreation	140	139	138	144	146	144	139	139	136	131	129
Other	97	93	98	102	102	97	92	93	95	97	93
Law	37	40	39	42	23	23	23	21	20	18	23
Planning, Preservation, & Development		39	128	137	143	146	147	133	132	127	128
Public Safety											
Fire & Emergency Services											
Firefighters & Officers	500	520	566	560	565	558	568	623	625	624	619
Civilians	17	16	16	18	18	26	25	16	14	14	12
Police											
Officers	504	524	542	518	554	572	604	597	585	553	535
Civilians	127	126	122	112	87	104	112	105	109	109	119
Community Corrections	321	312	330	298	293	340	320	313	304	281	221
Other	81	80	68	74	73	92	91	74	76	65	63
Public Works & Development											
Other											
Environmental Quality & Public	508	484	451	453	468	475	488	504	493	487	468
Waste Management											
Water & Air Quality											
Other											
Social Services	94	96	96	98	108	109	114	111	108	110	99
	2,689	2,694	2,821	2,796	2,846	2,956	2,991	2,999	2,972	2,884	2,784

The following Departmental reorganization took place in FY2012:
Communications, Enterprise Solutions, Information Technology and PeopleSoft moved from Chief Information Officer to Administrative Services; Historic Preservation, Planning and Purchase of Development Rights moved from Public Works to Administrative Services; Risk Management moved from Law to Administrative Services; Budgeting moved from Administrative Services to Finance; Chief Development Administration was created under Chief Development Officer; Office of Economic Development moved from General Government to Chief Development Officer; Community Development changed to Grants and Special Projects and moved from Finance to Administrative Services; Human Resources moved from Finance to Law; Environmental Quality and Public Works were merged to form Environmental Quality & Public Works; Police and Fire Pension moved from Public Safety to Finance; Building Inspection moved from Public Works to Public Safety; Community Corrections, Police and Fire and Emergency Services moved to Public Safety.

Planning, Preservation, & Development was added in FY2013 and was previously included with Administrative Services.

The following Departmental reorganization took place in FY2014:
Division of Engineering moved from Environmental Quality & Public Works to Planning, Preservation & Development; Division of Code Enforcement and Division of Building Inspection moved from Public Safety to Planning, Preservation & Development; Computer Services & Division of Enterprise Solutions moved from Administrative Services to Chief Information Officer.

The following Departmental reorganization took place in FY2015:
The Division of Human Resources moved from Law and Risk Management to Administrative Services

In FY2016 the Chief Information Officer was changed to the Department of Information Technology. In addition, the Division of Security was moved from the Department of General Services to the Department of Public Safety.

In FY20 the Department of Planning, Preservation & Development was reorganized. The Division of Planning moved to Chief Development Officer. The Divisions of Water Quality, Building Inspection and Engineering moved to Environmental Quality & Public Works. The Divisions of Historic Preservation and Purchase of Development Rights moved to Administrative Services. In addition, the Division of 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 Divsions, 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire and Emergency Services										
Emergency Medical Calls	36,619	37,971	42,151	43,076	46,476	47,930	51,245	46,544	47,813	49,751
False Calls	2,585	2,983	3,077	2,898	2,915	3,108	3,154	3,074	3,118	3,290
Fire Incidents	1,293	1,226	1,249	1,248	1,364	1,125	1,028	1,154	1,091	1,113
Good Intent Calls	1,107	1,108	1,180	1,180	1,128	169	1,252	1,289	1,233	1,484
Hazardous Materials Calls	1,451	1,686	1,766	2,021	1,976	1,827	1,900	1,776	1,739	1,666
Other	44	54	40	34	46	32	25	36	36	24
Rescues	449	443	462	501	545	570	740	784	777	2,789
Rupture - Gas, Water, etc.	34	31	35	41	44	45	40	78	35	45
Service Calls	1,598	2,209	1,968	2,099	2,336	2,838	3,061	3,376	3,460	3,911
Police										
Physical Arrests	14,592	13,773	17,442	16,356	* 10,990	** 12,481	** 14,801	11,937	10,426	** 10,353
Parking Violations	47,201	46,709	43,055	45,360	48,776	43,305	44,488	40,141	33,561	39,074
Traffic Violations	40,478	48,193	44,795	36,561	37,635	37,173	47,019	33,150	27,282	19,264
Parks and Recreation										
Rounds of Golf	96,607	90,410	91,407	101,535	102,082	90,915	85,906	88,458	106,412	113,699
Pool Visits	169,820	142,062	145,911	167,351	152,466	137,855	141,382	0	67,303	**** 97,517
Building Inspection										
Permits Issued	13,860	16,141	15,363	16,653	*** 13,343	*** 9,752	*** 9,188	12,348	9,052	*** 9,101
Inspections	24,518	23,262	21,909	27,406	*** 13,517	*** 15,850	*** 18,951	22,098	20,737	*** 21,340
Sanitary Sewers										
Tap-on Inspections	861	897	930	786	811	573	584	872	515	473
Average daily sewage treatment (mgd)	39	42	41	41	33	35	47	43	38	41
Solid Waste										
Annual Tons of Refuse Collected	135,595	137,728	138,714	149,226	155,493	159,320	175,537	179,204	183,303	154,656
Annual Tons of Recyclables Collected	22,446	22,583	22,509	21,436	21,041	19,502	15,052	12,947	16,212	17,576
Annual Tons of Yard Waste Collected	20,492	19,984	21,609	21,933	24,053	21,425	29,181	16,789	12,446	15,079
Other Public Works										
Street Resurfacing (miles)	22	27	27	51	61	41	106	75	116	83

* The physical arrest data was based on the jail import data.
** The physical arrest data is based on ticket data.
*** In the prior fiscal years permits were counted as issued, in the new system permits are counted by address. In prior fiscal years inspections were counted, including drive-by inspections. The current system limits the number of inspections per day, eliminating drive-by inspections.
**** Due to COVID19 Public Pools did not open

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

TABLE 24

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire and Emergency Services										
Number of Fire Stations	23	23	23	23	23	23	23	24	24	24
Number of Engines	22	22	22	22	22	22	22	25	23	23
Number of Aerials	7	7	7	7	7	7	7	7	7	7
Number of EC Units	10	10	11	11	11	12	12	12	12	2
Number of Haz-Mat Units	2	2	2	2	2	2	2	1	1	2
Number of Special Operations*				1	1	1	1	9	9	9
Police										
Canine Facility	0	0	0	0	0	0	0	1	1	2
Stations	3	3	3	3	3 *	3 *	3 *	4	4	4
Patrol Units	424	424	430	457	480	517	550	522	562 *	553
Parks and Recreation										
Acres of Parks	4,282	4,282	4,282	4,282	4,282	4,273	4,273	4,276	4,295	4,317
Number of Golf Courses	5	5	5	5	5	5	5	5	5	5
Number of Swimming Pools	7	7	7	7	7	7	6	6	6	6
Sanitary Sewers										
Treatment Capacity (mgd)	64	64	64	64	64	64	64	64	64	64
Solid Waste										
Collection Trucks	119	116	118	123	135	127	128	132	129	128
Other Public Works										
Streets (miles)	1,638	1,641	1,652	1,663	1,667	1,673	1,669	1,675	1,687	1691
Acres in County	182,762	182,762	182,762	182,762	182,762	182,762	182,761	182,761	182,761	182,761
Acres in Urban Services Area	54,618	54,618	54,618	54,618	54,618	54,618	54,662	54,662	54,662	54,662
Traffic Signals	376	378	365	374	377	379	384	388	390	394

* Updated the number of Polic Stations FY2017-2019

Source: Department of Finance, Lexi

APPENDIX B
FINANCIAL INFORMATION WITH RESPECT TO THE BOARD

The Airport FY 2023 Audit provides information regarding the impact of the COVID-19 Pandemic on the Airport as of the date thereof, including, but not limited to, information available under the following sections:

- MANAGEMENT'S DISCUSSION AND ANALYSIS
  - Pg. 4: "Airport Activities and Highlights"
  - "Financial Operations and Highlights"
    - Pg. 8: "Revenue – Non-operating"
    - Pgs. 9-10: "FY 2022 Revenue and Expense Analysis"

The Board cannot predict the full economic impact that the COVID-19 Pandemic will ultimately have on the financial condition and operations of the Airport. The Board will continue to monitor the impact of the COVID-19 Pandemic on Airport revenues and operations and will implement additional expense containment and reduction measures if necessary.

****

[SEE ATTACHED]

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CPAs & ADVISORS

October 2, 2023

To the Board of Directors
Lexington-Fayette Urban County Airport Board

Please be advised that an error has been corrected in the Financial Statements of the Lexington-Fayette Urban County Airport Board (the "Board") for the year ended June 30, 2023 (the "FY 2023 Audited Financial Statements"), as originally released on September 27, 2023 (the "Original Release") as follows:

> The amount listed in the *Statement of Cash Flows* on pg. 17 of the Original Release, under the heading *"Reconciliation of loss from operations to net cash provided by operating activities"* for the line item *"Accounts payable"* has been corrected from $279,095 to $153,325. The amount of $125,770 was reclassified by the Board from general accounts payable to construction accounts payable, but the line item *"Accounts payable"* was not updated. The related subtotal calculated for *"Net cash provided by operating activities"* was based on $153,525 in the Original Release. No correction to such subtotal was needed.

All other information in the FY 2023 Audited Financial Statements remains unchanged. This correction does not affect our opinion included in the Independent Auditor's Report dated September 27, 2023 in the Original Release.

Respectfully

MCM CPAs & Advisors LLP

MCM CPAs & Advisors LLP

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LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
(A COMPONENT UNIT OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT)

FINANCIAL STATEMENTS
Year Ended June 30, 2023

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
(A COMPONENT UNIT OF THE LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT)
Lexington, Kentucky

FINANCIAL STATEMENTS
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Lexington-Fayette Urban County Airport Board

Report on the Financial Statements

Opinion

We have audited the financial statements of the Lexington-Fayette Urban County Airport Board (Airport), a component unit of Lexington-Fayette Urban County Government, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Airport as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of the Airport'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 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 Airport's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Lexington, Kentucky
September 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Lexington-Fayette Urban County Airport Board (Airport) owns and operates Blue Grass Airport. The following Management's Discussion and Analysis (MD&A) of the Airport's activities and financial performance provides an introduction and overview to the financial statements of the Airport for the fiscal year ended June 30, 2023 (FY 2023). The information contained in this MD&A should be considered in conjunction with the information contained in the Airport's financial statements and related notes which follow this MD&A.

AIRPORT ACTIVITIES AND HIGHLIGHTS

At the completion of FY 2023, the Airport continued to be served by four airline brands providing service to a total of 633,754 enplaned passengers. With the Airport now in the recovery stages from the peak of the COVID-19 pandemic, enplanements are rebounding. The Airport has not exceeded 2019 pre-pandemic levels yet but has been consistently progressing closer to those levels as the airlines have been adding flights back to the Airport.

During fall 2022, Avelo Airlines entered the Lexington market for several months offering non-stop service to Orlando and Tampa, Florida. These flights were cancelled in winter 2023 when the airline decided to terminate service due to a slower start-up than anticipated. However, additional air service announcements were made during FY 2023 regarding new non-stop flights between Lexington and Las Vegas on Allegiant. Those flights began in June 2023, and two airline announcements were made regarding new non-stop destinations being added in FY 2024. United Airlines announced non-stop daily flights between Lexington and Denver beginning September 29, 2023 and American Airlines announced non-stop weekly, seasonal flights between Lexington and Miami from November 2023 through March 2024.

The Airport is in the process of creating a new Master Plan, a tool to manage the Airport's development and operational sustainability. It is designed to meet future aviation demand and creates a strategic vision to accommodate the needs of the region. The plan covers five, 10 and 20-year horizons and is updated every ten years, all while following Federal Aviation Administration standards and incorporating feedback from the local aviation community and the general public. During this 18-month process, the Airport and its team will gather and analyze data about the existing facility, including physical and operational aspects as well as environmental and financial considerations.

Construction at the Airport continued and included the implementation of an Engineered Material Arresting System (EMAS) at the south end of Runway 4-22, the airport's primary runway. EMAS uses crushable material placed at the end of a runway to help safely stop an aircraft that overruns the runway. Installation of an EMAS bed at the northeast end of the runway is expected to be completed in FY 2024. The Airport was also recently awarded grant funding from the Bipartisan Infrastructure Law (BIL) to be used toward the purchase of additional passenger jet bridges.

In May 2023, in celebration of Mothers' Day, Blue Grass Airport opened a Mothers' Nursing Suite as a new amenity in the Airport terminal. Dedicated exclusively to nursing mothers, this suite provides a comfortable space for breastfeeding mothers while traveling with their families. This new facility eases challenges that mothers often experience when traveling and provides them with a private location.

The Airport continued to serve the region with quality air service in FY 2023, and it remains well-positioned to serve its stakeholders now and in the future.

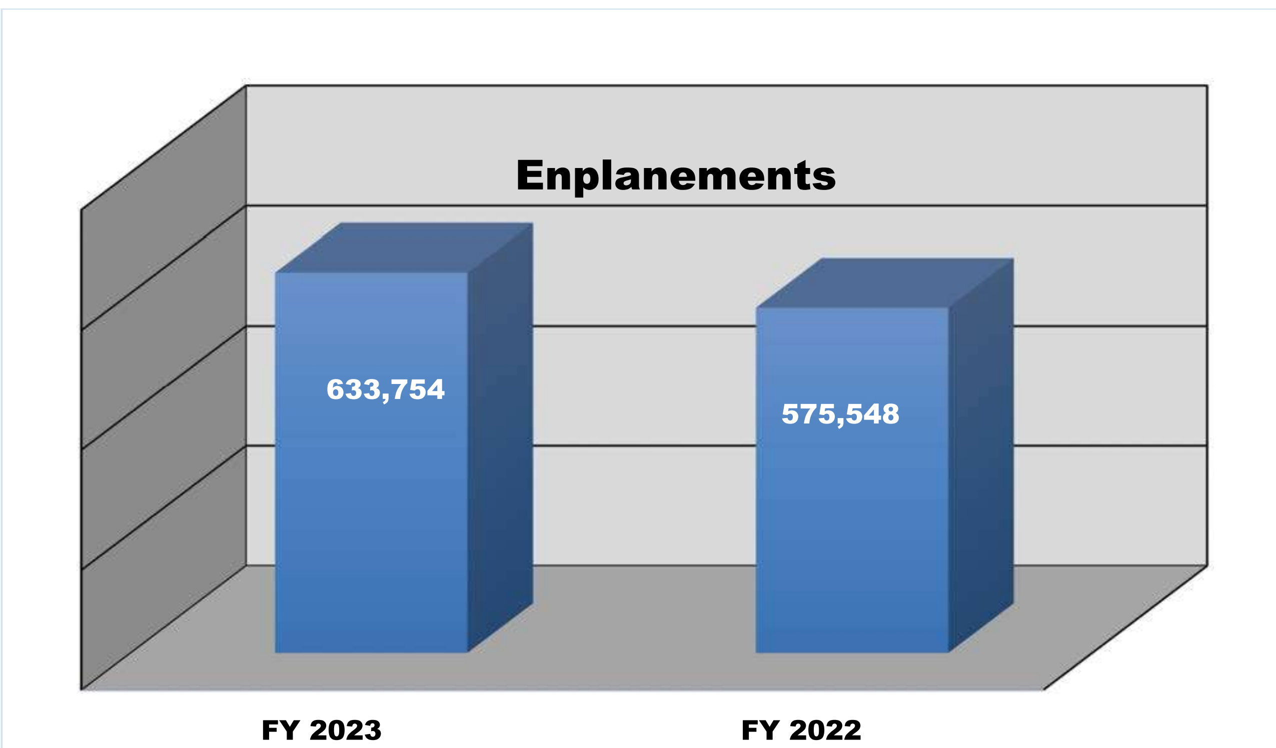
AIRPORT ACTIVITIES AND HIGHLIGHTS (Continued)

Operations Statistical Data

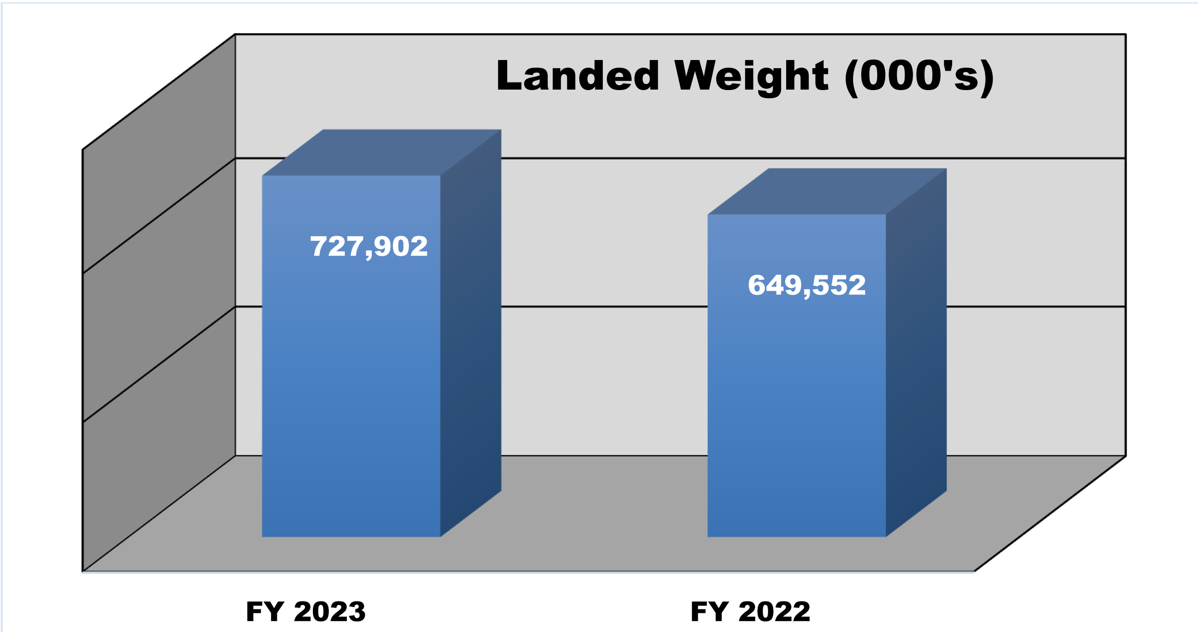
	FY 2023	FY 2022
Enplanements	633,754	575,548
Increase	58,206	234,186
% Increase	10.11%	68.60%
Landed weight (1,000 pounds)	727,902	649,552
Increase	78,350	146,300
% Increase	12.06%	29.07%
Aircraft operations - commercial	17,620	18,221
(Decrease) increase	(601)	2,634
% (Decrease) increase	(3.30%)	16.90%
Aircraft operations - general aviation	61,690	55,432
Increase	6,258	9,906
% Increase	11.29%	21.76%
Aircraft operations - military	2,177	1,784
Increase (decrease)	393	(114)
% Increase (decrease)	22.03%	(6.01%)

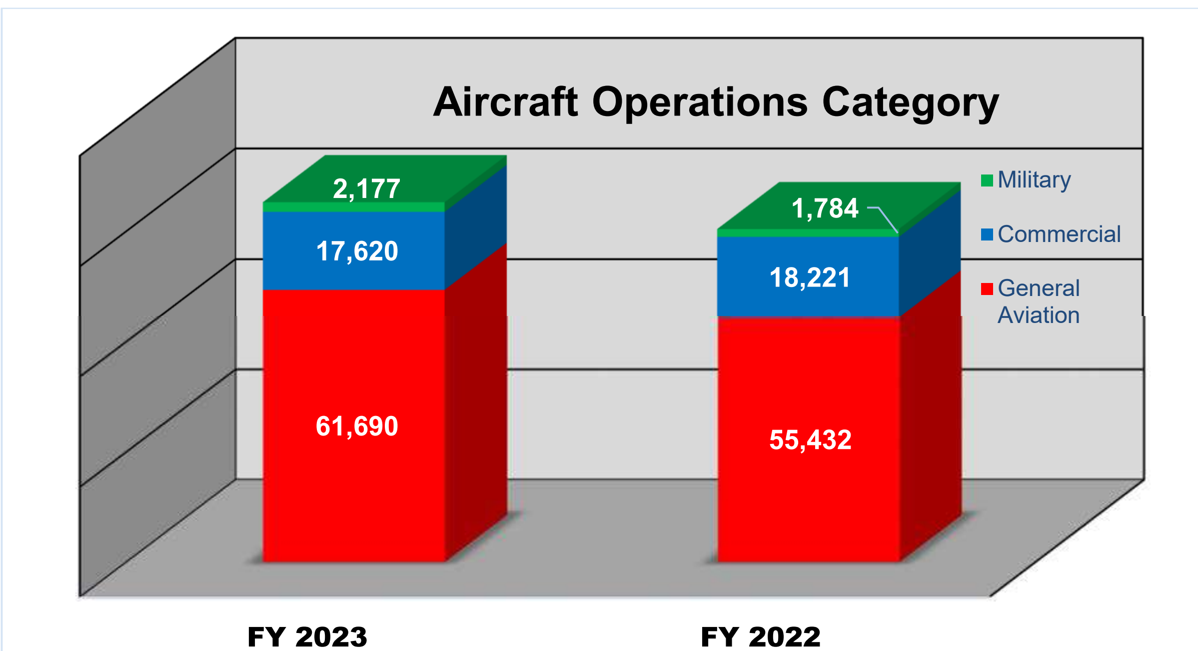
Enplanements represent the total number of passengers that boarded aircraft. Landed weight is the cumulative maximum gross weight, as defined by the aircraft manufacturer, of aircraft that have landed at the Airport. Aircraft operations are the cumulative number of takeoffs and landings.

STATISTICAL GRAPHS



STATISTICAL GRAPHS (Continued)





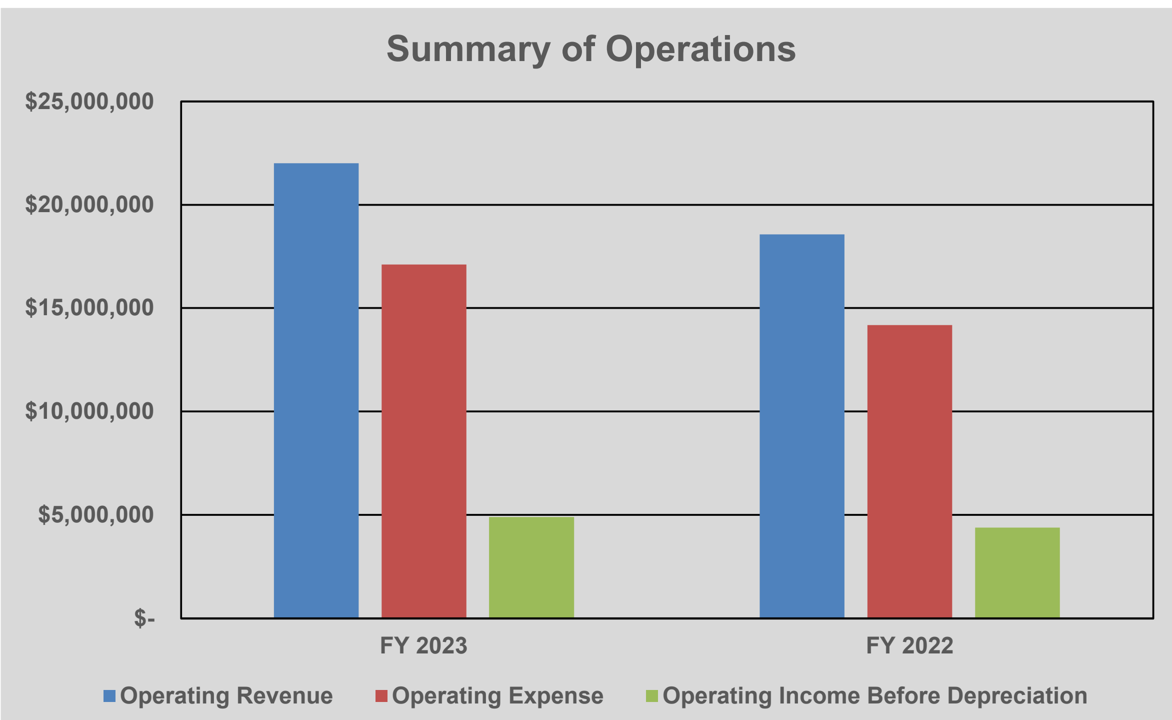
FINANCIAL STATEMENTS

The Airport's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as a single enterprise fund with revenues recognized when earned and expenses recorded at the time liabilities are incurred. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

FINANCIAL OPERATIONS AND HIGHLIGHTS

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	FY 2023	FY 2022
Operating revenue	$ 21,999,484	$ 18,573,376
Operating expenses	(17,107,821)	(14,186,919)
Operating income before depreciation expense	4,891,663	4,386,457
Depreciation expense	(12,880,053)	(12,251,905)
Loss from operations	(7,988,390)	(7,865,448)
Net non-operating revenue	3,856,540	7,831,705
Loss before capital grants	(4,131,850)	(33,743)
Capital grants	6,289,820	18,365,276
Increase in net position	$ 2,157,970	$ 18,331,533



FINANCIAL OPERATIONS AND HIGHLIGHTS (Continued)

REVENUE

A summary of the revenue for FY 2023 and FY 2022 is as follows:

	2023 Amount	2022 Amount	% Change 2023/2022
Operating			
Airline operations	$ 7,335,332	$ 6,747,592	8.71%
Parking	7,096,753	5,716,089	24.15%
Ground transportation	3,795,345	3,102,339	22.34%
Concessions	867,940	447,166	94.10%
General aviation	1,975,351	1,632,261	21.02%
Advertising	507,726	450,644	12.67%
Other	421,037	477,285	(11.78%)
Total operating	21,999,484	18,573,376	18.45%
Non-operating			
Passenger facility charges	2,496,522	2,333,950	6.97%
Contract facility charges	1,373,048	1,096,650	25.20%
COVID FAA relief grant	-	7,553,813	NA
Interest from leases	799,386	986,577	(18.97%)
Investment income, net of fees	979,608	545,408	79.61%
Net decrease in fair value of investments	(131,311)	(2,412,164)	94.56%
Insurance net proceeds	650,429	-	NA
Total non-operating	6,167,682	10,104,234	(38.96%)
Capital grants	6,289,820	18,365,276	(65.75%)
Total revenue	$ 34,456,986	$ 47,042,886	(26.75%)

EXPENSE

A summary of the expense for FY 2023 and FY 2022 is as follows:

	2023 Amount	2022 Amount	% Change 2023/2022
Operating:			
Administration	$ 7,165,900	$ 5,471,230	30.97%
General maintenance	4,265,641	3,308,291	28.94%
Safety, rescue and security	2,621,132	2,493,648	5.11%
Engineering	824,379	894,333	(7.82%)
Building maintenance	970,011	894,659	8.42%
Airport operations	1,260,758	1,124,758	12.09%
Total operating	17,107,821	14,186,919	20.59%

FINANCIAL OPERATIONS AND HIGHLIGHTS (Continued)

	2023 Amount	2022 Amount	% Change 2023/2022
Non-operating			
Interest expense and fees	2,311,142	2,272,529	1.70%
Total non-operating	2,311,142	2,272,529	1.70%
Depreciation	12,880,053	12,251,905	5.13%
Total expense	$ 32,299,016	$ 28,711,353	12.50%

FY 2023 REVENUE AND EXPENSE ANALYSIS

Operating revenue increased from $18.6 million in FY 2022 to $22.0 million in FY 2023, an increase of 18%. The increase in revenue is primarily due to the increase in passenger enplanements, which drives most of the operations revenue. Compared to prior year, enplanements increased by 10% and landed weight increased by 12%. The following describes the fluctuations of certain types of operating revenue:

- Airline operations revenue increased by $587,000 or 9%. This was driven by a 58,206, or 10% increase in enplanements and a 78,350, or 12% increase in landed weight. Although business travel is still lagging pre-COVID levels, the leisure market has shown strength and is helping drive enplanements to higher levels.
- The 10% increase in enplanements resulted in an increase in revenue in the following: Parking revenue increased by $1,381,000 or 24%. Ground transportation revenue increased by $693,000, or 22%;
- Concessions revenue increased by $421,000, or 94%. The increase in revenue can be attributed to an investment, made by the concessionaire on the Airport's behalf, of $332,000. The remaining increase is due to the increase in enplanements.

Operating expense increased from $14.2 million in FY 2022 to $17.1 million in FY 2023, an increase of 21%. The following describes the fluctuations of certain types of operating expense:

- Administration expenses increased by $1,695,000 or 31%. This was due to increased expenses in FY23 for IT expenses, marketing expenses for new air service, and salaries and benefits.
- General maintenance expenses increased by $957,000, or 29%. This was due to increased expenses for maintenance of the airfield, repair and replacement of HVACs, and salaries and benefits.
- Safety, rescue and security expenses increased by $127,000, or 5%. This was due to an increase in salaries and benefits.
- Engineering expenses decreased by $70,000, or 8%. This was due to a decrease in professional services.
- Building maintenance expenses increased by $75,000, or 8%. This was due to an increase in salaries and benefits.
- Airport operations expenses increased by $136,000, or 6%. This was due to an increase in salaries and benefits.

FINANCIAL OPERATIONS AND HIGHLIGHTS (Continued)

Net non-operating revenue decreased from $7.8 million in FY 2022 to $3.9 million in FY 2023, a decrease of 47%. The following describes the fluctuations of certain types of non-operating revenue:

- Due to the increase in enplanements, contract facility charges provided by car rentals increased $276,000, or 25%, and airline passenger facility charges increased by $163,000 or 7%.
- No additional COVID FAA relief grants were awarded in FY 2023.
- The Airport had net insurance proceeds of $650,000 from a windstorm in March 2023.
- Operating lease interest decreased $187,000, or 19% in FY 2023. Additional information for leases can be found in Note 3 to the financial statements.
- Due to the increase in interest rates, investment income increased $434,000, or 80% in FY 2023.

FINANCIAL POSITION HIGHLIGHTS

The following represents the Airport's financial position at June 30, 2023 and 2022. The Airport's assets exceeded liabilities by $175.5 million at June 30, 2023, a $2.2 million increase from June 30, 2022.

	FY 2023	FY 2022
Assets		
Current assets-unrestricted	$ 32,536,701	$ 30,428,046
Restricted assets	26,297,672	28,940,150
Long term assets-unrestricted	16,703,769	23,191,878
Capital assets	198,095,745	201,053,360
Deferred outflows of resources	676,101	845,127
Total assets and deferred outflows	$ 274,309,988	$ 284,458,561
Liabilities		
Current liabilities-payable from unrestricted assets	$ 1,838,577	$ 2,544,293
Current liabilities-payable from restricted assets	8,867,213	9,037,396
Noncurrent liabilities	65,519,213	70,337,790
Deferred inflows of resources	22,633,632	29,245,699
Total liabilities and deferred inflows	$ 98,858,635	$ 111,165,178
Net Position		
Net investment in capital assets	$ 126,059,009	$ 124,272,771
Restricted	24,799,809	27,352,809
Unrestricted	24,592,535	21,667,803
Total net position	$ 175,451,353	$ 173,293,383

FINANCIAL OPERATIONS AND HIGHLIGHTS (Continued)

LEASE RECEIVABLE

The Airport had lease receivables totaling $23,192,000 and total deferred inflow on leases totaling $22,498,000 at June 30, 2023. Additional information on the Airport's leases can be found in Note 3 to the financial statements.

CAPITAL ASSETS

Major capital projects in progress and expenditures incurred during FY 2023 included the following:

	FY 2023	Cumulative
Airport Rescue Firefighting Training Center Modernization	$ 2,347,000	$ 2,375,000
Hangar 40 Construction	1,457,000	2,877,000
Masterplan Plan Update	1,415,000	1,722,000
Runway 22 Runway Safety Area Improvements	1,190,000	1,190,000

The Airport Rescue Firefighting Training Center (ARFFTC) is a training facility used to provide airport firefighters the training specific to the needs of the airport community. ARFFTC Modernization is a $9 million project funded approximately 90% by grants with the FAA with a 10% matching contribution from the Airport. The modernization that the ARFFTC is undergoing is replacing systems and equipment that are over twenty-five years old.

Hangar 40, completed in FY 2023, was constructed to meet the growing demand for general aviation hangars. Hangar 40 is a 3-unit hangar approximately 80' deep and 240' long.

The Airport began undertaking a new Master Plan in FY 2022. The Master Plan is a strategic study which forecasts future aviation activity and creates a vision to accommodate the needs of the region. It will include a comprehensive assessment of core infrastructure needs. In conjunction with the Federal Aviation Administration (FAA), a plan will be developed to provide short-term and long-term improvements. The Master Plan is being funded approximately 90% by grants with the FAA with a 10% matching contribution from the Airport and is scheduled to be completed during FY 2024.

Runway 22 Runway Safety Area Improvements project adds an Engineered Material Arresting System (EMAS) to the northeast end of the runway. EMAS safety blocks are a device used at the end of the runway to reduce the risk of any overrun off the end of the runway. This safety project is being funded approximately 90% by grants with the FAA with a 10% matching contribution from the Airport and is scheduled to be completed during FY 2024.

The Airport has outstanding construction contract commitments totaling $27,243,583. Over $24,000,000 will be funded by grants with the FAA with the remaining amount to be paid by the Airport.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method.

Additional information on the Airport's capital assets can be found in Note 4 to the financial statements.

FINANCIAL OPERATIONS AND HIGHLIGHTS (Continued)

BONDS PAYABLE

Total bonds payable at June 30, 2023 were $69,455,000. Fixed rate bonds make up approximately 92% of the Airport's debt structure with $64,055,000 in fixed rate bonds at June 30, 2023. Variable rate debt was $5,400,000 at June 30, 2023. The index interest rate for the variable rate bonds is based ((1-month SOFR plus 0.1%) multiplied by 80% plus 1%). The variable rate at June 30, 2023 was 5.1322%.

The Airport is planning to issue approximately $63,115,000 of General Airport Revenue and Revenue Refunding Bonds before the end of calendar year 2023. Approximately $28,000,000 of the bonds will be used to refund the 2009 Series B Bonds and 2019 Series A Bonds. The remaining bond funds of $35,115,000 will be used to provide funds for future capital expenditures.

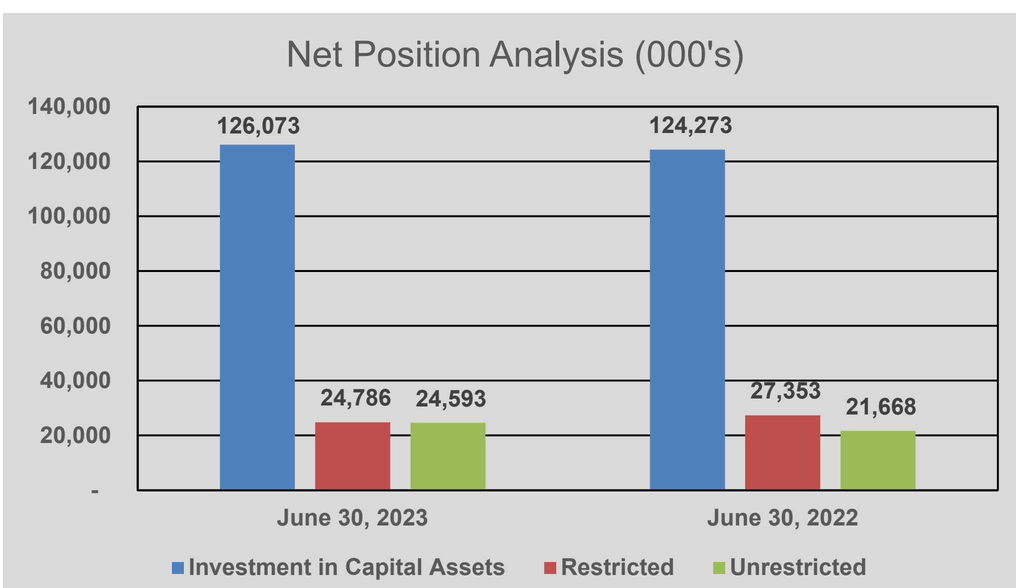
Additional information regarding bonds payable is provided in Note 5 to the financial statements.

NET POSITION

The largest portion of the Airport's net position each year (71.9% at June 30, 2023 and 71.7% at June 30, 2022) represents its investment in capital assets, net of accumulated depreciation (e.g., land, buildings, improvements, and equipment). The investment in capital assets is offset by the related debt used to acquire those assets, net of any unspent bond proceeds. The Airport uses these capital assets to provide services to its passengers and visitors; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, the resources required to repay this debt must be provided annually from operating and Passenger Facility Charge revenues, since it is unlikely the capital assets themselves will be sold to pay liabilities.

An additional portion of the Airport's net position (14.1% at June 30, 2023, and 15.8% at June 30, 2022) are restricted and represent bond reserve and project funds that are subject to external restrictions on how they can be used under bond resolutions. Also included are Passenger Facility Charges received from the airlines and Contract Facility Charges received from the rental car companies that are restricted for the funding of eligible capital projects and the related debt service. Also included are accounts receivable for federal grants that restrict the use of monies for eligible capital projects.

Unrestricted net assets (14.0% of the Airport's net position at June 30, 2023, and 12.5% at June 30, 2022) consist of resources that do not meet the definition of "restricted" or "net investment in capital assets".



SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents for the past two years. Cash and cash equivalents include cash-on-hand, bank deposits, and highly liquid investments with an original maturity of 90 days or less.

	FY 2023	FY 2022
Net cash provided by operating activities	$ 4,406,835	$ 4,259,190
Net cash provided by noncapital financing activities	-	7,553,813
Net cash used by capital and related financing activities	(4,231,861)	(12,864,833)
Net cash used by investing activities	(4,739,210)	(5,247,128)
Net decrease in cash and cash equivalents	(4,564,236)	(6,298,958)
Cash and cash equivalents, beginning of year	14,403,039	20,701,997
Cash and cash equivalents, end of year	$ 9,838,803	$ 14,403,039

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Vice President of Administration and Finance, Lexington-Fayette Urban County Airport Board, 4000 Terminal Drive, Suite 206, Lexington, KY 40510.

FINANCIAL STATEMENTS

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
STATEMENT OF NET POSITION
June 30, 2023

Assets	
Current assets - unrestricted	
Cash and cash equivalents	$ 2,214,704
Investments	20,356,475
Accounts receivable	2,521,635
Lease receivable	6,487,922
Accrued interest receivable	127,747
Other assets	828,218
Total current assets	32,536,701
Restricted assets	
Cash and cash equivalents	7,624,099
Investments	13,832,446
Accounts receivable	605,519
Accrued interest receivable	97,467
Grants receivable	4,138,141
Total restricted assets	26,297,672
Noncurrent assets - unrestricted	
Lease receivable	16,703,769
Capital Assets	
Capital assets not being depreciated	27,733,937
Capital assets being depreciated	365,125,639
Accumulated depreciation	(194,763,831)
Total net capital assets	198,095,745
Deferred outflows of resources	
Deferred amount on refunding	676,101
Total assets and deferred outflows	$ 274,309,988

See accompanying notes to financial statements.

Liabilities	
Current liabilities (payable from unrestricted assets)	
Accounts payable	$ 813,784
Accounts payable - construction	358,549
Accrued payroll and benefits	443,636
Unearned revenue	222,608
Total current liabilities (payable from unrestricted assets)	1,838,577
Current liabilities (payable from restricted assets)	
Current portion of bonds payable	4,740,000
Accounts payable - construction	3,017,627
Accrued interest payable	1,109,586
Total current liabilities (payable from restricted assets)	8,867,213
Total current liabilities	10,705,790
Noncurrent liabilities	
Accrued post-employment benefits	310,918
Bonds payable	65,208,295
Total noncurrent liabilities	65,519,213
Deferred inflows of resources	
Deferred amount on refunding	135,192
Deferred inflow on leases	22,498,440
Total deferred inflows of resources	22,633,632
Total liabilities and deferred inflows	98,858,635
Net position	
Net investment in capital assets	126,059,009
Restricted for debt service	20,661,668
Restricted for capital projects	4,138,141
Unrestricted	24,592,535
Total net position	175,451,353
Total liabilities, deferred inflows and net position	$274,309,988

See accompanying notes to financial statements.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2023

Operating revenue	
Airline operations	$ 7,335,332
Parking	7,096,753
Ground transportation	3,795,345
Concession	867,940
General aviation	1,975,351
Advertising	507,726
Other	421,037
Total operating revenue	21,999,484
Operating expense	
Administration	7,165,900
General maintenance	4,265,641
Safety, rescue and security	2,621,132
Engineering	824,379
Building maintenance	970,011
Airport operations	1,260,758
Total operating expense	17,107,821
Operating income before depreciation expense	4,891,663
Depreciation expense	12,880,053
Loss from operations	(7,988,390)
Non-operating revenue (expense)	
Passenger facility charges	2,496,522
Contract facility charges	1,373,048
Interest on leases	799,386
Investment income, net of fees	979,608
Net loss in fair value of investments	(131,311)
Insurance net proceeds	650,429
Interest expense and fees	(2,311,142)
Net non-operating revenue	3,856,540
Capital grants	6,289,820
Increase in net position	2,157,970
Net position, beginning of year	173,293,383
Net position, end of year	$175,451,353

See accompanying notes to financial statements.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

Cash flows from operating activities	
Receipts from customers	$ 20,904,329
Payments to suppliers	(7,793,537)
Payments to employees	(9,189,525)
Other receipts	485,568
Net cash provided by operating activities	4,406,835
Cash flows from capital and related financing activities	
Proceeds from capital grants	8,974,734
Passenger facility charges	2,459,621
Contract facility charges	1,360,936
Principal paid on bonds	(4,690,000)
Interest and fees paid on bonds	(2,193,345)
Proceeds from insurance	949,948
Acquisition and construction of capital assets	(11,093,755)
Net cash used by capital and related financing activities	(4,231,861)
Cash flows from investing activities	
Interest received on investments	1,582,602
Purchase of investments	(20,505,938)
Proceeds from sales and maturities of investments	14,184,126
Net cash used by investing activities	(4,739,210)
Net decrease in cash and cash equivalents	(4,564,236)
Cash and cash equivalents, beginning of year	14,403,039
Cash and cash equivalents, end of year	$ 9,838,803
Reconciliation of loss from operations to net cash provided by operating activities	
Loss from operations	$ (7,988,390)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	12,880,053
Bad debt expense	2,517
Increase (decrease) due to changes in:	
Accounts receivable	(302,317)
Other assets	(86,320)
Accounts payable	153,325
Unearned revenue	(309,787)
Accrued payroll and benefits	57,754
Net cash provided by operating activities	$ 4,406,835
Supplemental schedule of noncash transactions	
Change in construction in progress included in accounts payable	$ 871,438

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: The Lexington-Fayette Urban County Airport Board (Airport) operates under, and in accordance with, Chapter 183 of the Kentucky Revised Statutes. It owns and operates the Blue Grass Airport. The Airport is a component unit of the Lexington-Fayette Urban County Government (LFUCG) and its financial statements are included in LFUCG's Comprehensive Annual Financial Report as a discreetly presented component unit. The Board is composed of ten members appointed by the Mayor, including a designated officer of the LFUCG and two members who live within a three-mile radius of the Airport, in accordance with terms set forth in the Kentucky Revised Statute 183.132 (8).

The Airport is a political subdivision of the Commonwealth of Kentucky, created in 1946, and has been established in order to ensure observance of limitations and restrictions placed on the uses of the Airport. The Board of Directors provides for the management and operation of the Airport by employing a President & CEO and such staff as is deemed necessary to properly operate, develop and maintain the Airport.

A variety of federal, state and local laws, agreements and regulations govern operations at the Airport. The Federal Aviation Administration (FAA) has jurisdiction over aviation operations generally, as well as certain environmental matters. Pursuant to the Airport and Airway Improvement Act of 1982 and other statutes, the Airport is constrained from transferring Airport revenues to the LFUCG. This restriction is embodied in the federal grant agreements entered into by the Airport. Additionally, federal law governs the reasonableness of fees that may be charged for the use of Airport facilities, further governs Airport noise limits, and imposes certain other restrictions on Airport operations.

Basis of Accounting and Accounting Presentation: This summary of significant accounting policies is presented to assist in understanding the Airport's financial statements. The financial statements and accompanying notes are representations of the Airport's management who is responsible for their integrity and objectivity.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Proprietary Fund Type: The Airport operates as an Enterprise Fund, a type of Proprietary Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Airport's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is classified into three components - net investment in capital assets; restricted for debt service/restricted for capital projects; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component represents its investment in capital assets, net of accumulated depreciation. The investment in capital assets is offset by the related debt used to acquire those capital assets and accounts payable for construction, net of any unspent bond proceeds.
- Restricted for debt service/capital projects - This component includes bond reserve and project funds that are subject to external restrictions on how they can be used under bond resolutions. Also included are Passenger Facility Charges received from airlines and Contract Facility Charges received from car rental companies that are restricted for the funding of eligible capital projects and the related debt service. Also included are accounts receivable for federal grants that restrict the use of monies for eligible capital projects.
- Unrestricted - This component consists of resources that do not meet the definition of "restricted" or "net investment in capital assets."

Restricted Assets: Restricted assets include monies held in debt service reserve accounts and unspent bond proceeds, resources set aside for the payment of the related bonds and passenger facility charges and contract facility charges that are restricted for the funding of eligible capital projects and the related debt service, and accounts receivable from federal grants that are restricted for capital projects.

Cash Equivalents: Cash equivalents are defined as short-term, highly liquid investments which are readily convertible to cash and that have an original maturity of 90 days or less.

Investments: Investments are recorded at fair value. The unrealized loss on investments was $2,287,231 on June 30, 2023.

Lease Receivable and Deferred Inflow of Leases: The Airport, as a lessor, accounts for its leases in accordance with GASB Statement No. 87, Leases. The Airport recognizes a lease receivable and a deferred inflow on leases at commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease period. The deferred inflow on leases is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. Revenue from the included leases is recognized by amortizing the deferred inflow on a straight-line basis. See Note 3 to the financial statements for additional information.

Capital Assets: Capital assets are stated at cost. Construction in progress consists of the costs of construction contracts and direct engineering costs incurred in the design and construction of Airport properties.

Depreciation of capital assets is provided on all depreciable assets, including those acquired with construction and equipment grants, over the estimated useful lives of the respective assets using the straight-line method. No depreciation is provided on construction in progress until construction is complete and the asset is placed in service. The capitalization threshold for expenditures is $30,000. Estimated useful lives are as follows:

▪ Land improvements	5 - 40 years
▪ Structures and other improvements	10 - 40 years
▪ Equipment	3 - 10 years

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources on Refunding: The deferred amount of refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and is being charged to interest expense over the life of the refunding debt using the straight-line method.

Deferred Inflows of Resources on Refunding: The deferred amount of refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and is being credited to interest income over the life of the refunding debt using the straight-line method.

Bonds Payable: Bonds payable are recorded at the principal amount outstanding, plus unamortized bond premium. Amortization of bond premium is computed on the straight-line method (which approximates the effective-interest method) over the lives of the related bonds. Bond issuance costs are expensed as incurred.

Operating and Non-operating Revenues and Expenses: Revenues from landing fees, terminal space rental, auto parking, car rental, and concession fees are reported as operating revenues. Transactions which are capital, financing or investing related are reported as non-operating revenues. The Aviation Safety and Capacity Expansion Act of 1990 authorized domestic Airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFC's and Contract Facilities Charges (CFC's) are collected and remitted by the airlines and car rental agencies, respectively, and are recognized as revenue as they are earned, and are included in non-operating revenues. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Airport's major expenses include salaries and employee benefits, maintenance and other expenses such as utilities, professional services and insurance. It is the Airport's policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

Compensated Absences: Full-time employees may earn from 120 to 384 paid time off (PTO) hours annually, depending on their length of employment and classification. There is no limit on the amount of unused PTO hours employees may roll over. Employees also have the option to be paid up to 168 hours of unused PTO in July each year. Liabilities for PTO payouts are accrued at June 30th for the amount of PTO paid out in July.

Full-time employees earn from 96 to 136 Family Medical Leave Time hours annually. Family Medical Leave Time may only be used for approved Family Medical Leave Act events or Discretionary Leave events approved by the President & CEO. Employees can carry forward up to a maximum of 560 hours of Family Medical Leave Time for use in subsequent years. Family Medical Leave Time will not be paid out to an employee upon separation for any reason. Therefore, the Airport has accrued a liability based on the average hours of Family Medical Leave Time taken the past two years. The Liability is accrued at current rates of compensation.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposit and Investment Policy

The Airport's deposit and investment policy provides that the specific investment objectives shall be 1) the investment of the Airport's assets in securities which shall provide a reasonable rate of total return with a primary emphasis placed upon the preservation of principal, and 2) to establish an investment portfolio that remains sufficiently liquid to enable the Airport to meet operating requirements that might be reasonably anticipated. The Airport's investments policy is guided by the provisions of KRS 66.480.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The deposit and investment policy of the Airport adheres to state statutes, related trust indentures, and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either the statutes or the policy of the Airport.

Cash

The following is a summary of the Airport's cash on deposit with financial institutions:

	FY 2023
Unrestricted	$ 3,739,814
Restricted	1,035,957
Total cash	$ 4,775,771

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Airport will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. As of June 30, 2023, $0 of the Airport's cash balances were exposed to custodial credit risk because cash balances of $867,840 were insured by the FDIC and cash balances of $3,907,931 were collateralized by securities held in the Airport's name.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash Equivalents and Investments

Unrestricted and restricted cash equivalents and investments of the Airport as of June 30, 2023 were as follows:

		Percentage of Total	Duration	Standard & Poors Rating	Moody's
Unrestricted cash equivalents					
Government Cash Reserves	$ 49,650	0.1%	N/A	N/A	N/A
Unrestricted investments					
Mortgage-Backed Securities	5,721,109	14.0%	7/25/23-12/16/63	NR/AA+	NR/Aaa
Corporate Bonds	4,309,478	10.6%	11/15/23-10/31/82	A/A-/A+/AA/AA-BB+/BBB/BBB-/BBB+/NR	A1/A2/A3Aa2/Aa3/Ba1/Baa1/Baa2/Baa2u/NR
Collateralized Loan Obligations	192,611	0.5%	7/18/31-7/20/31	NR	Aaa
US Treasury Notes	6,606,079	16.2%	8/17/23-5/15/28	AA+	Aaa
US Agency Bonds	1,425,304	3.5%	9/23/24-1/25/36	AA+	Aaa
Exchange Traded Funds	2,101,894	5.1%	NA	NR	NR
Total unrestricted investments	20,356,475	50.0%			
Restricted cash equivalents					
Government Cash Reserves	6,588,142	16.1%	N/A	N/A	N/A
Restricted investments					
Mortgage-Backed Securities	6,263,859	15.3%	7/25/23-12/16/63	AA+/AAA/NR	Aaa/NR
Corporate Bonds	1,695,560	4.2%	1/15/24-10/31/82	A/A-/A+/AA-/AA/BB+BBB+/BBB-/BBB	A1/A2/A3/Aa2/Aa3/Ba1/Baa1 Baa2/NR/WR
Collateralized Loan Obligations	192,611	0.5%	7/18/31-7/20/31	Aaa	NR
US Treasury Notes	3,524,440	8.6%	7/13/23-5/15/28	AA+	Aaa
US Agency Bonds	1,204,034	2.9%	2/8/24-2/17/32	AA+/NR	Aaa
Exchange Traded Funds	951,942	2.3%	NA	NR	NR
Total restricted investments	13,832,446	33.9%			
Total cash equivalents and investments	$ 40,826,713	100.0%			

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial credit risk for cash equivalents and investments is the risk that, in the event of the failure of the counterparty to a transaction, the Airport will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Airport's cash equivalents and investments are uninsured and unregistered, but are held in the Airport's name; therefore, none of the cash equivalents and investments are subject to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The Airport does not have a formal policy on interest rate risk but maintains an average weighted life on its investment portfolio of 5 years or less to comply with trust indentures and to limit the exposure to interest rate market risks. The investment portfolio as of June 30, 2023, had an average duration of 2.42 years.

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Airport places no limit on the amount that the Airport may invest in any one issuer.

Fair Value Measurement

The Airport categorizes its fair value measurements within the fair value hierarchy by the following three levels of inputs:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; matrix pricing technique, such as used by the Airport, or other inputs that are observable or can be corroborated by observable market data.
- Level *3:* Significant unobservable inputs that reflect the reporting entity's own assumptions about the fair value of an asset or liability.

The Airport has the following fair value measurements as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities				
US Treasury Notes	$ 10,130,519	$ 10,130,519	$ -	$ -
US Agency Bonds	2,629,338	-	2,629,338	-
Corporate Bonds	6,005,038	-	6,005,038	-
Collateralized Loan Obligations	385,222	-	385,222	-
Exchange Traded Funds	3,053,836	-	3,053,836	-
Mortgage-Backed Securities	11,984,968	-	11,984,968	-
Total investments by fair value level	$ 34,188,921	$ 10,130,159	$ 24,058,402	$ -

NOTE 3 - LESSOR AIRPORT TENANT AGREEMENTS

For the purposes of GASB Statement No. 87, Airport leases have been categorized as follows:

1. GASB Statements No. 87 - Included
2. GASB Statement No. 87 Leases - Excluded Leases - Regulated
3. GASB Statement No. 87 Leases - Excluded - Others

GASB Statement No. 87 Leases - Included: The Airport recognizes a lease receivable and a deferred inflow of leases the Airport categorizes as GASB Statement No. 87 Leases - Included. The lease receivable activity for FY 2023 is as follows:

	Beginning Balance	Receivable Reduction	Ending Balance	Implied Interest	Annual Lease Payments*
Total of GASB No. 87 - Included	$29,540,378	$6,348,687	$23,191,691	$799,386	$7,148,073

*Annual Lease Payment = Receivable Reduction + Implied Interest
The lease receivable was discounted to the net present value by using a 3% implied interest rate.

The deferred inflow on lease activity for FY 2023 is as follows:

	Beginning Balance	Deferred Revenue Recognized	Ending Balance
Deferred Inflows on Leases	$29,093,610	$6,595,170	$22,498,440

There are five (5) areas of revenue operations that are included in the GASB Statement No. 87 Leases - Included receivable calculation as follows:

Automobile Rental Business: The Airport is currently in a five (5) year concession, lease, and operating agreement with three different rental car companies: Avis Budget Car Rental, LLC (dba Avis and Budget), EAN Holdings (dba Enterprise Rent-A-Car, National Car Rental, and Alamo Rent a Car), and The Hertz Corporation (dba Hertz and Dollar Rent a Car). The leases all commenced on July 1, 2020 and will end on June 30, 2025.

The terms of these agreements include four (4) revenue components:

1. Rent for use of the Airport's Rental Car Service Counter.
2. Rent for use of the Airport's Ready/Return Parking Lot.
3. Ground lease rent of the Airport's Rental Car Maintenance Facility.
4. Concessionaire fee based on concession sales. The fee is either a percent of concession sales or the contracted Minimum Annual Guarantee payment, whichever is greater. The lease receivable calculation is based on the Minimum Annual Guarantee.

The agreements may be extended for one (1) five (5) year period but must be mutually agreed upon and therefore, the extension is not included in the calculation of the lease receivable.

Ground Lease Parking: The Airport is currently in a twenty (20) year ground lease agreement with EAN Holdings, LLC for use of Airport property located on Air Freight Dr. The lease commenced on July 1, 2019 and ends on June 30, 2039 with no extension options.

NOTE 3 - LESSOR AIRPORT TENANT AGREEMENTS (Continued)

Terminal Space: The Airport currently has a property lease agreement with General Services Administration/Transportation Security Administration for the use of 3,478 square feet located in the Airport's terminal. The original lease expired January 15, 2019 but an option was executed which began on January 16, 2019 and will end on January 15, 2024, with no extension options.

Food and Beverage Concessionaire: The Airport is currently in a food and beverage concessionaire agreement with DN LEX, LLC (a subsidiary of Delaware North). The amended lease commenced on July 1, 2020 and ends on June 30, 2032 and there are no options for future years. The terms of this agreement includes a minimum annual guarantee payment of $300,000 or a percent of concessions sales, whichever is greater.

Parking Concessionaire: The Airport is currently in a concessionaire agreement with Republic Parking for concessions of public parking and luggage cart rental. The lease commenced on February 1, 2016 and ends on June 30, 2027 with an option for a five (5) year extension upon mutual agreement by both parties. The five (5) year option is not included in the lease receivable calculation. The terms of this agreement include a minimum annual guarantee payment of $4,000,000 or a percent of concessions sales, whichever is greater.

Future minimum lease payments of all GASB Statements No. 87 Leases - Included are as follows:

Years	Net Present Value	Discount (3%)	Total
FY 2024	$ 6,487,922	$ 606,497	$ 7,094,619
FY 2025	6,607,654	410,749	7,018,403
FY 2026	4,088,514	246,971	4,335,485
FY 2027	4,212,870	122,614	4,335,484
FY 2028	285,547	49,937	335,484
FY 2029 - FY 2033	1,275,376	117,204	1,392,580
FY 2034 - FY 2038	189,728	21,729	211,457
FY 2039	44,080	720	44,800
Total	$ 23,191,691	$ 1,576,421	$ 24,768,112

GASB Statement No. 87 Leases - Excluded Leases - Regulated: In accordance with GASB Statement No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to the laws, regulations, or legal rulings. Regulated aviation leases between Airports and aeronautical users are regulated by the U.S. Department of Transportation and the Federal Aviation Administration. Regulated leases include the following:

Airline Use and Lease Agreement Signatory Airlines: The Airport has month-to-month Operating Permits with four (4) airlines that details the rights, services, and privileges each airline has with use of the airport and its facilities.

General Aviation and Property Agreements: The Airport has leases, all with various dates for hangars, ground rental and building rentals located on Airport property. Most of the hangar agreements with tenants are on a month-to-month basis. The other leasing agreements are multi-year agreements with scheduled rent increases included.

NOTE 3 - LESSOR AIRPORT TENANT AGREEMENTS (Continued)

Future minimum lease payments are as follows:

FY 2024	$ 350,547
FY 2025	297,734
FY 2026	197,225
FY 2027	121,500
FY 2028	121,500
FY 2029 - FY 2033	298,125
FY 2034 - FY 2038	270,000
FY 2039 - FY 2042	189,000
Total future minimum rental revenue	$ 1,845,631

Fixed-Base Operator: The Airport is currently in a Fixed Base Operator (FBO) Lease and Development Agreement with Signature Flight Support. The original lease with TAC Air commenced on July 1, 2009 and ends on July 1, 2029. This lease was assigned to Signature Flight Support on June 1, 2022. There are no additional options with this agreement. The terms of this agreement include annual lease payments for ground rent and hangars of $586,977 for FY 2023. The rent is adjusted by Consumer Price Index (CPI) every three (3) years. The Airport also receives commission payments from this agreement for the sales of food and beverage, fuel sales, and other miscellaneous sales at the FBO.

Future minimum lease payments are as follows:

FY 2024	$ 586,977
FY 2025	586,977
FY 2026	586,977
FY 2027	586,977
FY 2028	586,977
FY 2029	586,977
Total future minimum rental revenue	$ 3,521,862

GASB Statement No. 87 Leases - Excluded Leases - No Fixed Payments: In accordance with GASB No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for leases that do not have fixed rent payments but collect variable payments based on current year activities. The Airport has two leases that are based on yearly activities and have no fixed rent payment associated with the leases.

Bourbon Store - Terminal Space: The Airport currently has a property lease agreement with Wines Vines & Corks LLC for terminal space to operate a Bourbon Store. The original lease for five (5) years expired November 30, 2021, but an additional five (5) year option was executed, which began on December 1, 2021 and ends on November 30, 2026. The terms of the agreement include a concessionaire fee based on the number of enplanements that come through the airport on an annual basis. Since there is no minimum annual guarantee with this lease, the lease is not included in the lease receivable calculation. Total revenues related to the Bourbon Store for the year ended June 30, 2023 were $36,055.

Gift Shop - Terminal Space: The Airport currently has a property lease agreement with the Paradies Shops, LLC for terminal space to operate a two (2) gift shops. The original lease expired June 30, 2021 but was extended for an additional three (3) years and ends on June 30, 2024. The terms of the agreement include a concessionaire fee based solely on concession sales and does not include a minimum annual guarantee. Since there is no minimum annual guarantee with this lease, the lease is not included in the lease receivable calculation. Total revenues related to the Gift Shop for the year ended June 30, 2023 were $273,676.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for FY 2023 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated:					
Land improvements	$ 115,820,022	$ 83,347	$ -	$ 1,179,549	$ 117,082,918
Structures and other improvements	213,006,019	339,073	655,997	1,588,268	214,277,363
Equipment	31,890,620	703,806	129,456	1,300,388	33,765,358
Total capital assets being depreciated	360,716,661	1,126,226	785,453	4,068,205	365,125,639
Capital assets not being depreciated:					
Land	20,213,806	-	-	-	20,213,806
Construction in progress	2,488,417	9,099,919	-	(4,068,205)	7,520,131
Total capital assets not being depreciated	22,702,223	9,099,919	-	(4,068,205)	27,733,937
Less accumulated depreciation:					
Land improvements	42,592,761	5,042,558	-	-	47,635,319
Structures and other improvements	129,311,275	5,799,211	355,998	-	134,754,488
Equipment	10,461,488	2,038,284	125,748	-	12,374,024
Total accumulated depreciation	182,365,524	12,880,053	481,746	-	194,763,831
Net capital assets	$ 201,053,360	$ (2,653,908)	$ 303,707	$ -	$ 198,095,745

As of June 30, 2023, several uncompleted construction projects funded in-part by Federal grants and Airport funds. Upon completion and final approval by the Inspector General, these projects will be closed out and a final account will be rendered. Outstanding construction contract commitments are $27,243,583 on June 30, 2023. Of this amount, Federal grants will fund approximately $24,500,000 of the outstanding commitments. The remaining balance to be funded by the Airport.

NOTE 5 - BONDS PAYABLE

The following is a summary of the changes in the principal amount of bonds payable during FY 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General bonds	$ 68,745,000	$ -	$ 4,690,000	$ 64,055,000	$ 4,740,000
Bonds from direct placements	5,400,000	-	-	5,400,000	-
Total borrowings	$ 74,145,000	$ -	$ 4,690,000	$ 69,455,000	$ 4,740,000

The Airport's outstanding bonds from direct placements of $5,400,000 contain a provision that in an event of default, bonds shall bear interest at Default Rate (base rate + 4%) and outstanding amounts become immediately due.

NOTE 5 - BONDS PAYABLE (Continued)

Bonds payable at June 30, 2023 are as follows:

2009 Reissued Series B, Variable Rate General Airport, Direct Placement Revenue Refunding Bonds (AMT)	$ 5,400,000
2016C Series C, Fixed Rate General Airport, Revenue & Revenue Refunding Bonds (Federally Taxable) due through July 2036 with coupon rates ranging from 1.05%-3.85%	26,235,000
2016D Series D, Fixed Rate General Airport, Revenue Bonds (non AMT) due through July 2036 with coupon rates ranging from 3%-5%	4,455,000
2016E Series E, Fixed Rate General Airport, Revenue Refunding Bonds (non-AMT) due through July 2027 with coupon rates ranging from ranging from 3%-4%	2,700,000
2019A Series A, Fixed Rate General Airport, Revenue & Revenue Refunding Bonds (Federally Taxable) due through July 2038 with coupon rates ranging from 1.97%-3.25%	30,665,000
Total principal payable	69,455,000
Unamortized bond premiums	493,295
Total bonds payable	69,948,295
Less current portion	4,740,000
Noncurrent portion of bonds payable	$ 65,208,295

Reissued Series 2009 B Bonds: On May 1, 2023, the Airport entered into a new agreement for the direct placement debt. The Reissued Series 2009B Bonds are multi-modal direct placement bonds and currently bear an index interest rate with maturities July 1, 2033 through July 1, 2038. The index interest rate is a variable rate of interest based (1-month SOFR plus 0.1%) multiplied by 80% plus 1%. As of June 30, 2023, the variable interest rate is 5.132%. The bonds are subject to mandatory tender on May 1, 2026, unless the Holder has delivered notice to the Trustee and the Board at least 60 days prior to the Mandatory Tender Date that it will not tender the bonds for purchase on such mandatory tender date. In which event, the Mandatory Tender Date shall be a May 1 which follows May 1, 2026, as identified by the Holder in a notice from the Holder to the Trustee and the Board.

Security for Bonds: The security consists of (1) the General Revenues of the Airport as such term is defined in the Indenture, (2) the funds established under the Indenture, and (3) a Lease Agreement between the Airport, as lessor, and the LFUCG, as lessee. The obligations of the LFUCG under the lease are a general obligation of the LFUCG and the full faith, credit and taxing power of the LFUCG is irrevocably pledged to the payment of the annual principal of and interest due on the bonds. The basic security for the general obligation debt of the LFUCG is its ability to levy, and its pledge to levy, an annual tax sufficient to pay the principal of and interest on general obligation debt due on an annual basis.

NOTE 5 - BONDS PAYABLE (Continued)

Debt Covenants: The bonds are subject to financial and nonfinancial covenants. The primary financial covenant is a debt service coverage ratio for which management has reported compliance to the Indenture Trustee. The calculation is based on a net amount available for debt service (general revenue as defined in the bond indenture with available cash balances, PFC and CFC revenues, less operating expense) that equals or exceeds 100% of the Aggregate Annual Debt service for the fiscal year as further defined in the indenture.

Debt service requirements for principal and estimated interest using the interest rate in effect at June 30, 2023 for all bonds outstanding are outlined below.

Year Ending	General Bonds		Direct Placement		Total Principal
June 30,	Principal	Interest	Principal	Interest*	& Interest
2024	$ 4,740,000	$ 1,885,947	-	$ 270,444	$ 6,896,391
2025	4,880,000	1,757,843	-	270,444	6,908,287
2026	5,105,000	1,615,820	-	270,444	6,991,264
2027	5,020,000	1,464,803	-	270,444	6,755,247
2028	4,350,000	1,320,542	-	270,444	5,940,986
2029-2033	26,605,000	4,387,754	-	1,303,890	32,296,644
2034-2038	12,580,000	1,161,824	$ 5,305,000	216,480	19,263,304
2039	775,000	12,586	95,000	2,379	884,965
Total	$ 64,055,000	$ 13,607,119	$ 5,400,000	$ 2,874,969	$ 85,937,088

* Variable rate debt of $5.4 million makes up approximately 8% of the total principal balance. The interest payments on the variable rate debt have been estimated and are subject to uncertainty. Therefore, actual payments may differ from the amounts estimated above.

NOTE 6 - PASSENGER FACILITY CHARGES

The Aviation Safety and Capacity Expansion Act of 1990 authorized domestic airports to impose a Passenger Facility Charge (PFC) of $4.50 on passengers to be used to fund FAA-approved capital projects and debt service attributable to those projects. During FY 2023 the Airport received PFCs totaling $2,459,621. In future years, the Airport is authorized to collect and use PFCs for approved costs of $58 million under the authority granted by the FAA.

NOTE 7 - CONCENTRATIONS OF CUSTOMER REVENUE

During FY 2023 the Airport earned approximately 79% of airline operations revenue from two carriers.

NOTE 8 - RETIREMENT PLANS

The Airport contributes to a defined contribution retirement plan (the Plan), the Blue Grass Airport Employees Retirement Plan, covering all full-time employees of the Airport. The Plan is administered by John Hancock Plan Services. The Plan was established by the Board and may be amended at the discretion of the Board. The Plan states that each employee makes a required contribution of 5% of gross earnings to participate in the Plan. For public safety employees the required percentage is 7%. The Airport makes a contribution of 9% of total participants' compensation, less forfeitures of terminated participants' non vested accounts, on a bi-weekly basis. For public safety employees, the Airport's contribution rate is 12.15%.

NOTE 8 - RETIREMENT PLANS (Continued)

For all employees, vesting in the plan occurs over a 5 year period as follows: 1 year-0%; 2 years-25%; 3 years-50%; 4 years-75%; 5 years-100%. A year of service is defined as completion of at least 1,000 hours of service during the applicable computation period.

On termination of service, participants may elect to receive distribution of their benefits either by a single lump-sum payment amount or a lifetime annuity option, provided their total account balance is greater than or equal to $5,000. If the lifetime annuity option is selected, it is anticipated the Plan would use the participant's account balance to purchase an annuity contract. Participants with $5,000 or less in their account must take a lump-sum distribution payment.

Married participants who elect to receive distribution of benefits through an annuity will receive benefits in the form of a joint and survivor annuity, whereby the surviving spouse will continue to receive a benefit for life equal to 50% of the benefit received prior to the death of the participant, unless otherwise elected as defined by the Plan. Single participants who elect to receive distribution of their benefits through an annuity will receive their benefits in the form of a lifetime annuity.

Employer contributions to the Plan made by the Airport were $636,000 for FY 2023. For the year the required employer contributions were reduced by forfeitures of $40,000. Required contributions made by Plan participants for FY 2023 were $358,000. Since the Plan assets are held in trust for the benefit of the Plan members, the related assets of the Plan are not included in the accompanying statement of net position.

The Airport has an additional retirement plan under Internal Revenue Code section 457(b) that allows for annual employee salary deferrals up to $22,500. The Airport does not contribute to this Plan.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT PLANS

The Airport has a plan that provides medical insurance post-employment benefits to qualifying employees. Employees who retire after completing 27 years of service, or 20 years of service for public safety officers, will receive up to $275 each month for medical insurance coverage. The amount will remain fixed until changed by the Airport, as it deems necessary, at its sole discretion. This benefit will be paid until the retiree is eligible for coverage by any other health insurance, including Medicare and Medicaid.

The post-employment benefits liability was evaluated by an independent actuary as of June 30, 2023 using a discount rate of 3.00%. There is no required employee contribution related to this benefit. The table below outlines the beginning of year (BOY) balance, the actuarial adjustments and payments, and the end of year (EOY) balance.

	BOY Liability	(Payments)	EOY Liability
FY 2023	$ 314,219	$ (3,301)	$ 310,918

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT PLANS (Continued)

The following presents the sensitivity of the Airport's post-employment benefits liability to changes in the discount rate. The liability is calculated using the discount rate of 3.00% percent, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.00% percent) or 1 percentage-point higher (4.00% percent) than the current rate:

	1% Decrease (2.00%)	*Current Discount Rate* (3.00%)	*1% Increase* (4.00%)
Post-Employment Benefits Liability	$ 334,550	$ 310,918	$ 289,643

NOTE 10 - CONTINGENCIES

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

NOTE 11 - SUBSEQUENT EVENTS

Bond Placement: The Airport is planning to issue approximately $63,115,000 of General Airport Revenue and Revenue Refunding Bonds before the end of calendar year 2023. Of the total amount $28,000,000 will be used to refund the 2009 Series B Bonds and the 2019 Series A Bonds. The remaining balance of the bond issuance of $35,115,000 will be used to provide funds for future capital expenditures related to a 50,000 square foot hangar, a 120,000 gallon fuel storage facility for aviation fuels, terminal renovations, and general improvements to the existing Airport facilities at the Airport.

APPENDIX C
SUMMARIES OF THE TRUST INDENTURE AND THE LEASE

[SEE ATTACHED]

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APPENDIX C

SUMMARIES OF THE TRUST INDENTURE AND THE LEASE

The following is a summary of certain defined terms as used in this Official Statement and as provided in the Trust Indenture, including specifically the Tenth Supplemental Trust Indenture, and the Lease, including specifically the Eighth Supplemental Lease. This summary is not to be regarded as a complete statement of the defined terms provided in the Trust Indenture and the Lease, to which reference is made for a complete statement of the actual terms thereof. Copies of the Trust Indenture and the Lease are on file with the Trustee.

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SUMMARY OF DEFINED TERMS

In addition to the terms defined in the body of this Official Statement, the following capitalized terms shall have the meanings set forth below:

"Act" means Chapter 183 of the Kentucky Revised Statutes, as the same may be amended, modified, revised, supplemented, or superseded from time to time.

"Additional Obligation Instruments" means agreements providing for the repayment of money that the Board may, from time to time, be authorized to enter into under the laws of the Commonwealth. The definition of Additional Obligation Instruments does not include "Bond" or "Bonds" or "Note" or "Notes."

"Aggregate Annual Debt Service" means, as of any particular date of computation and with respect to a Fiscal Year or other specified 12-month period, the aggregate Debt Service Charges for all Outstanding Obligations coming due in such period.

"Airport" means Blue Grass Airport, together with any additions thereto, or improvements or enlargements thereof, hereafter made.

"Airport Facilities" means land, buildings, equipment, runways, and other improvements and appurtenances necessary for the operation and maintenance of the Airport, and further includes site improvements, utilities, machinery, furnishings and any separate or connected buildings, structures, improvements, sites, open space and green space areas, utilities or equipment to be used in, or in connection with the operation or maintenance of, or supplementing or otherwise related to the services or facilities to be provided by such facilities.

"Airport FY 2023 Audit" means the audited financial statements for the Board for the fiscal year ended June 30, 2023, which are attached hereto as ***Appendix B***.

"Airport Project" means any capital improvement at or related to the Airport that would constitute Airport Facilities, or any cost or expense paid or incurred in connection with or related to the Airport whether or not of a capital nature and whether or not related to Airport Facilities, including but not limited to, amounts needed to satisfy any judgment and the cost of any noise mitigation programs.

"AMT Airport Facilities" shall have the meaning set forth in the Series 2023 Tax Certificate.

"Authenticating Agent" means the Trustee and the Registrar for the series of Obligations and any bank, trust company or other Person designated as an Authenticating Agent for such series of Obligations by or in accordance with Section 6.16 of the Trust Indenture.

"Beneficial Owner" means, with respect to the Obligations, a Person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

"Beneficial Ownership Interest" means the beneficial right to receive payments and notices with respect to a series of Obligations which are held by a Depository under a Book Entry System.

"Board" means the Lexington-Fayette Urban County Airport Board of Lexington, Fayette County, Kentucky, an agency of the Urban County Government, created pursuant to the Act.

"Bond" or "Bonds" means any bond, or all of the bonds, or an issue or series of bonds, as the case may be, as so identified in the certificate of the Fiscal Officer, of the Board issued pursuant to the 2008 General Bond Resolution, a Series Resolution and the Trust Indenture. The definition of Bond and Bonds does not include "Note" or "Notes" or Additional Obligation Instruments.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds selected by the Board or its counsel and acceptable to the Trustee.

"Book Entry Form" or "Book Entry System" means, with respect to the Obligations, a form or system, as applicable, under which (a) the Beneficial Ownership Interests may be transferred only through a book entry and (b) physical Obligation certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Obligation certificates "immobilized" in the custody of the Depository. The Book Entry System maintained by and the responsibility of the Depository and not maintained by or the responsibility of the Board or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of book entry interests in the Obligations.

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks located in the city in which the designated corporate trust office of the Trustee is located are not required or authorized to remain closed or a day on which The New York Stock Exchange is not closed.

"Commonwealth" means the Commonwealth of Kentucky.

"Contract Facility Charge" or "CFC" means the "contract facility charge" authorized by resolution of the Governing Body, relating to improvements for rental car facilities.

"Costs of Airport Facilities" means the costs of or related to Airport Facilities, and the financing thereof, for the payment of which Obligations may be issued under the Act.

"Credit Support Account" means any of the subaccounts within the Debt Service Payment Account and the Redemption and Purchase Account related to a series of Obligations secured by a Credit Support Instrument.

"Credit Support Instrument" means an irrevocable letter of credit, line of credit, standby bond purchase agreement, insurance policy, guaranty or surety bond or similar instrument (including any related agreement of the Board to reimburse a Credit Support Provider for draws made on such Credit Support Instrument) providing for the payment of or guaranteeing the payment of principal or purchase price of and interest on Obligations when due, either to which the Board is a party or which is provided at the request of the Board.

"Credit Support Provider" means the provider of a Credit Support Instrument.

"Date of Issuance" means November 30, 2023, the date of issuance of the Series 2023 Bonds.

"Debt Service Charges" means, generally, for any applicable time period, (a) the principal (including any Mandatory Sinking Fund Requirements), interest and redemption premium, if any, required to be paid by the Board on Obligations pursuant to any Series Resolution, less any capitalized interest for such time period and accrued interest on deposit in the Debt Service Payment Account; (b) any amounts due to a Credit Support Provider, to the extent as set forth in a Credit Support Instrument, that do not exceed the corresponding Lease Rental Payments then due with respect to the Obligations related to such Credit Support Instrument; and (c) any Hedge Payments.

"Debt Service Fund" means the Debt Service Fund authorized and created in Section 4.03 of the Trust Indenture.

"Debt Service Payment Account" means the Debt Service Payment Account within the Debt Service Fund authorized and created pursuant to Section 4.03 of the Trust Indenture.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund authorized and created pursuant to Section 4.03 of the Trust Indenture.

"Debt Service Reserve Fund Credit Instrument" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations are rated "Aa" or better by Moody's, or "AA" or better by S&P or "AA" or better by Fitch as of the date of issuance thereof. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payments thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Debt Service Reserve Fund may be used.

"Debt Service Reserve Requirement" means the least of (a) the maximum Aggregate Annual Debt Service in any succeeding Bond Year; (b) 125% of the average Aggregate Annual Debt Service on all Outstanding Bonds; or (c) an amount equal to 10% of the proceeds of any series of Obligations; provided that not more than 10% of the proceeds of any series of Obligations shall be required to be deposited in the Debt Service Reserve Fund and, if such amount is so deposited, the amount of such deposit plus the amount of all prior deposits required upon the issuance of Obligations shall constitute the Debt Service Reserve Requirement until the earlier of (i) the date the next series of Obligations is issued or (ii) the date such amount equals the requirement set forth in clause (a) above.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, together with its participants a Book Entry System to record beneficial ownership of a series of Obligations, and to effect transfers of such Obligations, in Book Entry Form, and includes The Depository Trust Company (a limited purpose trust company), New York, New York.

"Eighth Supplemental Lease" means the Eighth Supplemental Lease Agreement, dated as of November 1, 2023, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the Series 2023 Bonds, as the same may be amended or supplemented from time to time.

"Eighth Supplemental Trust Indenture" means the Eighth Supplemental Trust Indenture, dated as of September 1, 2018, by and between the Board and the Trustee, entered into in connection with the issuance of the 2018 Revolving Credit Note, as amended by Amendment No. 1 to the Eighth Supplemental Trust Indenture, dated as of October 15, 2020, as the same may be further amended or supplemented from time to time.

"Eligible Investments" means any investment authorized by Section 66.480 of the Kentucky Revised Statutes, as the same may be amended, modified, revised, supplemented, or superseded from time to time.

"EMMA" means the Electronic Municipal Market Access website of the MSRB.

"Escrow Agreement" means the Escrow Agreement, to be dated the Date of Issuance of the Series 2023 Bonds, by and between the Board and the Escrow Trustee, entered into in connection with the refunding of the Refunded Prior Bonds.

"Escrow Funds" mean, together, the AMT Escrow Fund and the Non-AMT Escrow Fund (each as defined herein under "PLAN OF FINANCE - Refunding of the Refunded Prior Bonds").

"Escrow Trustee" means U.S. Bank National Association, Louisville, Kentucky in its capacity as the escrow trustee under the Escrow Agreement.

"Event of Default" means an Event of Default as defined in the Trust Indenture and/or the Lease.

"FAA" means the Federal Aviation Administration or any successor agency thereof.

"Fifth Supplemental Lease Agreement" means the Fifth Supplemental Lease Agreement, dated as of October 1, 2016, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the Series 2016 Bonds, as the same may be amended or supplemented from time to time.

"Fifth Supplemental Trust Indenture" means the Fifth Supplemental Trust Indenture, dated as of March 1, 2013, by and between the Board and the Trustee, entered into in connection with the reissuance of the Remaining 2009 Series B Bonds as the Reissued 2009 Series B Bonds, as amended and restated by the Amended and Restated Fifth Supplemental Trust Indenture, dated as of May 1, 2023, as the same may be further amended or supplemented from time to time

"First Supplemental Lease Agreement" means the First Supplemental Lease Agreement, dated as of November 1, 2009, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the Series 2009 Bonds. *The Series 2009 Bonds are no longer outstanding*.

"First Supplemental Trust Indenture" means the First Supplemental Trust Indenture, dated as of November 1, 2008, by and between the Board and the Trustee, entered into in connection with the issuance of the Series 2008 Bonds. The Series 2008 Bonds are no longer outstanding and the lien of the First Supplemental Trust Indenture has been released in accordance with the terms of the Trust Indenture.

"Fiscal Officer" means the Director of Administration and Finance or such other person designated by the Governing Body to act as Fiscal Officer for purposes of the Trust Indenture.

"Fiscal Year" means a period of twelve consecutive months constituting the fiscal year of the Board commencing on the first day of July of any year and ending on the last day of June of the next succeeding calendar year, both inclusive, or such other consecutive twelve month period as hereafter may be established from time to time for budgeting and accounting purposes of the Board by the Governing Body to be evidenced, for purposes hereof, by a certificate of a Fiscal Officer filed with the Trustee.

"Fitch" means Fitch Ratings, Inc.

"Fourth Supplemental Lease Agreement" means the Fourth Supplemental Lease Agreement, dated as of June 1, 2014, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the 2014 Revolving Credit Note (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2014 Revolving Credit Note").

"Fourth Supplemental Trust Indenture" means the Fourth Supplemental Trust Indenture, dated as of November 1, 2012, by and between the Board and the Trustee, entered into in connection with the issuance of the Series 2012 Bonds. The Series 2012 Bonds are no longer outstanding and the lien of the Fourth Supplemental Trust Indenture has been released in accordance with the terms of the Trust Indenture.

"General Bond Resolution" means the resolution of the Governing Body adopted on October 15, 2008, authorizing the execution and delivery of the Trust Indenture.

"General Operating Fund" means the General Operating Fund authorized and created in Section 4.01 of the Trust Indenture, which General Operating Fund shall also serve as the Operation and Maintenance Fund, to be used to pay Operation and Maintenance Expenses, pursuant to the provisions of the Act.

"General Revenues" shall have the meaning set forth in this Official Statement under "SECURITY FOR THE SERIES 2023 BONDS – General Revenues."

"Governing Body" means the Governing Body of the Board, or if there shall be no such Governing Body, such Person or body which, pursuant to law or the organizational documents of the Board, is vested with the power to direct the management and policies of the Board, and shall include any committee empowered to act on behalf of such Governing Body or body.

"Government Auditing Standards" means those principles of accounting applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, as such principles are from time to time supplemented or amended.

"Government Bonds" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank); (c) securities which represent an interest in the securities described in (a) and (b) above; (d) repurchase agreements with respect to securities described in (a) or (b) above that mature in 30 days or less, with a provider rated at least "Baa3" by Moody's; and (e) money market mutual funds rated "Aaa" by Moody's that invest only in securities described in (a) or (b) above.

"Hedge Payment" means a payment due to a Hedge Provider under an Interest Rate Hedge Agreement that corresponds to interest due on Obligations, specifically excluding, unless otherwise provided in a Supplemental Trust Indenture with respect to a particular series of Obligations, any termination payment under an Interest Rate Hedge Agreement.

"Hedge Provider" means the provider of an Interest Rate Hedge Agreement.

"Holder" means any Person in whose name a registered Obligation is registered.

"Independent Airport Consultant" means a consultant selected by the Board with expertise in the administration, financing, planning, maintenance and operations of airports and facilities thereof, and who, in the case of an individual, shall not be an officer or employee of the Board.

"Interest Payment Dates" means (a) the dates specified in the applicable Supplemental Trust Indenture on which interest on the Obligations or any series of Obligations is to be paid and (b) with respect to the Series 2023 Bonds means January 1 and July 1 of each year, commencing on January 1, 2024.

"Interest Rate Hedge Agreement" means an interest rate swap, an interest rate cap or other such arrangement obtained by the Board (or the Trustee on behalf of the Board) with the goal of lowering the effective interest rate to the Board on Obligations or hedging the exposure of the Board with respect to its obligations on the Obligations against fluctuations in prevailing interest rates.

"Lease" means the Lease Agreement, dated as of November 1, 2008, by and between the Board, as lessor, and the Urban County Government, as lessee, as supplemented and amended, by the following:

(a) the First Supplemental Lease Agreement;
(b) the Second Supplemental Lease Agreement;
(c) the Third Supplemental Lease Agreement;
(d) the Fourth Supplemental Lease Agreement;

(e) the Fifth Supplemental Lease Agreement;
(f) the Sixth Supplemental Lease Agreement;
(g) the Seventh Supplemental Lease Agreement; and
(h) the Eighth Supplemental Lease Agreement;

and as the same may from time to time be duly amended, modified or supplemented in accordance with its terms, including by the execution and delivery of one or more additional Supplemental Leases.

"Lease Rental Payments" means the rental payments made by the Urban County Government, as lessee, under the Lease.

"Letter of Representations" means the Blanket Letter of Representations from the Board to the Depository.

"LFUCG FY 2022 ACFR" means the Annual Comprehensive Financial Report of the Urban County Government for the Fiscal Year Ended June 30, 2022, which is attached hereto as ***Appendix A***.

"Mandatory Sinking Fund Requirements" means amounts required by any Series Resolution or the Supplemental Trust Indenture to be deposited to the Debt Service Payment Account in any fiscal year for the purpose of retiring principal maturities of Obligations which by the terms of such Obligations are due and payable, if not called for prior redemption, in any subsequent fiscal year.

"Maturity Date" means the maturity dates for the 2019 Series A Bonds, as set forth in the Ninth Supplemental Trust Indenture.

"Maximum Rate" shall have the meaning set forth in any Supplemental Lease, and with respect to the Seventh Supplemental Lease related to the 2019 Series A Bonds, shall mean ten percent (10%) per annum.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors and assigns.

"MSRB" means the Municipal Securities Rulemaking Board.

"Ninth Supplemental Trust Indenture" means the Ninth Supplemental Trust Indenture, dated as of November 1, 2019, by and between the Board and the Trustee, entered into in connection with the issuance of the 2019 Series A Bonds, as the same may be amended or supplemented from time to time.

"Non-AMT Airport Facilities" shall have the meaning set forth in the Series 2023 Tax Certificate.

"Notes" or "Note" means any note or all of the notes, or an issue of notes, as the case may be, as so identified in the certificate of the Fiscal Officer issued by the Board in anticipation of the issuance of Obligations or receipt of grants or appropriations to pay Costs of Airport Facilities, or to pay costs of refunding or retirement of Notes previously issued pursuant to the Act, the 2008 General Bond Resolution, a Series Resolution and the Trust Indenture. The definition of Note and Notes does not include "Bond" or "Bonds," Special Facility Revenue Obligations or Additional Obligation Instruments.

"Obligations" means Bonds, Notes, and Additional Obligation Instruments and do not include Special Facility Revenue Obligations.

"Operation and Maintenance Expenses" means, for any Fiscal Year, the costs incurred by the Board in operating and maintaining the Airport during such Fiscal Year, either directly or indirectly, including, without limitation (but exclusive of such expenses as may be capitalized in connection with an Airport Project):

(a) the following costs and expenses incurred by the Board for employees employed at the Airport, or doing work involving the Airport: direct salaries and wages (including overtime pay), together with payments or costs incurred for associated payroll expense, such as union contributions, cash payments to pension funds, retirement funds or unemployment compensation funds, life, health, accident and unemployment insurance premiums, deposits for self-insurance, vacations and holiday pay, and other fringe benefits;

(b) costs of materials, supplies, machinery and equipment and other similar expenses which, under Government Auditing Standards, are not capitalized;

(c) costs of maintenance, landscaping, decorating, repairs, renewals and alternations not reimbursed by insurance, and which, under Government Auditing Standards, are not capitalized;

(d) costs of water, energy, telecommunications service and all other utilities and services whether furnished by the Board or purchased by the Board and furnished by independent contractors at or for the Airport;

(e) costs of rentals of real property and costs of rental equipment or other personal property;

(f) costs of premiums for insurance, including property damage, public liability, burglary, bonds of employees, workers' compensation, disability, automobile, and all other insurance covering the Airport or its operations;

(g) the amount of any judgment or settlement arising as a result of the Board's ownership, operation and maintenance of the Airport payable by the Board during said Fiscal Year, including, without limitation, the amount of any judgment or settlement arising as a result of claims, actions, proceedings or suits alleging a taking of property or interests in property without just compensation, trespass, nuisance, property damage, personal injury or similar claims, actions, proceedings or suits based upon the environmental impacts, including, without limitation, those resulting from the use of the Airport for the landing and taking off of aircraft;

(h) costs incurred in collecting and attempting to collect any sums due the Board in connection with the operation of the Airport;

(i) costs of advertising at or for the Airport;

(j) compensation paid or credited to persons or firms appointed or engaged, from time to time, to render advice and perform architectural, engineering, construction management, financial, legal, accounting, testing, consulting or other professional services in connection with the management, operation, expansion, alteration, reconstruction, betterment or other improvement of the Airport or any of its structures or facilities, and which, under Government Auditing Standards, are not capitalized;

(k) any other cost incurred or allocated to the Airport necessary to comply with any valid rule, regulation, policy or order of any federal, state or local government, agency or court, and which, under Government Auditing Standards, are not capitalized; and

(l) all other direct and indirect expenses, whether similar or dissimilar, which arise out of the Board's ownership, operation or maintenance of the Airport, including any taxes payable by the Board which may be lawfully imposed upon the Airport by entities other than the Board.

"Ordinances" mean, collectively, the following ordinances adopted by the Urban County Council in connection with the issuance of Obligations by the Board and related matters: (i) Ordinance No. 241-2008 adopted on October 23, 2008, (ii) Ordinance No. 235-2009 adopted on November 5, 2009, (iii) Ordinance No. 126-2012 adopted on October 11, 2012, (iv) Ordinance No. 142-2012 adopted on November 15, 2012, (v) Ordinance No. 71-2014 adopted on June 19, 2014, (vi) Ordinance No. 157-2016 adopted on September 15, 2016, (vii) Ordinance No. O-65-2018 adopted on September 20, 2018, (viii) Ordinance No. O-82-2019 adopted on October 10, 2019; (ix) Ordinance No. 77-2020 adopted on August 27, 2020; and (x) Ordinance No. 069-2023, adopted on June 29, 2023.

"Original Purchaser" means, as to any Obligations, the Person or Persons expressly named in the applicable Series Resolution or Purchase Agreement as the original purchaser of those Obligations from the Board.

"Original 2009 Series B Bonds" means the Board's Variable Rate General Airport Revenue Refunding Bonds, 2009 Series B (Lexington-Fayette Urban County Government General Obligation) (non-AMT), originally issued on November 18, 2009 in the principal amount of \$16,420,000. *A portion of the Original 2009 Series B Bonds was reissued as the Reissued 2009 Series B Bonds and the remaining portion of the Original 2009 Series B Bonds is no longer outstanding.*

"Outstanding" means, as of any date, Notes and Bonds which have been authenticated, and with respect to all Obligations, have been delivered, or are then being delivered, by the Trustee or the Board under the Trust Indenture except:

(a) Obligations surrendered for exchange or transfer or canceled because of payment or redemption at or prior to such date;

(b) Obligations for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited prior to such date with the Trustee or Paying Agents (whether upon or prior to the maturity or redemption date of any such Obligations), or which are deemed to have been paid and discharged pursuant to the provisions of the Trust Indenture; provided that if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided, further, that if such Obligations are to be purchased for cancellation, a firm offer for sale stating the price has been received and accepted; and

(c) Lost, stolen, mutilated or destroyed Obligations in lieu of which others have been authenticated, if applicable, (or payment, when due, of which is made without replacement) under the Trust Indenture.

"Passenger Facility Charge" or "PFC" means the passenger facility charge as authorized under Section 1113(e) of the Federal Aviation Act of 1958, as amended by Section 9110 of the Omnibus Budget Reconciliation Act of 1990, and as approved by the FAA from time to time with respect to the Airport.

"Paying Agents" means any banks or trust companies designated as the paying agencies or places of payment for Obligations by or pursuant to the applicable Series Resolution, and their successors designated pursuant to the Trust Indenture, and shall also mean the Trustee when so designated for such purpose.

"Payment Date" means any date on which principal of or interest on any Obligations is payable in accordance with its terms and the terms of this Indenture and the related Supplemental Trust Indenture or, in the case of Credit Support Instruments or Hedge Payments payable under Interest Rate Hedge Agreements, in accordance with the terms of the instrument creating such Credit Support Instrument and Interest Rate Hedge Agreement.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, a limited liability company, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Pledged Funds" means the Debt Service Fund, the Debt Service Reserve Fund and accounts therein and any other funds or accounts permitted by, established under, or identified in the Trust Indenture or a Series Resolution and designated as Pledged Funds; provided that, any separate subaccount within the Redemption and Purchase Account created for a series of Obligations, as provided in Sections 4.01 and 4.04, shall be a Pledged Fund only with respect to the particular series of Obligations for which it was created. Unless otherwise provided in a Supplemental Trust Indenture pledging the General Operating Fund as security for all Outstanding Obligations, the General Operating Fund shall not be a Pledged Fund.

"Predecessor Obligation" of any particular Obligation means every previous Obligation evidencing all or a portion of the same debt as that evidenced by the particular Obligation. For the purposes of this definition, any Bond or Note authenticated and delivered under Section 2.07 of the Trust Indenture in lieu of a lost, stolen or destroyed Bond or Note shall, except as otherwise provided in Section 2.07, be deemed to evidence the same debt as the lost, stolen or destroyed Bond or Note.

"Prior Bonds" means, together, the Reissued 2009 Series B Bonds and the Taxable 2019 Series A Bonds, all or a portion of which will be defeased and refunded with a portion of the proceeds of the Series 2023 Bonds.

"Prior Leases" mean, collectively, a Contract, Lease and Option of 1994, a Contract, Lease and Option of 1998, and a Contract, Lease and Option of 2003.

"Prior Mortgage" means, collectively, (a) a Mortgage Deed of Trust of 1994, dated as of June 1, 1994; (b) a Mortgage Deed of Trust of 1998, dated as of April 1, 1998; and (c) a Mortgage Deed of Trust of 2003, dated as of November 1, 2003.

"Prior Obligations" means, collectively, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 Bonds, the Reissued 2009 Series B Bonds, the 2014 Revolving Credit Note, the Series 2016 Bonds, the 2018 Revolving Credit Note, and the Taxable 2019 Series A Bonds (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE").

"Project" means collectively, the 1994 Project, the 1998 Project, the 2003 Project, the 2008 Project, the 2014 Project, the 2016 Project, the 2018 Project, the 2019 Project, and the 2023 Project, each as described in Exhibit A to the Eighth Supplemental Lease.

"Project Fund" means the Project Fund created in Section 4.05 of the Trust Indenture.

"Project Site" means the property on which the Project is located, as set forth in Exhibit C to the Lease.

"Purchase Agreement" means, as to any series of Obligations, the agreement between the Board and the Original Purchaser of such Obligations.

"Purchase Price" means, as to any series of Obligations, the amount provided for in the Series Resolution or the Purchase Agreement authorized thereby, plus accrued interest, if any, on the aggregate principal amount of those Obligations from their date to the date of their delivery to the Original Purchaser and payment therefor.

"Rating Service" means Fitch, Moody's, S&P or any other nationally recognized rating service.

"Redemption and Purchase Account" means the Redemption and Purchase Account authorized and created pursuant to Section 4.04 of the Trust Indenture.

"Refunded Prior Bonds" means, collectively, the Refunded Reissued 2009 Series B Bonds and the Refunded Taxable 2019 Series A Bonds (Non-AMT).

“Refunded Reissued 2009 Series B Bonds” means the entire remaining outstanding principal amount of $5,400,000 of the Reissued 2009 Series B Bonds.

“Refunded Taxable 2019 Series A Bonds (Non-AMT)” means a portion in the principal amount of $14,445,000 of the remaining outstanding principal amount of the Taxable 2019 Series A Bonds, allocable to the refunding of portions of the 2012 Series B Bonds and the 2016 Series A Bonds, which were issued to finance and/or refinance Non-AMT Airport Facilities.

“Refunding Obligations” means all or any portion of Obligations authenticated and delivered on original issuance for the purpose of the refunding of Outstanding Obligations.

“Register” means the books kept and maintained by the Registrar for the registration and transfer of Obligations pursuant to the Trust Indenture.

“Registrar” means, with respect to a series of Obligations, the keeper of the Register for those Obligations, which shall be the Trustee except as may be otherwise provided by or pursuant to the Series Resolution for those Obligations, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Regular Record Date” means the fifteenth day of the month (whether or not a Business Day) immediately preceding an Interest Payment Date.

“Reissued 2009 Series B Bond Purchase Agreement” means the Bond Purchase and Financing Agreement, dated as of March 1, 2013, as amended by the First Amendment to the Bond Purchase and Financing Agreement dated as of November 22, 2017 and the Second Amendment to the Bond Purchase and Financing Agreement dated as of February 28, 2023 and as amended and restated by the Amended and Restated Bond Purchase and Financing Agreement, dated as of May 1, 2023, all between the Board and the Reissued 2009 Series B Bond Purchaser, related to the Reissued 2009 Series B Bonds.

“Reissued 2009 Series B Bond Purchaser” means JPMorgan Chase Bank, N.A.

“Reissued 2009 Series B Bonds” means the Board’s Variable Rate General Airport Revenue Refunding Bonds, Reissued 2009 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT), reissued on March 26, 2013 in the principal amount of $5,400,000.

“Reissued 2009 Series B Resolution” means the Series Resolution adopted by the Board on October 24, 2012 authorizing the refunding and reissuance of the Remaining Original 2009 Series B Bonds (see ***Appendix D*** – “SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – Reissued 2009 Series B Bonds”).

“S&P” means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, and its successors and assigns.

"Second Supplemental Lease Agreement" means the First Supplemental Lease Agreement, dated as of November 1, 2012, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the Series 2012 Bonds. *The Series 2012 Bonds are no longer outstanding.*

"Second Supplemental Trust Indenture" means the Second Supplemental Trust Indenture, dated as of November 1, 2009, by and between the Board and the Trustee, entered into in connection with the issuance of the 2009 Series A Bonds. The 2009 Series A Bonds are no longer outstanding and the lien of the Second Supplemental Trust Indenture has been released in accordance with the terms of the Trust Indenture.

"Series Resolution" means a Resolution of the Governing Body authorizing one or more series of Obligations and the execution and delivery of a Supplemental Trust Indenture, all in accordance with the 2008 General Bond Resolution and the Trust Indenture.

"Series 2008 Bonds" means, collectively, the 2008 Series A Bonds, the 2008 Series B Bonds and the 2008 Series C Bonds. *The Series 2008 Bonds are no longer outstanding.*

"Series 2009 Bonds" means, together, the 2009 Series A Bonds and the Original 2009 Series B Bonds. *The Series 2009 Bonds are no longer outstanding.*

"Series 2012 Bonds" means, together, the 2012 Series A Bonds and the 2012 Series B Bonds. *The Series 2012 Bonds are no longer outstanding.*

"Series 2016 Bonds" means, collectively, the 2016 Series A Bonds, the 2016 Series B Bonds, the Taxable 2016 Series C Bonds, the 2016 Series D Bonds, and the 2016 Series E Bonds.

"Series 2019 Resolution" means the resolution of the Governing Body adopted on September 25, 2019 which authorized the issuance of the 2019 Series A Bonds.

"Series 2023 Bonds" means, collectively, the 2023 Series A Bonds, the 2023 Series B Bonds, and the Taxable 2023 Series C Bonds (each as defined in the body of this Official Statement under "INTRODUCTORY STATEMENT – General").

"Series 2023 Tax Certificate" means the Tax Regulatory and No-Arbitrage Certificate, dated the Date of Issuance, delivered by the Board in connection with the issuance of the Series 2023 Bonds.

"Seventh Supplemental Lease Agreement" means the Seventh Supplemental Lease Agreement, dated as of November 1, 2019, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the 2019 Series A Bonds, as the same may be amended or supplemented from time to time.

"Seventh Supplemental Trust Indenture" means the Seventh Supplemental Trust Indenture, dated as of October 1, 2016, by and between the Board and the Trustee, entered into in connection with the issuance of the Series 2016 Bonds, as the same may be amended or supplemented from time to time. The 2016 Series A Bonds and the 2016 Series B Bonds are no longer outstanding and the lien of the Seventh Supplemental Trust Indenture has been released with respect to such Series in accordance with the terms of the Trust Indenture.

"Sinking Fund" means the fund so designated and established by the Lessee, from which Lease Rental Payments shall be made.

"Sixth Supplemental Lease Agreement" means the Sixth Supplemental Lease Agreement, dated as of September 1, 2018, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the issuance of the 2018 Revolving Credit Note, as amended by Amendment No. 1 to the Sixth Supplemental Lease Agreement, dated as of October 15, 2020, as the same may be further amended or supplemented from time to time.

"Sixth Supplemental Trust Indenture" means the Sixth Supplemental Trust Indenture, dated as of June 1, 2014, by and between the Board and the Trustee, entered into in connection with the issuance of the 2014 Revolving Credit Note. The 2014 Revolving Credit Note is no longer outstanding and the lien of the Sixth Supplemental Trust Indenture has been released in accordance with the terms of the Trust Indenture (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2014 Revolving Credit Note").

"Special Facility Revenue Obligations" means bonds, notes or other evidences of indebtedness of the Board, which bonds, notes or other evidences of indebtedness are not payable from General Revenues or any other moneys or securities held under this Indenture.

"Subordinated Indebtedness" means obligations which, with respect to any issue thereof, are secured by a pledge of the General Revenues which is subordinate to that of the holders of Obligations and which are evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such obligations.

"Supplemental Trust Indenture" means any one or more of Supplemental Trust Indentures entered into by the parties pursuant to the Trust Indenture and a Series Resolution.

"Supplemental Lease" means a lease supplemental to or amendatory of the Lease, executed and delivered by the Board and the Urban County Government in accordance with Section 2.02 of the Trust Indenture.

"2008 Project" means improvements to the Airport, consisting of certain airfield, terminal, parking and sanitary sewer improvements, to be financed with a portion of the proceeds of the Series 2008 Bonds, as further described in Exhibit A to the Eighth Supplemental Lease.

"2008 Series A Bonds" means the Board's Variable Rate General Airport Revenue and Revenue Refunding Bonds, 2008 Series A (Lexington-Fayette Urban County Government General Obligation) (AMT), originally issued on December 9, 2008 in the principal amount of \$46,395,000. *The 2008 Series A Bonds are no longer outstanding.*

"2008 Series B Bonds" means the Board's Variable Rate General Airport Revenue and Revenue Refunding Bonds, 2008 Series B (Lexington-Fayette Urban County Government General Obligation) (non-AMT), originally issued on December 9, 2008 in the principal amount of $26,235,000. *The 2008 Series B Bonds are no longer outstanding.*

"2008 Series Resolution" means the Series Resolution adopted by the Board on October 15, 2018 authorizing the issuance of the Series 2008 Bonds.

"2008 Series C Bonds" means the Board's Variable Rate General Airport Taxable Revenue Refunding Bonds, 2008 Series C (Lexington-Fayette Urban County Government General Obligation) (Taxable), originally issued on December 9, 2008 in the principal amount of $4,445,000. *The 2008 Series C Bonds are no longer outstanding.*

"2009 Series A Bonds" means the Board's General Airport Revenue Refunding Bonds, 2009 Series A (Lexington-Fayette Urban County Government General Obligation) (non-AMT), originally issued on November 18, 2009 in the principal amount of $31,880,000. *The 2009 Series A Bonds are no longer outstanding.*

"2009 Series Resolution" means the Series Resolution adopted by the Board on October 7, 2009 authorizing the issuance of the Series 2009 Bonds.

"2012 Series A Bonds" means the Board's General Airport Revenue Refunding Bonds, 2012 Series A (Lexington-Fayette Urban County Government General Obligation) (AMT), originally issued on November 27, 2012 in the principal amount of $6,770,000. *The 2012 Series A Bonds are no longer outstanding.*

"2012 Series B Bonds" means the Board's General Airport Revenue Refunding Bonds, 2012 Series B (Lexington-Fayette Urban County Government General Obligation) (non-AMT), originally issued on November 27, 2012 in the principal amount of $11,230,000. *The 2012 Series B Bonds are no longer outstanding.*

"2012 Series Resolution" means the Series Resolution adopted by the Board on September 26, 2012 authorizing the issuance of the Series 2012 Bonds.

"2014 Credit Facility" means, together, the 2014 Line of Credit Agreement and the 2014 Revolving Credit Note.

"2014 Line of Credit Agreement" means the Line of Credit Agreement, dated as of June 1, 2014, by and between the Board and Branch Banking and Trust Company (now known as Truist Bank).

"2014 Project" means the relocation of taxiways to satisfy Federal Aviation Administration safety and design standards at the Airport (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2014 Revolving Credit Note").

"2014 Revolving Credit Note" means the Board's General Airport Revenue Obligation, 2014 Series A Note (Lexington-Fayette Urban County Government General Obligation), dated June 25, 2014, in a maximum principal amount of $10,000,000. *The 2014 Revolving Credit Note* *as originally issued is no longer outstanding* (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2014 Revolving Credit Note").

"2014A Series Resolution" means the Series Resolution adopted by the Board on May 28, 2014, authorizing the Board to enter into the 2014 Credit Facility.

"2016A Project" means (a) the design and construction of various general aviation improvements, including, but not limited to, the design and construction costs related to a large hangar and five box hangars and fence relocation for access to Versailles Road and (b) the purchase fuel pumps for the Airport's Westside General Aviation operations, pursuant to the 2021 Repurposing Resolution, which provided for the expansion of the 2016A Project through the repurposing of an unspent portion of the proceeds of the 2016 Series A Bonds in the amount of $29,853.14.

"2016B Project" means terminal improvements, including, but not limited to, the financing of the design and construction of a replacement for the baggage belt system.

"2016C Project" means (a) the design and construction of a car rental maintenance facility and (b) the design, acquisition, construction, equipping, and installation of (i) baggage belt replacements; (ii) parking facility improvements; (iii) general aviation improvements comprised of the construction of hangars, a fence relocation for Versailles Road access and other terminal renovations constituting additions, extensions and improvements to the existing airport facilities, pursuant to the 2021 Repurposing Resolution, which provided for the expansion of the 2016C Project through the repurposing of an unspent portion of the proceeds of the Taxable 2016 Series C Bonds in the amount of $1,227,848.00.

"2016D Project" means design and construction related to certain parking improvements.

"2016 Project" means, collectively, the 2016A Project, the 2016B Project, the 2016C Project, and the 2016D Project.

"2016 Series A Bonds" means the Board's General Airport Revenue Bonds, 2016 Series A (Lexington-Fayette Urban County Government General Obligation) (non-AMT), originally issued on October 20, 2016 in the principal amount of $4,840,000. *The 2016 Series A Bonds are no longer outstanding.*

"2016 Series B Bonds" means the Board's General Airport Revenue Bonds, 2016 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT)., originally issued on October 20, 2016 in the principal amount of $4,880,000. *The 2016 Series B Bonds are no longer outstanding.*

"2016 Series D Bonds" means the Board's General Airport Revenue Bonds, 2016 Series D (Lexington-Fayette Urban County Government General Obligation) (non-AMT)., originally issued on October 20, 2016 in the principal amount of $5,345,000.

"2016 Series E Bonds" means the Board's General Airport Revenue Refunding Bonds, 2016 Series E (Lexington-Fayette Urban County Government General Obligation) (non-AMT)., originally issued on October 20, 2016 in the principal amount of $4,250,000.

"2016 Series Resolution" means the Series Resolution adopted by the Board on August 24, 2016, authorizing the issuance of the Series 2016 Bonds, as amended by the 2021 Repurposing Resolution.

"2018 Credit Facility" means, together, the 2018 Line of Credit Agreement and the 2018 Credit Facility Note.

"2018 Credit Facility Note" means the Board's General Airport Revenue Obligation, 2018 Series A Note (Lexington-Fayette Urban County Government General Obligation), dated September 26, 2018, in a maximum principal amount of $15,000,000, as amended by the 2020 Amendment to Note, made and entered into as of October 23, 2020 (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2018 Credit Facility Note").

"2018 Credit Facility Provider" means Truist Bank (formerly Branch Banking and Trust Company).

"2018 Line of Credit Agreement" means the 2014 Line of Credit Agreement, as amended by (i) the Amendment and Extension, dated September 26, 2018 and (ii) the 2020 Amendment, dated October 23, 2020, all by and between the Board and Truist Bank (formerly Branch Banking and Trust Company) (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – 2018 Credit Facility Note").

"2018 Project" means (i) additional interim financing for the 2014 Project; (ii) the demolition of the old Aircraft Rescue and Fire Fighting facility; (iii) the demolition of a general aviation hangar; (iv) runway rehabilitation and safety modifications projects, including in-depth pavement testing, a runway safety area determination, initial safety coordination, preliminary design and development; (v) the acquisition of equipment including but not limited to aircraft rescue and firefighting equipment; (vi) the acquisition, equipping, furnishing and installation of other capital expenditures at the Airport.

"2018A Series Resolution" means the Series Resolution adopted by the Board on August 22, 2018 authorizing the issuance of the 2018 Revolving Credit Note.

"2019 Project" means the acquisition of additions, extensions, and improvements to the present airport facilities at the Airport, consisting of airport improvements, including terminal improvements, general aviation development projects and land acquisition.

"2020A Series Resolution" means the Series Resolution adopted by the Board on May 27, 2020, authorizing the 2020 Amendments to the 2018 Credit Facility.

"2021 Repurposing Resolution" means the resolution adopted by the Board on March 24, 2021, amending the 2016 Series Resolution, to provide for the repurposing of unspent proceeds of the 2016 Series A Bonds and the Taxable 2016 Series C Bonds to finance additional Airport improvements and expand the scope of the 2016A Project and the 2016C Project, respectively, in connection therewith.

"2023 Project" means, collectively, the 2023A Project, the 2023B Project, and the 2023C Project.

"2023A Project" shall have the meaning set forth in this Official Statement under "PLAN OF FINANCE – Use of Series 2023 Bond Proceeds."

"2023B Project" shall have the meaning set forth in this Official Statement under "PLAN OF FINANCE – Use of Series 2023 Bond Proceeds."

"2023C Project" shall have the meaning set forth in this Official Statement under "PLAN OF FINANCE – Use of Series 2023 Bond Proceeds."

"Taxable 2016 Series C Bonds" means the Board's General Airport Revenue and Revenue Refunding Bonds, 2016 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable), originally issued on October 20, 2016 in the principal amount of $39,095,000.

"Taxable 2019 Series A Bonds" means the Board's General Airport Revenue and Revenue Refunding Bonds, 2019 Series A (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable), originally issued on November 6, 2019 in the principal amount of $32,000,000.

"Tenth Supplemental Trust Indenture" means the Tenth Supplemental Trust Indenture, dated as of November 1, 2023, by and between the Board and the Trustee, entered into in connection with the issuance of the Series 2023 Bonds, as the same may be amended or supplemented from time to time.

"Third Supplemental Lease Agreement" means the Third Supplemental Lease Agreement, dated as of March 1, 2013, by and between the Board, as lessor, and the Urban County Government, as lessee, supplementing the Lease, in connection with the reissuance of the Remaining Original 2009 Series B Bonds as the Reissued 2009 Series B Bonds (see ***Appendix D*** – "SUMMARY OF THE PRIOR OBLIGATIONS ISSUED UNDER THE TRUST INDENTURE – Reissued 2009 Series B Bonds").

"Third Supplemental Trust Indenture" means the Third Supplemental Trust Indenture, dated as of November 1, 2009, by and between the Board and the Trustee, entered into in connection with the issuance of the Original 2009 Series B Bonds. The Original 2009 Series B Bonds are no longer outstanding and the lien of the Third Supplemental Trust Indenture has been released in accordance with the terms of the Trust Indenture.

"Trust Indenture" means the Trust Indenture, dated as of November 1, 2008, between the Board and the Trustee, as supplemented and amended, by the following:

(a) the First Supplemental Trust Indenture;
(b) the Second Supplemental Trust Indenture;
(c) the Third Supplemental Trust Indenture;
(d) the Fourth Supplemental Trust Indenture;
(e) the Fifth Supplemental Trust Indenture;

(f) the Sixth Supplemental Trust Indenture;
(g) the Seventh Supplemental Trust Indenture;
(h) the Eighth Supplemental Trust Indenture;
(i) the Ninth Supplemental Trust Indenture; and
(j) the Tenth Supplemental Trust Indenture;

as the same may from time to time be duly amended, modified or supplemented in accordance with their respective terms, including by the execution and delivery of one or more additional Supplemental Trust Indentures.

"Trustee" means the Trustee at the time serving under the Trust Indenture, and each Supplemental Trust Indenture, currently U.S. Bank Trust Company, National Association, as successor trustee to U.S. Bank National Association, as successor trustee to The Bank of New York Mellon Trust Company, N.A.

"Urban County Council" means the Urban County Council of the Urban County Government, or any succeeding governing or legislative body of the Urban County Government.

"Urban County Government" means the Lexington-Fayette Urban County Government, an urban county local government organized and existing under the laws of the Commonwealth.

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SUMMARY OF THE TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture. This summary is not to be regarded as a complete statement of the Trust Indenture to which reference is made for a complete statement of the actual terms thereof. A summary of the provisions regarding the security for the Obligations is provided in this Official Statement under "SECURITY FOR THE SERIES 2023 BONDS." Copies of the Trust Indenture are on file with the Trustee.

General Operating Fund

The General Operating Fund shall be maintained by the Board. All General Revenues shall be deposited in the General Operating Fund.

All General Revenues collected by the Board shall be applied by the Board in the following order of priority:

(a) to the payment of Operation and Maintenance Expenses as incurred;

(b) at least three Business Days prior to the first day of each month, to make a transfer to the Debt Service Payment Account of the Debt Service Fund in an amount (i) equal to the interest on all Outstanding Obligations or corresponding amounts with respect to Credit Support Instruments and Hedge Payments then due and (ii) to the extent accrued but not yet payable, equal to the amount unpaid in respect of the next Interest Payment Date for such Outstanding Obligations or corresponding amounts with respect to Credit Support Instruments and Hedge Payments, divided by the number of months preceding such Interest Payment Date;

(c) at least three Business Days prior to the first day of each month, to make a transfer to the Debt Service Payment Account of the Debt Service Fund in an amount equal to the principal of all Outstanding Obligations or corresponding amounts with respect to Credit Support Instruments payable on the next Payment Date for principal of such Outstanding Obligations and Credit Support Instruments, divided by the number of months preceding such Payment Date;

(d) to transfer to the Debt Service Reserve Fund, as further provided in the Trust Indenture;

(e) to the payment of any amounts due to a Credit Support Provider that are not related to reimbursement of such Credit Support Provider for the payment of Debt Service Charges with draws under a Credit Support Instrument; and

(f) to the payment of any amounts due from the Board to the Urban County Government under the Lease.

The Board shall also establish and maintain such other funds and accounts as the Board is required to establish and maintain or deems necessary or advisable to establish and maintain with respect to the Airport. (Section 4.01)

Funds Held By the Trustee

The Trustee will hold and administer the Debt Service Fund, the Debt Service Reserve Fund and the Project Fund created under the Trust Indenture, together with the accounts contained therein, upon the terms and conditions, including, without limitation, the terms and conditions set forth in the Trust Indenture and the applicable Series Resolution and/or Supplemental Trust Indenture for the investment of moneys deposited in such Funds, set forth in the applicable Series Resolution and the Trust Indenture.

Debt Service Fund

There will be maintained in the Debt Service Fund the following Accounts: the Debt Service Payment Account and the Redemption and Purchase Account. The Trustee may create and maintain separate subaccounts within the Redemption and Purchase Account for each series of Obligations, with each separate subaccount securing only the particular series of Obligations to which it is related. The Trustee shall also create and maintain separate subaccounts within the Debt Service Payment Account and the Redemption and Purchase Account for each series of Obligations secured by a Credit Support Instrument (a "Credit Support Account"), with each separate subaccount securing only the particular series of Obligations to which it is related. (Section 4.02)

Use of Debt Service Payment Account

The Debt Service Account is pledged to and will be used solely for the payment of Debt Service Charges in their order of maturity; provided that Lease Rental Payments may be transferred to the Debt Service Reserve Fund up to amounts transferred to the Debt Service Account from the Debt Service Reserve Fund.

Proceeds of Obligations designated by the Fiscal Officer and amounts required to be paid from the General Operating Fund and all Lease Rental Payments shall be deposited in the Debt Service Payment Account; provided that, if amounts are transferred from the Debt Service Reserve Fund and as a result thereof the amount remaining in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the related Lease Rental Payment then due shall be deposited in the Debt Service Reserve Fund. If sufficient funds are not on deposit in the Debt Service Payment Account to enable the Trustee to pay Debt Service Charges when due, the amount of such deficiency shall be transferred by the Trustee from the Debt Service Reserve Fund to the Debt Service Payment Account. Amounts drawn on a Credit Support Instrument shall be deposited in the related Credit Support Account.

If a Credit Support Account has been established, the principal (including any Mandatory Sinking Fund Requirements), interest and redemption premium, if any, required to be paid by the Board on the related Obligations shall be paid first from amounts on deposit in such Credit Support Account and then from other amounts available in the Debt Service Payment Account for such purpose. Upon receiving funds for the payment of Debt Service Charges pursuant to a draw on a Credit Support Instrument, the Trustee shall apply related amounts deposited in the Debt Service Payment Account by the Board to the reimbursement of the Credit Support Provider for such draw in accordance with the terms of the related Credit Support Instrument.

If, three Business Days prior to any date that the payment of Debt Service Charges are due, sufficient funds are not on deposit in the Debt Service Payment Account to enable the Trustee to pay such Debt Service Charges, and if the Trustee shall have transferred funds from a Debt Service Reserve Fund to the Debt Service Payment Account to forestall a default in the payment of Debt Service Charges, then in each such instance the Trustee shall immediately notify the Fiscal Officer of the Board and the Urban County Government in writing of such event and request that the Urban County Government pay the Lease Rental Payment then due to cure such deficiency or to restore the amount transferred from the Debt Service Reserve Fund. (Section 4.02)

Debt Service Reserve Fund

The Trustee will hold and administer a Debt Service Reserve Fund to be used, solely for the payment of Debt Service Charges with respect to any series of Obligations for which a reserve fund has been mandated pursuant to the Series Resolution which authorized the issuance of such series of Obligations. A separate subaccount shall be created in the Debt Service Reserve Fund for each series of Obligations for which a reserve fund has been mandated by the Series Resolution which authorized such series of Obligations and each separate subaccount shall secure only the particular series of Obligations to which it is related.

If, on any date that Debt Service Charges are due, the amount on deposit in the Debt Service Payment Account is insufficient to pay such Debt Service Charges on such date, the Trustee, without necessity for any order by the Board, shall immediately transfer from the Debt Service Reserve Fund an amount sufficient to make up such deficiency in the Debt Service Payment Account.

Subject to the foregoing, any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement (a) may be transferred to the General Operating Fund and (b) upon the refunding of any Obligations may be deposited in the Redemption Account established for the Obligations to be refunded, if and to the extent ordered by the Fiscal Officer.

Within one hundred eighty (180) days after the end of each Fiscal Year, the Board shall determine the value of amounts on deposit in the Debt Service Reserve Fund in accordance with Section 4.12, and from the General Operating Fund, transfer to the Debt Service Reserve Fund such amount as may be required so that the amount in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Requirement.

A Debt Service Reserve Fund Credit Instrument may be deposited with the Trustee by the Board to satisfy the Debt Service Reserve Requirement, but only if the Board receives confirmation from each rating agency then rating Outstanding Obligations that such substitution will not cause a reduction or withdrawal of the then existing ratings on the Obligations. (Section 4.03)

Redemption and Purchase Account

There will be deposited in the Redemption and Purchase Account that portion (if any) of the proceeds of Refunding Obligations, as provided in the Series Resolution authorizing their issuance, allocated to the payment of the principal, interest and redemption premium, if any, or purchase price of the Obligations to be refunded, funded or retired through the issuance of such Refunding Obligations; amounts to be transferred thereto from the Debt Service Reserve Fund by order of the Fiscal Officer pursuant to Section 4.03 of the Trust Indenture; and any other amounts made available by the Board for the purposes of the Redemption and Purchase Account. Amounts for the redemption of Obligations to be provided pursuant to the mandatory sinking fund requirements of the Series Resolution authorizing such Obligations will not be deposited to the credit of the Redemption and Purchase Account, but shall be deposited to the credit of the Debt Service Payment Account.

Any amounts in the Redemption and Purchase Account may be committed, by Series Resolution or other action by the Governing Body, for the retirement of and for Debt Service Charges and the purchase price of Obligations tendered for purchase on specified Obligations and, so long as so committed, shall be used solely for such purposes whether directly or through transfer to the Debt Service Fund. Subject to the foregoing provisions, the Fiscal Officer may cause moneys in the Redemption and Purchase Account to be used to purchase any Obligations for cancellation and to redeem any Obligations in accordance with the redemption provisions of the applicable Series Resolution. From moneys in the Redemption and Purchase Account, the Trustee shall transmit or otherwise disburse such amounts at such times as required for the redemption or purchase for cancellation of Obligations and the payment of Debt Service Charges and the purchase price of Obligations tendered for purchase, in accordance with the applicable Series Resolution, or other action by the Governing Body or order of the Fiscal Officer not inconsistent therewith. Any amounts in the Redemption and Purchase Account not required for the purposes thereof pursuant to a commitment theretofore made, may be transferred to the General Operating Fund, the Debt Service Payment Account or the Debt Service Reserve Fund upon order of the Fiscal Officer. (Section 4.04)

Project Fund

Upon the issuance and delivery of Obligations, the proceeds of which will be used to pay Costs of Airport Facilities, there shall be created and ordered maintained with the Trustee, a fund designated the "Lexington-Fayette Urban County Airport Board Project Fund" with an additional series identification for each series of Obligations.

Amounts in a Project Fund will be disbursed therefrom by the Fiscal Officer or other authorized officer of the Board, according to such inspection, audit, and disbursement procedures as may from time to time be established by the Board, for the purpose of paying Costs of Airport Facilities as identified in the related Series Resolution or Supplemental Trust Indenture and to reimburse the Board for any payments which may have been made from other available resources in anticipation of the issuance of such Obligations.

Any balance remaining in a Project Fund after the final payment of all Costs of Airport Facilities for which such Project Fund was created, will be deposited in the Debt Service Fund and (i) credited to the Debt Service Reserve Fund if and to the extent that the Debt Service Reserve Fund contains less than the Debt Service Reserve Requirement, and/or (ii) either applied as a credit against the next deposit required to be made into the Debt Service Payment Account, or used to purchase Obligations in the open market at a purchase price not exceeding par plus accrued interest, as may be directed by the Fiscal Officer; provided that, if proceedings are then pending or imminently contemplated for incurring additional Costs of Airport Facilities which are or will be paid from the proceeds of Obligations, any such unexpended balance may be taken into account in determining the amount of Obligations to be authorized for such purpose, or may otherwise be applied to such Costs of Airport Facilities, in which event such unexpended balance may be transferred to a Project Fund created for such purpose. (Section 4.05)

Depreciation Fund

The Board shall maintain a Depreciation Fund to the extent required by the Act. Amounts to be deposited and maintained in the Depreciation Fund shall be determined by the Board. Amounts on deposit in the Depreciation Fund shall be available and shall be utilized to make repairs and replacements to the Airport and to pay the costs of constructing additions, extensions, betterments and improvements to the Airport which will either increase income and revenues or provide a higher degree of service.

In addition, to the extent amounts available in the General Operating Fund are not sufficient to make any required transfer:

(a) to the Debt Service Fund when due, amounts on deposit in the Depreciation Fund shall immediately be transferred to the Debt Service Fund; and

(b) to the Debt Service Reserve Fund, if the amount on deposit therein is less than the Debt Service Reserve Requirement, amounts on deposit in the Depreciation Fund shall be transferred to the Debt Service Reserve Fund in an amount equal to such deficiency.

Investment of Debt Service Fund, Debt Service Reserve Fund and Project Fund

Except as hereinafter provided, moneys in the Debt Service Fund shall be invested and reinvested by the Trustee in Government Bonds and moneys in the Debt Service Reserve Fund and the Project Fund shall be invested and reinvested by the Trustee in Eligible Investments, in each case at the written direction of the Fiscal Officer. Investment of moneys in the Debt Service Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Debt Service Charges and the purchase price of Obligations tendered for purchase (if no Credit Support Instrument is available for such purchases) as they become due at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements; provided that no such investment shall mature later than 30 days after its purchase date. Each investment of moneys in the Debt Service Reserve Fund shall mature or be redeemable without penalty within five years. Each investment of moneys in the Project Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from such fund. In the absence of any written direction from the Fiscal Officer, the Trustee shall invest all funds pursuant to standing written instructions delivered to the Trustee by the Board upon the original issuance of Obligations, as such instructions may be amended from time to time, provided that all such investments shall constitute Eligible Investments. The Trustee may trade with itself or its affiliates in the purchase and sale of securities for such investments.

Subject to any directions from the Fiscal Officer with respect thereto, the Trustee may sell at the best price reasonably obtainable, Debt Service Reserve Fund and Project Fund investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable as aforesaid. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an Authenticating Agent, a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to the Debt Service Fund to produce sufficient moneys applicable hereunder to and at the times required for the purposes of paying Debt Service Charges and the purchase price of Obligations tendered for purchase when due as aforesaid, and shall do so without necessity for any order on behalf of the Board and without restriction by reason of any order. An investment made from moneys credited to the Debt Service Fund, the Debt Service Reserve Fund and the Project Fund shall constitute part of that respective fund, and each respective fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto. The Board acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Board the right to receive brokerage confirmations of security transactions, the Board waives receipt of such confirmations.

For purposes of qualifying any investment as an Eligible Investment, where such qualification is dependent upon the rating assigned to such investment by a Rating Service, such qualification will be determined as of the date of purchase of such investment or deposit thereof with the Trustee, whichever is later. (Section 4.13)

Power to Issue Obligations and Make Pledges

The Board is duly authorized pursuant to law to create and issue the Obligations and to pledge the General Revenues and the Pledged Funds in the manner and to the extent provided in the Trust Indenture. The Board shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the General Revenues and the Pledged Funds under the Trust Indenture and all the rights of the Holders under the Trust Indenture against all claims and demands of all Persons whomsoever. (Section 5.01)

General Covenant

(a) The Board covenants that it will fix and establish, and revise from time to time whenever necessary, such rentals, rates and other charges for the use and operation of the Airport and for certain services rendered by the Board in the operation thereof in order that in each Fiscal Year, General Revenues, together with any cash balances as of the first day of such Fiscal Year that are available for the following, will be at least sufficient:

(i) to provide for (A) the payment of Operation and Maintenance Expenses, (B) any required deposit to any Pledged Fund, (C) the payment of any amounts due to a

Credit Support Provider that are not related to reimbursement of such Credit Support Provider for the payment of Debt Service Charges with draws under a Credit Support Instrument, and (D) the payment of any amounts due from the Board to the Urban County Government under the Lease, exclusive of Aggregate Annual Debt Service for the Fiscal Year; and

(ii) to provide for the payment of not less than 100 percent of the Aggregate Annual Debt Service for the Fiscal Year, reduced by (A) amounts available in any capitalized interest account established pursuant to a Supplemental Trust Indenture for disbursement during such Fiscal Year to pay interest on Obligations and (B) anticipated receipts from Passenger Facility Charges and Contract Facility Charges that are available for the payment of Debt Service Charges;

provided that, failure to fix and establish rates, rentals and charges that are sufficient to pay the amount set forth in clause (i)(D) above shall not constitute an Event of Default.

(b) If during any Fiscal Year, General Revenues, such Passenger Facility Charges, such Contract Facility Charges and such cash balance are estimated to produce less than the amount required under paragraph (a) of this Section, the Board shall revise its rentals, fees and charges or alter its methods of operation or take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

(c) Within 60 days after the end of each Fiscal Year, the Board shall furnish to the Trustee a calculation of the coverage required under paragraph (a) of this Section certified by the Fiscal Officer.

(d) If the certificate specified in the preceding paragraph for any year indicates that the Board has not satisfied its obligations under paragraph (a) above, then as soon as practicable, but in any event no later than 60 days after the receipt by the Trustee of such certificate, the Board shall employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit to the Board, within 60 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the Board with respect to the revision of its Airport rentals, fees, and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then-current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Promptly upon its receipt of the recommendations the Board shall, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the Board to result in compliance with paragraph (a) above. The Board shall transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each owner of Obligations who has requested the same.

(e) If at any time and as long as the Board is in full compliance with the provisions of this Section other than paragraph (a) above, there shall be no Event of Default under the Trust Indenture as a consequence of the Board's failure to satisfy the covenant contained in paragraph (a) during such period. (Section 5.02)

Management

The Board covenants that in order to assure the efficient management and operation of the Airport and to assure the Holders of the Obligations that the Airport will be economically and efficiently operated on the basis of sound business principles, it will operate and maintain the Airport. The Board will not take, or allow any other person to take, any action which would cause the Federal Aviation Administrator of the FAA, Department of Transportation, or any successor to the powers and authority of such Administrator, to suspend or revoke the Airport's airport operating certificate issued under the Federal Aviation Act of 1958, or any successor statute. (Section 5.06)

Operation and Maintenance of Airport

The Board shall operate and maintain the Airport in good repair and working order and shall make such repairs thereto as shall be necessary or appropriate in the prudent management thereof to insure its economic and efficient operation. The Board will operate the Airport in a manner that will entitle it to charge and collect rentals, fees and charges which the Board is entitled to receive or as otherwise permitted by law and shall take such reasonable measures permitted by law to enforce payment to it of such rentals, fees and charges. (Section 5.07)

Events of Default

Events of Default under the Trust Indenture include:

(a) Failure to pay any Debt Service Charges or the purchase price of Obligations tendered for purchase when and as the same shall have become due and payable;

(b) Failure by the Board to perform or observe any other covenant, agreement or condition on the part of the Board contained in the Trust Indenture or in the Obligations, which failure or Event of Default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the Board by the Trustee, specifying the failure or Event of Default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the Holders of not less than twenty-five percent in aggregate principal amount of the Obligations then Outstanding; provided that the Person or Persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the Board shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension up to 180 days as shall be necessary to enable the Board to diligently complete such curative action;

(c) The Board shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or, (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

(d) The failure of any Credit Support Provider to honor any drawing in accordance with the terms of a Credit Support Instrument.

(e) The Trustee's receipt of written notice from the Credit Support Provider stating that an event of default exists under the terms of a Credit Support Instrument and directing the Trustee to declare an Event of Default hereunder.

Additional “Events of Default” applicable to a particular series of Obligations may be set forth in a Supplemental Trust Indenture relating to those Obligations or in the form of that Obligation. (Section 7.01)

Acceleration

Upon the occurrence of any Event of Default as defined in the Trust Indenture, the Trustee may, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of the Obligations Outstanding or a Credit Support Provider shall, declare the principal of all Obligations, together with accrued interest thereon, to be immediately due and payable on the announced accelerated maturity date. Upon any such declaration, which shall be made by a notice in writing given to the Board, the principal of and accrued interest, if any, on the Obligations shall become and be immediately due and payable on the accelerated maturity date announced in such notice, which date shall be a Business Day not more than five days following the date of declaration of acceleration. Interest on the accelerated Obligations shall accrue to the announced accelerated maturity date; provided that interest shall continue to accrue on such Obligations after the announced accelerated maturity date (until funds are on deposit) to the extent that moneys are not on deposit on such date in the Debt Service Fund for the retirement of the principal of the Obligations. If Obligations are secured by a Credit Support Instrument, amounts payable under this Section shall be paid first from amounts drawn on such Credit Support Instrument and then from other amounts available for such purpose. Notwithstanding the foregoing, Lease Rental Payments shall be applied only to the payment of Debt Service Payments as they become due and payable, in the order of their respective payment dates, as if no acceleration of Debt Service Payments had been declared under the provisions of this paragraph.

The provisions of the above paragraph are subject, however, to the condition that if, at any time after such principal and interest on Obligations shall have been so declared due and payable, (a) all sums payable hereunder except the principal of, and interest accrued after the next preceding Payment Date on, the Obligations accelerated which have not reached their stated maturity dates and which are due and payable solely by reason of said declaration shall have been duly paid or provided for by deposit with the Trustee or Paying Agents hereunder from moneys supplied by the

Board; (b) all existing Event of Defaults hereunder shall have been fully cured, to the extent then capable of being cured; and (c) if such declaration was pursuant to Section 7.01(e) of the Trust Indenture, the Trustee has received written notice from the related Credit Support Provider to rescind the declaration of acceleration and the related Credit Support Instrument has been fully reinstated (and the Credit Support Provider is not in default of its obligations under the related Credit Support Instrument), then and in every such case such payment or provisions for payment shall ipso facto constitute a waiver of such Event of Default and its consequences and an automatic rescission and annulment of such declarations under the above paragraph, but no such waiver or rescission shall extend to or affect any subsequent Event of Default or impair any rights consequent thereon. (Section 7.02)

Supplemental Trust Indentures Not Requiring Consent of Holders

The Board and the Trustee without the consent of, or notice to, any of the Holders, may enter into indentures supplemental to the Trust Indenture and other instruments evidencing the existence of a lien as shall not, in the opinion of the Trustee, be inconsistent with the terms and provisions of the Trust Indenture for any one or more of the following purposes:

(a) To cure any ambiguity, inconsistency or formal defect or omission in the Trust Indenture or in any Supplemental Trust Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(c) To subject additional revenues or property to the lien and pledge of the Trust Indenture;

(d) To add to the covenants and agreements of the Board contained in the Trust Indenture other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the Board in the Trust Indenture, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;

(e) To evidence any succession to the Board and the assumption by such successor of the covenants and agreements of the Board contained in the Trust Indenture or other instrument providing for the operation of the Board or Airport Facilities, and the Obligations;

(f) In connection with the issuance of Obligations in accordance with Sections 2.01 and 2.02 of the Trust Indenture;

(g) To permit the Trustee to comply with any obligations imposed upon it by law;

(h) To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations, bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized Bond Counsel selected by the Board and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations Outstanding becoming subject to federal income taxation;

(i) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents;

(j) To achieve compliance of the Trust Indenture with any applicable federal or Kentucky laws, including tax laws;

(k) To modify any provisions of the Trust Indenture in order to obtain a Credit Support Instrument or Interest Rate Hedge Agreement, so long as such modifications affect only the Obligations to which such Credit Support Instrument or Interest Rate Hedge Agreement relate; and

(l) In connection with any other change to the Trust Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Holders of the Obligations.

The provisions of (g) and (j) above will not be deemed to constitute a waiver by the Trustee, the Registrar, the Board or any Holder of any right which it may have in the absence of those provisions to consent to the application of any change in law to the Trust Indenture or the Obligations. (Section 8.01)

Supplemental Trust Indentures Requiring Consent of Holders

Exclusive of Supplemental Trust Indentures referred to in Section 8.01 of the Trust Indenture and subject to the terms and provisions and limitations contained in this paragraph, and not otherwise, the Holders of a majority in aggregate principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in the Trust Indenture to the contrary notwithstanding, to consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental to the Trust Indenture as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Trust Indenture; provided that nothing in this paragraph or in the Trust Indenture will permit, or be construed as permitting, a Supplemental Trust Indenture providing for (a)(i) a reduction in the percentage of Obligations the consent of the Holders of which are required to consent to such Supplemental Trust Indenture or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then Outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected or (c) modify the right of the Holders of not less than twenty-five percent in aggregate principal amount of the Obligations then Outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then Outstanding.

If at any time the Board requests that the Trustee enter into any such Supplemental Trust Indenture for any of the purposes of Section 8.02 of the Trust Indenture, the Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the proposed execution of such Supplemental Trust Indenture to be mailed by first class mail, postage prepaid, to all Holders of Obligations then Outstanding at their addresses as they appear on the Registrar at the close of business on the Business Day immediately preceding that mailing. The Trustee will not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by the Trust Indenture, and any such failure shall not affect the validity of such Supplemental Trust Indenture when consented to and approved as provided in Section 8.02 of the Trust Indenture. Such notice will briefly set forth the nature of the proposed Supplemental Trust Indenture and will state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Holders.

If within such period, not exceeding one year, as prescribed by the Board, following the mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Holders of a majority in aggregate principal amount of the Obligations then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Trust Indenture described in such notice and will specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee will execute such Supplemental Trust Indenture in substantially such form; without liability or responsibility to any Holder of any Obligation, whether or not such Holder will have consented thereto.

Any such consent is binding upon the Holder of the Obligation giving such consent, upon any subsequent Holder of such Obligation and upon the Holder of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Trustee, prior to the execution by the Trustee of such Supplemental Trust Indenture, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation in the manner permitted by Section 10.01 of the Trust Indenture. At any time after the Holders of the required percentage of the Obligations shall have filed their consents to the Supplemental Trust Indenture, the Trustee shall make and file with the Board a written statement that the, Holders of such required percentage of the Obligations have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of the Obligations shall have consented to and approved the execution thereof as provided in the Trust Indenture, no Holder of any Obligation has any right to object to the execution of such Supplemental Trust

Indenture, to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Board from executing the same or from taking any action pursuant to the provisions thereof. (Section 8.02)

Authorization to the Trustee; Effect of Supplemental Trust Indentures

The Trustee is authorized to join with the Board in the execution of any such Supplemental Trust Indenture provided for in the Trust Indenture and to make the further agreements and stipulations which may be contained therein. Any Supplemental Trust Indenture executed in accordance with the provisions of the Trust Indenture will thereafter form a part of the Trust Indenture, all the terms and conditions contained in any such Supplemental Trust Indenture as to any provision authorized to be contained therein will be deemed to be part of the terms and conditions of the Trust Indenture for any and all purposes, the Trust Indenture will be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Indenture of the Board, the Trustee, the Registrar, the Authenticating Agents, the Paying Agents and all Holders of Obligations then Outstanding will thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments. Express reference to such executed Supplemental Trust Indenture may be made in the text of any Obligations issued thereafter, if deemed necessary or desirable by the Trustee or the Board. There will be no modification, change or amendment to the Trust Indenture or any other document related to the Obligations which affects the rights, duties or obligations of the Trustee thereunder, without the Trustee's prior written consent. (Section 8.03)

Opinion of Counsel

The Trustee is entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Board, as conclusive evidence that any such proposed Supplemental Trust Indenture complies with the provisions of the Trust Indenture and that it is proper for the Trustee, under the provisions of the Trust Indenture, to join in the execution of such Supplemental Trust Indenture. (Section 8.04)

Modification by Unanimous Consent

Notwithstanding anything contained elsewhere in the Trust Indenture, the rights and obligations of the Board and of the Holders of the Obligations, and the terms and provisions of the Obligations and the Trust Indenture or any Supplemental Trust Indenture, may be modified or altered in any respect with the consent of the Board and the consent of the Holders of all of the Obligations then Outstanding and the Trustee. (Section 8.05)

Release of Trust Indenture

If the Board pays or cause to be paid and discharged, or there shall otherwise by paid to the Holders of the Outstanding Obligations all Debt Service Charges due or to become due thereon and provision shall also be made for paying all other sums payable under the Trust Indenture, then and in that event the Trust Indenture (except for Sections 4.02, 4.04, 9.02 and 9.03 thereof) will cease, determine and become null and void, and the covenants, agreements, and other obligations of the Board under the Trust Indenture are discharged and satisfied, and thereupon the Trustee will release the Trust Indenture, including the cancellation and discharge of the lien thereof, and execute and deliver to the Board such instruments in writing as required to satisfy and terminate the lien thereof and to enter on the records such satisfaction and discharge and to re-convey to the Board the estate created by the Trust Indenture and such other instruments to evidence such release and discharge as may be reasonably required by the Board, and the Trustee and Paying Agents will assign and deliver to the Board any property at the time subject to the lien of the Trust Indenture which may then be in their possession, except amounts in the Debt Service Fund required to be held by the Trustee and Paying Agents under Section 4.08 of the Trust Indenture or otherwise for the payment of Debt Service Charges. (Section 9.01)

Payment and Discharge of Obligations

All the Outstanding Obligations of one or more series will be deemed to have been paid and discharged within the meaning of the Trust Indenture, including without limitation, Section 9.01 of the Trust Indenture if either (i) the Trustee as paying agent and any Paying Agents are required to hold, in the Debt Service Payment Account in trust for and irrevocably committed thereto, sufficient moneys or (ii) the Trustee is required to hold, in the Debt Service Fund in trust for and irrevocably committed thereto, investments described in clauses (a) or (b) of the definition of Government Bonds as of the date of the determination required in Section 9.02 of the Trust Indenture which are, in either case, certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest (at the maximum permitted interest rate for any period that the actual rate on any Obligations cannot be determined) as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as provided in the Trust Indenture), be sufficient together with moneys referred to in clause (i) above, for the payment, at their maturity, redemption or due date, as the case may be, of all Debt Service Charges on those Obligations to their maturity, redemption or due date, as the case may be, or if Event of Default in such payment will have occurred on such date then to the date of the tender of such payment; provided that if any of such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption will have been duly given or irrevocable provisions satisfactory to the Trustee have been duly made for the giving of such notice; provided that if the Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice. (Section 9.02)

Survival of Certain Provisions

Notwithstanding the foregoing, those provisions of a Series Resolution and the Trust Indenture relating to the maturity of Obligations, interest payments and dates thereof, optional and mandatory redemption provisions, credit against Mandatory Sinking Fund Requirements, exchange, transfer and registration of Obligations, replacement of mutilated, destroyed, lost or stolen Obligations, the safekeeping and cancellation of Obligations, non-presentment of Obligations, the holding of moneys in trust, repayments to the Board from the Pledged Funds and the rights, remedies and duties of the Trustee and the Registrar in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee, the Registrar, the Authenticating Agent, Paying Agents and the Holders notwithstanding the release and discharge of the lien of the Trust Indenture. The provisions of the Article IX of the Trust Indenture shall survive the release and discharge of the Trust Indenture. (Section 9.03)

Limitation of Rights

With the exception of rights expressly conferred in the Trust Indenture, nothing expressed or mentioned in or to be implied from the Trust Indenture or the Obligations is intended or shall be construed to give to any Person other than the parties to the Trust Indenture, the Board, any Credit Support Provider and the Holders of the Obligations any legal or equitable right, remedy or claim under or in respect to the Trust Indenture or any covenants, conditions and provisions in contained in the Trust Indenture; the Trust Indenture and all of the covenants, conditions and provisions of the Trust Indenture being intended to be and being for the sole and exclusive benefit of the parties hereto, the Board, any Credit Support Provider and the Holders of the Obligations as provided in the Trust Indenture. (Section 10.02)

SUMMARY OF THE TENTH SUPPLEMENTAL TRUST INDENTURE

The following is a summary of certain provisions of the Tenth Supplemental Trust Indenture. This summary is not to be regarded as a complete statement of the Tenth Supplemental Trust Indenture to which reference is made for a complete statement of the actual terms thereof. Copies of the Tenth Supplemental Trust Indenture are on file with the Trustee.

The Tenth Supplemental Trust Indenture provides for the execution and delivery by the Board of its Series 2023 Bonds, the terms of which are summarized in "DESCRIPTION OF THE SERIES 2023 BONDS." See "PLAN OF FINANCE" with respect to the anticipated uses of the proceeds of the Series 2023 Bonds.

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease. This summary is not to be regarded as a complete statement of the Lease to which reference is made for a complete statement of the actual terms thereof. Copies of the Lease are on file with the Trustee.

Lease of Project

Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Project in accordance with the provisions of this Lease, to have and to hold for the Lease Term; provided that the Lessor shall continue to maintain and operate the Airport as provided in Chapter 183 of the Kentucky Revised Statutes. Upon and during acquisition, construction, installation and equipping of the Project, all leasehold rights granted to Lessee by Lessor under this Lease shall vest in Lessee, without any further action on the part of Lessor. (Section 2)

Lease Rental Payments

(a) Lessee agrees to pay to Lessor during the Lease Term, the Lease Rental Payments specified in the Lease. The interest component of the Lease Rental Payments (as provided in the Lease) shall not exceed the applicable Maximum Rate. The Lease Rental Payments during the

Lease Term will be absolute and unconditional in all events; provided that, no Lease Rental Payments will be due from the Lessee so long as, at least three Business Days prior to the applicable Payment Date, the amount required to pay Debt Service Charges on the Outstanding Obligations is on deposit in the Debt Service Payment Account of the Debt Service Fund, other than as a result of (i) the transfer of an amount from the Debt Service Reserve Fund that causes the amount in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement or (ii) a draw on a Debt Service Reserve Fund Credit Instrument. If the Trustee has transferred amounts from the Debt Service Reserve Fund to the Debt Service Fund, the Lease Rental Payment then due shall be the amount (i) required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement and/or (ii) the amount required to reimburse the draw made on the Debt Service Reserve Fund Credit Instrument. If a Lease Rental Payment has not been included in the budget of the Urban County Government for the fiscal year in which a payment is required, at the meeting of the Urban County Council immediately succeeding receipt of notice from the Trustee that such payment is required, such budget shall be amended to include all remaining Lease Rental Payments for that fiscal year.

(b) Lessee agrees to deposit the Lease Rental Payments in the Sinking Fund and to pay from the Sinking Fund directly to the Trustee, the Lease Rental Payments specified in the Lease, for deposit directly in the Debt Service Payment Account of the Debt Service Fund and such Lease Rental Payments shall not be deemed revenues or assets of the Lessor. Each payment shall be applied first to payment of the interest component of the Lease Rental Payment to which it relates; provided, however, Lessee may make advance payments of principal components of Lease Rental Payments. Such Lease Rental Payments shall correspond to the payments due with respect to the Debt Service Charges on the Outstanding Obligations.

(c) Lease Rental Payments made by the Lessee under the Lease (the "Advances") shall be repaid by the Lessor to the Lessee, on or about the first day of each month, from General Revenues or any other source, to the extent amounts are available after Lessor's (i) payment or the provision for payment of current and future Operation and Maintenance Expenses, (ii) payment of all amounts then due that are related to Debt Service Payments, (iii) deposit of any amounts required to be deposited in the Debt Service Reserve Fund, (iv) payment of any amounts due a Credit Support Provider. Advances shall accrue interest at a rate equal to the interest rate (or average of the interest rates) on the Obligations to which such Advances relate. Notwithstanding any other provision of the Lease, Lessor's failure to repay any Advances shall not relieve the Lessee of its obligations to make any future Lease Rental Payments when due; provided, however, Lessee may exercise any right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages to the extent such right, remedy or privilege does not reduce or change the time for payment of the Lease Rental Payments. (Section 5)

General Obligation Pledge

The obligation of the Lessee created by the Lease shall be a full general obligation of the Lessee and, for the payment of the Lease Rental Payments, the full faith, credit and revenues of the Lessee are hereby pledged for the prompt payment thereof. During the period the Lease is outstanding, there shall be levied on all the taxable property in the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease

Rental Payments when and as due; provided, however, that in each year to the extent that the other taxes of the Lessee are available for the payment of the Lease Rental Payments and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the Lessee shall be reduced by the amount of such other taxes so available and appropriated. As provided in the Ordinance, the funds derived from said tax levy hereby required or other available taxes shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of all bonds issued under KRS Chapter 66 and Tax Supported Leases, as defined in KRS Chapter 66, including the Lease Rental Payments, when and as the same fall due. (Section 7)

Title

(a) The Lessor shall continue to retain legal title to the Project and the Project Site during the Lease Term, subject to the Lessee's rights under the Lease. Lessor and Lessee agree that the Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

(b) Title to the Project shall, upon Lessee's request, be transferred to Lessee in fee simple absolute and Lessor's interest therein shall pass to Lessee upon demand, without cost, upon the complete payment and performance by Lessee of all of its obligations during the Lease Term.

(c) Lessee's leasehold interest shall, without any action by the Lessor or Lessee, immediately terminate upon (i) any termination of the Lease, or (ii) the occurrence of an Event of Default.

(d) The parties agree to execute such instruments and do such things as are reasonably requested by the other party and as may be required by law in order to effectuate transfer of any and all of one party's right, title and/or interest in the Project, as is, to the other party. (Section 8)

Use; Maintenance and Repair

(a) Lessor will (i) use the Project in a manner consistent with the use by similar governmental entities that own and operate airports and for the use contemplated by the Lease and the Kentucky Revised Statutes with respect to operating the Project for public airport purposes; (ii) comply in all material respects with all laws, insurance policies and regulations relating to the use and maintenance of the Project; and (iii) pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance of the Project.

(b) Lessor will (i) cause the Project to be kept in good condition and furnish all parts, mechanisms and devices required therefor under law, and (ii) obtain and maintain any governmental licenses and permits required for ownership and operation of the Project.

(c) Lessor will maintain, or by contract provide for the proper maintenance of, the Project in accordance with Section 9 of the Lease during the Lease Term.

(d) Lessee agrees that during the Lease Term it will not impair the Lessor's abilities to operate and maintain the Project.

(e) Lessor shall pay or cause to be paid, on or before the due date thereof, all charges for water, gas, sewers, electricity, light, heat, power, telephone and other services used, rendered or supplied to the Lessor in connection with the use and occupancy of the Project. (Section 9)

Events of Default

The occurrence of any one or more of the following events constitutes an "Event of Default" under the Lease:

(a) Lessee's failure to make any Lease Rental Payment (or any other payment) as it becomes due in accordance with the terms of the Lease;

(b) Lessee's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Lease or any document delivered by Lessee pursuant to or in connection with this document, and the failure is not cured or steps satisfactory to Lessor taken to cure the failure, within 15 days after written notice of the failure to Lessee by Lessor; or

(c) The discovery by Lessor that any material statement, representation or warranty made by Lessee in the Lease or in any writing delivered by Lessee pursuant to or in connection with the Lease is false, misleading or erroneous in any material respect. (Section 16)

Remedies

Upon the occurrence of an Event of Default, and as long as the Event of Default is continuing, Lessor may, at its option, exercise any one or more of the following remedies as to the Project, to whichever the Event of Default pertains:

(a) By appropriate court action, enforce the general obligation pledge set forth in the Ordinance and Section 7 of the Lease so that during the remaining Lease Term there is levied on all the taxable property of the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due;

(b) By written notice to Lessee, enter and take immediate possession of the Project;

(c) Sell or lease the Project or sublease it for the account of Lessee, holding Lessee liable for all Lease Rental Payments and other payments due during the remaining Lease Term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining Lease Rental Payments when due, with any proceeds of the sale of the Project being applied first to all past due Lease Rental Payments and then to the principal component of Lease Rental Payments in inverse order of their due date; and

(d) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease as to any or all of the Project. (Section 17)

Reserved Right of Partial Release and Conveyance of Portions of Project, Rights-of-Way and/or Easements

The Lease is subject to the reserved right of the Lessor to withdraw any unimproved portion(s) of the Project Site described in such Lease from the Project, to release or convey, with or without consideration, such easements, rights-of-way, licenses, or other rights, over, upon or beneath the surface of the Project Site as may reasonably be required, and to cause the Trustee to join in the execution of any document necessary to accomplish the provisions of such conveyance or release. (Section 22)

SUMMARY OF THE EIGHTH SUPPLEMENTAL LEASE

The following is a summary of certain provisions of the Eighth Supplemental Lease. This summary is not to be regarded as a complete statement of the Eighth Supplemental Lease to which reference is made for a complete statement of the actual terms thereof. Copies of the Eighth Supplemental Lease are on file with the Trustee.

The Eighth Supplemental Lease provides for the amendment of the Lease to (a) include the 2023 Project (see "PLAN OF FINANCE – Use of Proceeds") and incorporate a new schedule of Lease Rental Payments to reflect the issuance of the Series 2023 Bonds, (b) amend the description of the 2016 Project (pursuant to the 2021 Repurposing Resolution), and (c) incorporate certain updates to the legal description of the Project Site.

[END OF APPENDIX C]

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APPENDIX D
SUMMARY OF THE PRIOR OBLIGATIONS
ISSUED UNDER THE TRUST INDENTURE

Series 2008 Bonds

Pursuant to the Act, the General Bond Resolution, the 2008 Series Resolution, and the Trust Indenture, the Board issued its Series 2008 Bonds on December 9, 2008. The Series 2008 Bonds were issued for the purpose of providing funds to: (1) refund all the bonds issued by the Lexington-Fayette Urban County Airport Corporation (the "Corporation") and then outstanding under the Prior Mortgage; (2) finance the 2008 Project; (3) fund the Debt Service Reserve Fund established pursuant to the Trust Indenture in an amount equal to the Debt Service Reserve Requirement; and (4) pay the costs of issuance of the Series 2008 Bonds.

Under the Prior Mortgage, the title to the Airport was held by the Corporation and the Airport was operated by the Board. Pursuant to the Prior Leases, the Corporation leased certain designated portions of the Airport (including various capital improvements financed under the Prior Mortgage) to the Urban County Government and the Board, as joint lessees. The required rental payments under the Prior Leases included annual amounts sufficient to pay principal of and interest on the bonds secured by the Prior Mortgage. Upon the issuance of the Series 2008 Bonds, all of the bonds secured by the Prior Mortgage were redeemed, the Prior Mortgage was defeased, the Prior Leases were terminated, the Corporation was dissolved, and the Board became the owner of the Airport.

Series 2009 Bonds

Pursuant to the Act, the General Bond Resolution, the 2009 Series Resolution, and the Trust Indenture, the Board issued its Series 2009 Bonds on November 18, 2009. The Series 2009 Bonds were issued for the purpose of providing funds to: (1) currently refund all the 2008 Series A Bonds then outstanding and a portion of the 2008 Series B Bonds then outstanding in the aggregate principal amount of $14,880,000 (collectively, the "Refunded 2008 Series A Bonds" and the "Initial Refunded 2008 Series B Bonds"); (2) fund the Debt Service Reserve Fund in an amount, together with the amount on deposit therein, equal to the Debt Service Reserve Requirement; and (3) pay the costs of issuance of the Series 2009 Bonds.

Upon the issuance of the 2009 Series A Bonds and the Original 2009 Series B Bonds, the Refunded 2008 Series A Bonds and the Initial Refunded 2008 Series B Bonds were defeased and are no longer outstanding under the Trust Indenture. A portion of the remaining outstanding principal amount of the 2009 Series A Bonds was refunded with portions of the proceeds of the Taxable 2016 Series C Bonds and the 2016 Series E Bonds. The final portion of the remaining outstanding principal amount of the 2009 Series A Bonds was paid at maturity on July 1, 2019 and such bonds are no longer outstanding.

Series 2012 Bonds

Pursuant to the Act, the General Bond Resolution, the 2012 Series Resolution, and the Trust Indenture, the Board issued its Series 2012 Bonds on November 27, 2012 for the purpose of providing funds to: (1) currently refund all of the remaining outstanding 2008 Series B Bonds and a portion of the Original 2009 Series B Bonds in the aggregate principal amount of $22,160,000 (collectively, the "Remaining Refunded 2008 Series B Bonds and the Initial Refunded 2009 Series B Bonds"); (2) fund the Debt Service Reserve Fund in an amount, together with the amount on deposit therein, equal to the Debt Service Reserve Requirement; and (3) pay the costs of issuance of the Series 2012 Bonds.

Upon the issuance of the Series 2012 Bonds, the Remaining Refunded 2008 Series B Bonds and Initial Refunded 2009 Series B Bonds were defeased and are no longer outstanding under the Trust Indenture. The Board refunded the entire remaining outstanding principal amount of the Series 2012 Bonds with a portion of the proceeds of the 2019 Series A Bonds and such Series 2012 Bonds are no longer be outstanding.

Reissued 2009 Series B Bonds

Following the refunding of the Initial Refunded 2009 Series B Bonds with a portion of the proceeds of the 2012 Series B Bonds, a portion of the Original 2009 Series B Bonds remained outstanding under the Trust Indenture in the aggregate principal amount of $5,400,000 (the "Remaining Original 2009 Series B Bonds"). Pursuant to the Act, the General Bond Resolution, the Reissued 2009 Series B Resolution, and the Trust Indenture, such Remaining Original 2009 Series B Bonds were tendered for purchase and then reissued in the principal amount of $5,400,000 as the Reissued 2009 Series B Bonds on March 26, 2013, and purchased by the Reissued 2009 Series B Bond Purchaser pursuant to the Reissued 2009 Series B Bond Purchase Agreement and the Fifth Supplemental Trust Indenture. The Reissued 2009 Series B Bond Purchase Agreement, as originally executed in March 2013 was (i) amended in November 2017 and in February 2023 to extend the Mandatory Tender Date (as defined therein) and incorporate related revisions and (ii) amended and restated in May 2023 to extend the Mandatory Tender Date to May 1, 2026 and provide for a change in the interest rate index.

The entire remaining outstanding principal amount of the Reissued 2009 Series B Bonds will be refunded and defeased with a portion of the proceeds of the 2023 Series A Bonds on the Date of Issuance, to be redeemed as described herein under "PLAN OF FINANCE."

2014 Revolving Credit Note

Pursuant to the Act, the General Bond Resolution, the 2014A Series Bond Resolution adopted by the Board on May 28, 2014 and the Trust Indenture, the Board issued its 2014 Revolving Credit Note, for the purpose of (a) providing funds to provide interim financing for the 2014 Project and (b) paying the costs of issuance of the 2014 Revolving Credit Note. The 2014 Revolving Credit Note evidenced a loan in a maximum principal amount of $10,000,000, to be made in the form of advances in the amounts and on dates as requested by the Board, pursuant to the terms of the 2014 Line of Credit Agreement (together with the 2014 Revolving Credit Note, the “2014 Credit Facility”). The Board did not request any advances under the 2014 Credit Facility.

The Sixth Supplemental Trust Indenture was entered into to secure the 2014 Revolving Credit Note. The 2014 Revolving Credit Note was renewed and extended as the 2018 Credit Facility Note, which is secured by the Eighth Supplemental Trust Indenture. The 2014 Revolving Credit Note as originally issued is no longer outstanding.

The Fourth Supplemental Lease Agreement was entered into to provide for the lease of the 2014 Project to the Urban County Government in connection with the issuance of the 2014 Revolving Credit Note. The Sixth Supplemental Lease Agreement was entered into in connection with the 2018 Credit Facility. The 2014 Project, along with additional improvements, is now referred to as the 2018 Project (see “2018 Credit Facility Note” below).

Series 2016 Bonds

Pursuant to the Act, the General Bond Resolution, the 2016 Series Resolution, and the Trust Indenture, the Board issued five series of bonds for the purposes set forth below:

(a) *2016 Series A Bonds.* The proceeds of the 2016 Series A Bonds were used to (i) finance the 2016A Project, (ii) fund the Debt Service Reserve Fund and (iii) pay the costs of issuance related to such 2016 Series A Bonds;

(b) *2016 Series B Bonds.* The proceeds of the 2016 Series B Bonds were used to (i) finance the 2016B Project, (ii) fund the Debt Service Reserve Fund and (iii) pay the costs of issuance related to such 2016 Series B Bonds;

(c) *Taxable 2016 Series C Bonds.* The proceeds of the Taxable 2016 Series C Bonds were primarily used to (i) finance the 2016C Project, (ii) refund a portion in the principal amount of $16,235,000 of the remaining outstanding principal amount of the 2009 Series A Bonds, (iii) fund the Debt Service Reserve Fund and (iv) pay the costs of issuance related to such Taxable 2016 Series C Bonds;

(d) *2016 Series D Bonds.* The proceeds of the 2016 Series D Bonds were used to (i) finance the 2016D Project, (ii) fund the Debt Service Reserve Fund, (iii) pay capitalized interest and (iv) pay the costs of issuance related to such 2016 Series D Bonds; and

(e) *2016 Series E Bonds.* The proceeds of the 2016 Series E Bonds were used to (i) advance refund a portion in the principal amount of $4,245,000 of the remaining outstanding principal amount of the 2009 Series A Bonds and (ii) pay the costs of issuance related to such 2016 Series E Bonds.

Portions of the remaining outstanding principal amounts of the 2016 Series A Bonds and the 2016 Series B Bonds were refunded with a portion of the proceeds of the 2019 Series A Bonds. The 2016 Series A Bonds and the 2016 Series B Bonds are no longer outstanding.

2018 Credit Facility Note

Pursuant to the Act, the General Bond Resolution, the 2018A Series Resolution, and the Trust Indenture, the Board issued its 2018 Credit Facility Note as a renewal and extension of the 2014 Revolving Credit Note, for the purpose of (i) extending the maturity date, (ii) increasing the maximum aggregate principal amount thereof to $15,000,000 (to be provided in the form of advances in the amounts and on dates as requested by the Board, pursuant to the terms of the 2018 Credit Facility) and changing the financing structure from a revolving to non-revolving line of credit, (iii) providing funds for the 2018 Project (which included additional financing for the 2014 Project) and (iv) paying the costs of issuance of the 2018 Credit Facility Note.

Pursuant to the Act, the General Bond Resolution, the 2020A Series Resolution, and the Trust Indenture, the Board and the 2018 Credit Facility Provider entered into certain amendments to the 2018 Credit Facility, dated October 23, 2020, for the purpose of (i) expanding the scope of purposes for which Credit Facility Advances (as defined therein) thereunder may be made to include Current Expenses (as defined therein) and (ii) adding certain provisions regarding the determination of the interest rate applicable to Credit Facility Advances thereunder.

The Board requested one Credit Facility Advance under the 2018 Credit Facility Note in the principal amount of $3,000,000 in May 2021, which was repaid in full on May 10, 2022. The parties agreed to close the line of credit, evidenced by the 2018 Credit Facility Note, effective October 12, 2022. Such 2018 Credit Facility Note is no longer outstanding.

The 2018 Project was financed with FAA grants and Airport revenues.

Taxable 2019 Series A Bonds

Pursuant to the Act, the General Bond Resolution, the 2019 Series Resolution, and the Trust Indenture, the Board issued its Taxable 2019 Series A Bonds for the purpose of providing funds to: (1) finance the 2019 Project; (2) refund the entire remaining outstanding principal amount of its Series 2012 Bonds; (3) refund a portion of the remaining outstanding principal amount of the 2016 Series A Bonds and the 2016 Series B Bonds; and (4) pay the costs of issuance of the 2019 Series A Bonds.

A portion of the remaining outstanding principal amount of the Taxable 2019 Series A Bonds in the amount of $14,445,000 will be refunded and defeased on the Date of Issuance with a portion of the proceeds of the 2023 Series A Bonds. See "PLAN OF FINANCE" herein.

APPENDIX E-1
FORM OF BOND COUNSEL OPINION
(TAX-EXEMPT SERIES 2023 BONDS)

The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Series 2023 Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Official Statement shall create no implication that Bond Counsel has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

[Date of Delivery]

Lexington-Fayette Urban County Airport Board
Lexington, Kentucky

Re: $29,160,000 Lexington-Fayette Urban County Airport Board General Airport Revenue and Revenue Refunding Bonds, 2023 Series A (Lexington-Fayette Urban County Government General Obligation) (Non-AMT) (the "2023 Series A Bonds");

$1,170,000 Lexington-Fayette Urban County Airport Board General Airport Revenue Bonds, 2023 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT), (the "2023 Series B Bonds" and together with the 2023 Series A Bonds, the "Tax-Exempt Series 2023 Bonds")

Ladies and Gentlemen:

We are acting as Bond Counsel and have examined the Constitution and laws of the Commonwealth of Kentucky, together with a certified copy of proceedings adopted by the Lexington-Fayette Urban County Airport Board (the "Board"), an agency of the Lexington-Fayette Urban County Government, created pursuant to Chapter 183 of the Kentucky Revised Statutes, in connection with the authorization, sale and issuance by the Board of its above-referenced Tax-Exempt Series 2023 Bonds, dated the date hereof.

The Tax-Exempt Series 2023 Bonds have been authorized and issued pursuant to Chapter 183 of the Kentucky Revised Statutes (the "Act") and a 2023 Series Resolution adopted by the Board on May 24, 2023 (the "2023 Series Resolution"). The Board has previously authorized a Trust Indenture dated as of November 1, 2008 (the "Trust Indenture"), as amended and supplemented from time to time (collectively, The Trust Indenture," as further described in ***Exhibit A*** hereto), by and between the Board and U.S. Bank Trust Company, National Association (as successor in trust to The Bank of New York Mellon Trust Company, N.A. and as successor trustee to U.S. Bank National Association), as trustee (the "Trustee").[†] Pursuant to the 2023 Series

[†] Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Trust Indenture.

Resolution, the Board has authorized the Tenth Supplemental Trust Indenture (as further described in ***Exhibit A*** hereto).

In addition, the Airport Facilities are being leased by the Board to the Lexington-Fayette Urban County Government (the "Urban County Government") pursuant to a Lease Agreement, dated as of November 1, 2008, as amended and supplemented from time to time (collectively, the "Lease," as further described in ***Exhibit A*** hereto) by and between the Board and the Urban County Government, for a period coterminous with the final maturity of any Outstanding Obligations. Pursuant to the 2023 Series Resolution, the Board has authorized the Eighth Supplemental Lease Agreement (as further described in ***Exhibit A*** hereto). Lease Rental Payments (as defined in the Lease) by the Urban County Government to the Board under the Lease are required to be sufficient to pay when due the principal of and the interest and the redemption premium, if any, on any Outstanding Obligations including the Tax-Exempt Series 2023 Bonds.

The proceeds of the 2023 Series A Bonds are to be used to (i) finance the 2023A Project, (ii) refund certain Outstanding Obligations, (iii) fund the Debt Service Reserve Fund, (iv) fund capitalized interest, and (v) pay the costs of issuance related to such 2023 Series A Bonds. The proceeds of the 2023 Series B Bonds are intended to be used to (i) finance the 2023B Project, (ii) refund certain Outstanding Obligations, (iii) fund the Debt Service Reserve Fund, (iv) fund capitalized interest, and (v) pay the costs of issuance related to such 2023 Series B Bonds.

In our capacity as Bond Counsel, we have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth herein. As to certain questions of fact, we have relied upon statements and certifications of certain of the officers, officials, directors and employees of the Board, consulting engineers and consulting financial experts and public officials. In rendering the opinions set forth herein, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons and the conformity to the originals of all documents submitted to us as copies. We have assumed that parties to contracts and documents other than the Board had the requisite power and authority to enter into and perform all obligations of all contracts and documents to which they are parties. We have assumed the due authorization by all requisite action, and the execution and delivery by such other parties of such contracts and documents, and the validity and binding effect thereof on such other parties. We have also relied, for purposes of the opinions set forth below, on the representations and warranties made in such documents by all parties thereto.

We have examined certified copies of the Indenture, the 2023 Series Resolution and the Lease and have relied on the representations made therein by the parties thereto, without undertaking to verify the same by independent investigation. We have relied on an opinion of even date herewith of Stites & Harbison, PLLC, counsel for the Board, as to the legal creation, existence and good standing of the Board, the legal authority of the Board to adopt the 2023 Series Resolution and to issue the Tax-Exempt Series 2023 Bonds and perform its duties and obligations thereunder, and with respect to other matters thereto. We have also examined a conformed copy of an executed and authenticated Tax-Exempt Series 2023 Bond of each series.

Based upon the foregoing, it is our opinion that, as of the date hereof:

1. The Board is a validly existing agency of the Urban County Government, created pursuant to Chapter 183 of the Kentucky Revised Statutes, and the Urban County Government is a political subdivision of the Commonwealth of Kentucky.

2. The Board has the valid right and lawful authority to adopt the 2023 Series Resolution, enter into the Tenth Supplemental Trust Indenture, enter into the Eighth Supplemental Lease, issue the Tax-Exempt Series 2023 Bonds and perform its duties, obligations and covenants pursuant to the terms and conditions of the 2023 Series Resolution.

3. The Indenture and the Lease have been duly authorized, executed and delivered by the Board and constitute valid and binding legal obligations of the Board, enforceable in accordance with their respective terms.

4. The Lease has been duly authorized, executed and delivered by the Urban County Government and constitutes a valid and binding legal obligation of the Urban County Government, enforceable in accordance with its terms.

5. The Lease Rental Payments, as defined in the Lease, unless paid from other sources, are payable from taxes to be levied by the Urban County Government without limitation as to rate.

6. The Tax-Exempt Series 2023 Bonds have been duly authorized and issued by the Board in accordance with the Constitution and laws of the Commonwealth of Kentucky, including the Act and the 2023 Series Resolution, and pursuant to the Act are issued by the Board for airport and air navigation facilities.

7. The Tax-Exempt Series 2023 Bonds are valid and binding special obligations of the Board and are enforceable in accordance with their terms, payable from and secured by a pledge of the General Revenues and the Pledged Funds, as defined in the Indenture, and the Lease Rental Payments.

8. Under existing law, including current statutes, regulations, rulings and judicial decisions and assuming continuing compliance by the Board with the covenants contained in the Tax Regulatory and No-Arbitrage Certificate, dated November 30, 2023, executed by the Board (the "Tax Certificate"), interest on the Tax-Exempt Series 2023 Bonds is excludible from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any 2023 Series B Bond during any period that it is held by a "substantial user" of the facilities financed with proceeds of such 2023 Series B Bonds or a "related person" of such "substantial user," as such quoted terms are defined for purposes of Section 147(a) of the Code. In the further opinion of Bond Counsel, under present law, (i) interest on the 2023 Series A Bonds <u>is not</u> an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and (ii) interest on the 2023 Series B Bonds <u>is</u> an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

9. Under the laws of the Commonwealth of Kentucky, as presently enacted and construed, interest on the Tax-Exempt Series 2023 Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the Tax-Exempt Series 2023 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions and taxing authorities.

Except as stated above, we express no opinion as to any federal or Kentucky tax consequences arising from the receipt of interest on the Tax-Exempt Series 2023 Bonds.

Other provisions of the Code may give rise to adverse federal income tax consequences to particular holders of the Tax-Exempt Series 2023 Bonds. The scope of this opinion is strictly limited to matters addressed above and no opinion is expressed hereby regarding such other federal or Kentucky tax consequences that may arise due to ownership of the Tax-Exempt Series 2023 Bonds.

Rights of the holders of the Tax-Exempt Series 2023 Bonds and the enforceability thereof under the same may be subject to the exercise of judicial discretion, the sovereign police powers of the Commonwealth of Kentucky and the Constitutional powers of the United States of America, and to bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

EXHIBIT A TO APPENDIX E-1
DEFINITIONS

"Lease" means collectively, the Lease Agreement, dated as of November 1, 2008, as supplemented by:

1. the First Supplemental Lease Agreement dated as of November 1, 2009;
2. the Second Supplemental Lease Agreement dated as of November 1, 2012;
3. the Third Supplemental Lease Agreement, dated as of March 1, 2013;
4. the Fourth Supplemental Lease Agreement, dated as of June 1, 2014;
5. the Fifth Supplemental Lease Agreement, dated as of October 1, 2016;
6. the Sixth Supplemental Lease Agreement, dated as of November 1, 2018;
7. the Seventh Supplemental Lease Agreement, dated as of November 1, 2019; and
8. the Eighth Supplemental Lease Agreement, dated as of November 1, 2023 (the "Eighth Supplemental Lease");

each by and between the Board and the Urban County Government.

"Trust Indenture" means collectively, the Trust Indenture, dated as of November 1, 2008, as amended and supplemented by:

1. the First Supplemental Trust Indenture, dated as of November 1, 2008;
2. the Second Supplemental Trust Indenture, dated as of November 1, 2009;
3. the Third Supplemental Trust Indenture, dated as of November 1, 2009;
4. the Fourth Supplemental Trust Indenture, dated as of November 1, 2012;
5. the Fifth Supplemental Trust Indenture, dated as of March 1, 2013;
6. the Sixth Supplemental Trust Indenture, dated as of June 1, 2014;
7. the Seventh Supplemental Trust Indenture, dated as of October 1, 2016;
8. the Eighth Supplemental Trust Indenture, dated as of September 1, 2018;
9. the Ninth Supplemental Trust Indenture, dated as of November 1, 2019; and
10. the Tenth Supplemental Trust Indenture, dated as of November 1, 2023 (the "Tenth Supplemental Trust Indenture"),

each by and between the Board and U.S. Bank Trust Company, National Association (as successor in trust to The Bank of New York Mellon Trust Company, N.A. and successor trustee to U.S. Bank National Association), as trustee (the "Trustee").

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APPENDIX E-2
FORM OF BOND COUNSEL OPINION
(TAXABLE 2023 SERIES C BONDS)

The form of the legal approving opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Series 2023 Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Official Statement shall create no implication that Bond Counsel has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

[Date of Delivery]

Lexington-Fayette Urban County Airport Board
Lexington, Kentucky

Re: $16,920,000 aggregate principal amount of General Airport Revenue Bonds, 2023 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable) (the "Taxable 2023 Series C Bonds")

Ladies and Gentlemen:

We are acting as Bond Counsel and have examined the Constitution and laws of the Commonwealth of Kentucky, together with a certified copy of proceedings adopted by the Lexington-Fayette Urban County Airport Board (the "Board"), an agency of the Lexington-Fayette Urban County Government, created pursuant to Chapter 183 of the Kentucky Revised Statutes, in connection with the authorization, sale and issuance by the Board of its above-referenced Taxable 2023 Series C Bonds, each dated the date hereof.

The Taxable 2023 Series C Bonds have been authorized and issued pursuant to Chapter 183 of the Kentucky Revised Statutes (the "Act") and a 2023 Series Resolution adopted by the Board on May 24, 2023 (the "2023 Series Resolution"). The Board has previously authorized a Trust Indenture dated as of November 1, 2008 (the "Trust Indenture"), as amended and supplemented from time to time (collectively, The Trust Indenture," as further described in ***Exhibit A*** hereto), by and between the Board and U.S. Bank Trust Company, National Association (as successor in trust to The Bank of New York Mellon Trust Company, N.A. and as successor trustee to U.S. Bank National Association), as trustee (the "Trustee") [†]. Pursuant to the 2023 Series Resolution, the Board has authorized the Tenth Supplemental Trust Indenture (as further described in ***Exhibit A*** hereto).

In addition, the Airport Facilities are being leased by the Board to the Lexington-Fayette Urban County Government (the "Urban County Government") pursuant to a Lease Agreement, dated as of November 1, 2008, as amended and supplemented from time to time (collectively, the "Lease," as further described in ***Exhibit A*** hereto) by and between the Board and the Urban County Government, for a period coterminous with the final maturity of any Outstanding Obligations.

[†] Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Trust Indenture.

Pursuant to the 2023 Series Resolution, the Board has authorized the Eighth Supplemental Lease Agreement (as further described in ***Exhibit A*** hereto). Lease Rental Payments (as defined in the Lease) by the Urban County Government to the Board under the Lease are required to be sufficient to pay when due the principal of and the interest and the redemption premium, if any, on any Outstanding Obligations, including the Taxable 2023 Series C Bonds.

The proceeds of the Taxable 2023 Series C Bonds are intended to be used to (i) finance the 2023C Project, (ii) fund the Debt Service Reserve Fund, (iii) fund capitalized interest, and (iv) pay the costs of issuance related to such Taxable 2023 Series C Bonds.

In our capacity as Bond Counsel, we have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth herein. As to certain questions of fact, we have relied upon statements and certifications of certain of the officers, officials, directors and employees of the Board, consulting engineers and consulting financial experts and public officials. In rendering the opinions set forth herein, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons and the conformity to the originals of all documents submitted to us as copies. We have assumed that parties to contracts and documents other than the Board had the requisite power and authority to enter into and perform all obligations of all contracts and documents to which they are parties. We have assumed the due authorization by all requisite action, and the execution and delivery by such other parties of such contracts and documents, and the validity and binding effect thereof on such other parties. We have also relied, for purposes of the opinions set forth below, on the representations and warranties made in such documents by all parties thereto.

We have examined certified copies of the 2023 Series Resolution, the Trust Indenture, and the Lease and have relied on the representations made therein by the parties thereto, without undertaking to verify the same by independent investigation. We have relied on an opinion of even date herewith of Stites & Harbison, PLLC, counsel for the Board, as to the legal creation, existence and good standing of the Board, the legal authority of the Board to adopt the 2023 Series Resolution and to issue the Taxable 2023 Series C Bonds and perform its duties and obligations thereunder, and with respect to other matters thereto. We have also examined a conformed copy of an executed and authenticated Taxable 2023 Series C Bond.

Based upon the foregoing, it is our opinion that, as of the date hereof:

1. The Board is a validly existing agency of the Urban County Government, created pursuant to Chapter 183 of the Kentucky Revised Statutes, and the Urban County Government is a political subdivision of the Commonwealth of Kentucky.

2. The Board has the valid right and lawful authority to adopt the 2023 Series Resolution, enter into the Tenth Supplemental Trust Indenture, enter into the Eighth Supplemental Lease, issue the Taxable 2023 Series C Bonds and perform its duties, obligations and covenants pursuant to the terms and conditions of the 2023 Series Resolution.

3. The Indenture and the Lease have been duly authorized, executed and delivered by the Board and constitute valid and binding legal obligations of the Board, enforceable in accordance with their respective terms.

4. The Lease has been duly authorized, executed and delivered by the Urban County Government and constitutes a valid and binding legal obligation of the Urban County Government, enforceable in accordance with its terms.

5. The Lease Rental Payments, as defined in the Lease, unless paid from other sources, are payable from taxes to be levied by the Urban County Government without limitation as to rate.

6. The Taxable 2023 Series C Bonds have been duly authorized and issued by the Board in accordance with the Constitution and laws of the Commonwealth of Kentucky, including the Act and the 2023 Series Resolution, and pursuant to the Act are issued by the Board for airport and air navigation facilities.

7. The Taxable 2023 Series C Bonds are valid and binding special obligations of the Board and are enforceable in accordance with their terms, payable from and secured by a pledge of the General Revenues and the Pledged Funds, as defined in the Indenture, and the Lease Rental Payments.

8. Under existing law, including current statutes, regulations, rulings and judicial decisions, interest on the Taxable 2023 Series C Bonds is fully includible in gross income for federal income tax purposes.

9. Under the laws of the Commonwealth of Kentucky, as presently enacted and construed, interest on the Taxable 2023 Series C Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the Taxable 2023 Series C Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions and taxing authorities.

Except as stated above, we express no opinion as to any federal or Kentucky tax consequences arising from the receipt of interest on the Taxable 2023 Series C Bonds.

Other provisions of the Code may give rise to adverse federal income tax consequences to particular holders of the Taxable 2023 Series C Bonds. The scope of this opinion is strictly limited to matters addressed above and no opinion is expressed hereby regarding such other federal or Kentucky tax consequences that may arise due to ownership of the Taxable 2023 Series C Bonds.

Rights of the holders of the Taxable 2023 Series C Bonds and the enforceability thereof under the same may be subject to the exercise of judicial discretion, the sovereign police powers of the Commonwealth of Kentucky and the Constitutional powers of the United States of America, and to bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

EXHIBIT A TO APPENDIX E-2
DEFINITIONS

"Lease" means collectively, the Lease Agreement, dated as of November 1, 2008, as supplemented by:

1. the First Supplemental Lease Agreement dated as of November 1, 2009;
2. the Second Supplemental Lease Agreement dated as of November 1, 2012;
3. the Third Supplemental Lease Agreement, dated as of March 1, 2013;
4. the Fourth Supplemental Lease Agreement, dated as of June 1, 2014;
5. the Fifth Supplemental Lease Agreement, dated as of October 1, 2016;
6. the Sixth Supplemental Lease Agreement, dated as of November 1, 2018;
7. the Seventh Supplemental Lease Agreement, dated as of November 1, 2019; and
8. the Eighth Supplemental Lease Agreement, dated as of November 1, 2023 (the "Eighth Supplemental Lease");

each by and between the Board and the Urban County Government.

"Trust Indenture" means collectively, the Trust Indenture, dated as of November 1, 2008, as amended and supplemented by:

1. the First Supplemental Trust Indenture, dated as of November 1, 2008;
2. the Second Supplemental Trust Indenture, dated as of November 1, 2009;
3. the Third Supplemental Trust Indenture, dated as of November 1, 2009;
4. the Fourth Supplemental Trust Indenture, dated as of November 1, 2012;
5. the Fifth Supplemental Trust Indenture, dated as of March 1, 2013;
6. the Sixth Supplemental Trust Indenture, dated as of June 1, 2014;
7. the Seventh Supplemental Trust Indenture, dated as of October 1, 2016;
8. the Eighth Supplemental Trust Indenture, dated as of September 1, 2018;
9. the Ninth Supplemental Trust Indenture, dated as of November 1, 2019; and
10. the Tenth Supplemental Trust Indenture, dated as of November 1, 2023 (the "Tenth Supplemental Trust Indenture"),

each by and between the Board and U.S. Bank Trust Company, National Association (as successor in trust to The Bank of New York Mellon Trust Company, N.A. and successor trustee to U.S. Bank National Association), as trustee (the "Trustee").

APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[SEE ATTACHED]

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is executed and delivered the 30th day of November, 2023 by the Lexington-Fayette Urban County Airport Board, Kentucky (the "Issuer") in connection with the issuance of its (a) $29,160,000 General Airport Revenue and Revenue Refunding Bonds, 2023 Series A (Lexington-Fayette Urban County Government General Obligation) (Non-AMT) (the "2023 Series A Bonds"); (b) $1,170,000 General Airport Revenue and Revenue Refunding Bonds, 2023 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT) (the "2023 Series B Bonds"); and (c) $16,920,000 General Airport Revenue Bonds, 2023 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable) (the "Taxable 2023 Series C Bonds"). The 2023 Series A Bonds, the 2023 Series B Bonds, and the Taxable 2023 Series C Bonds are referred to collectively herein as the "Series 2023 Bonds." The Series 2023 Bonds are to be issued by the Board pursuant to (a) Chapter 183 of the Kentucky Revised Statutes (the "Act"), (b) the General Bond Resolution (the "General Bond Resolution") adopted by the Board on October 15, 2008 and the 2023 Series Bond Resolution (the "2023 Series Bond Resolution") adopted by the Board on May 24, 2023 (collectively, the "Resolutions"), and (c) the Trust Indenture, dated as of November 1, 2008, as supplemented and amended (the "Trust Indenture"), by and between the Board and U.S. Bank Trust Company, National Association, as successor trustee.

The Issuer 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 2023 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"). The Board represents that the Lexington-Fayette Urban County Government (the "Urban County Government") is the only Obligated Person (as defined below) other than the Board, with respect to the Series 2023 Bonds at the time the Series 2023 Bonds are delivered to the Participating Underwriter (as defined below).

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 2023 Series Bond Resolution, the Trust Indenture, and/or the Series 2023 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 Filing" means collectively, the Annual Financial Information with respect to the Issuer and the Operating Data.

"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

(substantially in the form attached as Appendix B to the Offering Document). All such financial information shall be prepared using generally accepted accounting principles, 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 2023 Bonds (including persons holding Series 2023 Bonds through nominees, depositories or other intermediaries).

"*Bondholders*" shall mean any holder of the Series 2023 Bonds and any Beneficial Owner thereof.

"Event" shall mean the occurrence of any of the following events in connection with the Series 2023 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, 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 obligated person, 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 Bonds.

"Filing Date" means the date which is nine months following the end of the Issuer's fiscal year ending on the preceding June 30 (March 30), commencing with the fiscal year ending June 30, 2024.

"*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.

"Obligated Person" shall mean (a) the Issuer and (b) the Urban County Government.

"Offering Document" shall mean the Official Statement, dated November 8, 2023.

"Operating Data" shall mean with respect to the Issuer, financial and statistical data generally consistent with that contained in the Offering Document in Table 1 (to the extent expected debt service changes materially as a result of the sale of the Series 2023 Bonds), the table under the caption "SECURITY FOR THE SERIES 2023 BONDS – Historical Rate Covenant Compliance" and Tables 2 through 9. If any of the Annual Financial Information that is published by a third party is no longer publicly available, the Board shall include a statement to that effect as part of the Annual Financial Information for the year in which such lack of availability arises.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2023 Bonds required to comply with the Rule in connection with the offering of the Series 2023 Bonds.

"SEC" shall mean the United States 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), (3) and (4) below:

(1) Annual Financial Information with respect to the Issuer and Operating Data. Annual Financial Information with respect to the Issuer (when and if available) and Operating Data shall be provided not later than the Filing Date. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information.

(2) Information with respect to the Urban County Government. The Urban County Government currently files its audited financial statements (as part of its Annual Comprehensive Financial Report) and notices of Events with the MSRB, in connection with separate undertakings executed by the Urban County Government, in accordance with the terms of such undertakings. If the Urban County Government is not otherwise required

to file its audited financial statements under its separate undertakings and unless no longer required by the Rule, the Board will use reasonable efforts to cause the Urban County Government to file the information included in Appendix A to the Final Official Statement with the MSRB, in an electronic format and accompanied by identifying information as prescribed by the MSRB, not later than nine months following the end of each fiscal year of the Urban County Government ending on the preceding June 30.

(3) 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.

(4) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of the Issuer to provide any Annual Financial Information or Operating Data by the dates required herein.

(B) Information Provided to Public.

Annual Financial Information and, subject to the timing requirements set forth in subsection (A) and (3) 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 2023 Bonds, if required pursuant to the 2023 Series Bond Resolution, the Trust Indenture, or the Series 2023 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 or caused to be transmitted as provided in subsection (C)(2) of this Section 3 by the following means:

(a) to the Bondholders of outstanding Series 2023 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; and

(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 and/or the Disclosure Agent may require payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the administrative expenses of the Issuer or the Disclosure Agent 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 2023 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 Filing 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 Filing 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 Filing 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 2023 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 the 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.

SECTION 7. Notices.

Any notices or communications to the Issuer may be given as follows:

To the Issuer:

Blue Grass Airport
4000 Terminal Drive, Suite 206
Lexington, KY 40510
Telephone: (859) 425-3150
Attention: Vice President, Finance & Administration

[Remainder of page intentionally left blank]

[Signature page to 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 AIRPORT BOARD

By: ______________________________

Daniel B. Mason
Chair

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.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD, KENTUCKY

GENERAL AIRPORT REVENUE AND REVENUE REFUNDING BONDS, 2023 SERIES A AND GENERAL AIRPORT REVENUE BONDS, 2023 SERIES B AND 2023 SERIES C

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