



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014



*Cover by: Malcolm Stallons*

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014

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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Year Ended June 30, 2014

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**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

	Business-Type Activities					Total	Governmental Activities Internal Service Funds
	Enterprise Funds						
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>ASSETS</b>							
Current Assets:							
Cash	\$31,330,755	\$1,598,941	\$5,100,947	\$11,703,646	\$3,379,136	\$53,113,425	\$4,344,096
Investments	19,638,369	290,730	23,998,495	931,700	1,436,707	46,296,001	
Receivables:							
User Fees Receivable	8,004,377		1,367,773	1,699,880	456,971	11,072,030	120,439
Other Receivables	310,722	73,849	30,468	(704,152)	(35,867)	\$72,010	
Less Allowance for Uncollectible Accounts	(3,723,629)		(702,186)	(704,152)	(35,867)	(5,165,834)	
Inventories and Prepaid Expenses	356,547		433	6,041	36,903	399,924	334,530
Due from Other Funds		1,104,153	8,819	576,985	3,235,653	4,925,610	24,928,984
Restricted Investments:							
Reserved for Maintenance and Operation	7,305,945					7,305,945	
Reserved for Sinking Fund	4,916,590					4,916,590	
<b>Total Current Assets</b>	68,139,676	3,067,673	29,804,749	14,214,100	8,509,503	123,735,701	29,728,049
Non-Current Assets:							
Restricted Investments:							
Reserved for Capital Replacement	2,174,000					2,174,000	
Reserved for Debt Service	4,916,590					4,916,590	
Capital Assets:							
Land	1,825,534	32,578,646	5,194,637	1,543,824	400,000	41,542,641	
Land Improvements	254,476	25,500,678	16,575,425	157,788	3,207,206	45,695,573	
Buildings	3,034,578	117,534,398	219,445		55,351	120,843,772	
Sewer Plants	163,269,363					163,269,363	
Sewer Lines	179,645,170		366,314	2,921,112		182,932,596	
Leasehold Improvements		2,137,090				2,137,090	
Vehicles, Equipment, and Furniture	15,008,608	3,105,627	125,330	35,432	2,079,308	20,354,305	
Intangibles	1,985,902	69,281		228,455	1,534,909	3,818,547	
Less Accumulated Depreciation	(163,275,746)	(104,348,117)	(9,802,895)	(297,173)	(4,957,887)	(282,681,818)	
Construction in Progress	37,126,722			2,081,123		40,207,845	
Developments in Progress	8,042,170				1,000,000	9,042,170	
<b>Total Non-Current Assets</b>	254,007,367	76,577,603	12,678,256	6,670,561	3,318,887	353,252,674	0
<b>Total Assets</b>	\$322,147,043	\$79,645,276	\$42,483,005	\$20,884,661	\$11,828,390	\$476,988,375	\$29,728,049



**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	
<b>OPERATING REVENUES</b>						
User Charges	\$46,577,092	\$0	\$6,616,607	\$12,984,673	\$0	\$66,178,372
Fees	2,013,656		175,915	959	6,431,871	8,622,401
Exactions	801,569					801,569
License Fees and Permits					520,812	520,812
Rental Income		5,706,491				5,706,491
Theater Revenues		669,303				669,303
Gross Profit - Commissary					1,375,813	1,375,813
Other	1,155,128		272,467	133,892	1,151,454	2,712,941
<b>Total Operating Revenues</b>	<b>50,547,445</b>	<b>6,375,794</b>	<b>7,064,989</b>	<b>13,119,524</b>	<b>9,479,950</b>	<b>86,587,702</b>
<b>OPERATING EXPENSES</b>						
Treatment Plant	7,935,854					7,935,854
Collection System	4,461,052					4,461,052
Property Management		1,503,466				1,503,466
Theater Management		607,387				607,387
Landfill			3,685,709			3,685,709
Right of Way					301,325	301,325
Extended School Program					1,809,867	1,809,867
Prisoners' Account					573,409	573,409
Inmate Trust Account					1,269,784	1,269,784
Enhanced 911					2,361,860	2,361,860
CKY Network					450,919	450,919
Administration	20,773,379		1,525,660	9,011,332	161,615	31,471,986
Depreciation	8,047,827	4,278,149	848,828	101,290	104,400	13,380,494
Claims and Benefit Payments						2,584,778
<b>Total Operating Expenses</b>	<b>41,218,112</b>	<b>6,389,002</b>	<b>6,060,197</b>	<b>9,112,622</b>	<b>7,033,179</b>	<b>69,813,112</b>
<b>Operating Income (Loss)</b>	<b>9,329,333</b>	<b>(13,208)</b>	<b>1,004,792</b>	<b>4,006,902</b>	<b>2,446,771</b>	<b>(612,688)</b>



LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Income on Investments	994,308	29	2,791	23,720	710	1,021,558
Interest Expense and Fiscal Agent Fees	(2,345,864)	(2,334,416)		(26,680)		(4,706,960)
Amortization of Bond Costs	(100,411)	(172,089)				(272,500)
Gain (Loss) on Sale of Capital Assets	(1,451,967)	(2,506,476)	2,791	(2,960)	(198,233)	(4,156,135)
<b>Total Non-Operating Revenues (Expenses)</b>						0
<b>Income (Loss) Before Contributions and Transfers</b>	7,877,366	(2,519,684)	1,007,583	4,003,942	2,249,248	12,618,455
Transfers In	88,369,088	1,054,641	9,396	2,698,058	511,000	92,642,183
Transfers Out	(88,351,969)		(209,396)	(2,698,104)	(511,267)	(91,770,736)
<b>Change in Net Position</b>	7,894,485	(1,465,043)	807,583	4,003,896	2,248,981	(612,688)
<b>Net Position, Beginning</b>	231,950,811	27,451,816	28,055,057	14,016,974	9,131,589	973,175
<b>Net Position, Ending</b>	<u>\$239,845,296</u>	<u>\$25,986,773</u>	<u>\$28,862,640</u>	<u>\$18,020,870</u>	<u>\$11,380,570</u>	<u>\$360,487</u>

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

(67,395)  
\$13,422,507

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, 2014

	Business-Type Activities Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds		
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>							
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers	\$47,593,542	\$3,529,246	\$6,656,747	\$12,823,185	\$8,735,376	\$79,338,096	\$0
Receipts from Employees and Other Sources							27,970,275
Receipts from Interfund Services Provided		2,839,659				2,839,659	(8,344,207)
Payments to Suppliers	(15,104,610)	(2,911,991)	(5,294,024)	(4,684,139)	(5,077,494)	(33,072,258)	(2,440,095)
Payments to Employees	(9,237,412)		(658,114)	(3,760,327)	(3,403,226)	(17,059,079)	
Payments for Interfund Services Used	(2,111,930)		(112,994)	(648,089)	(164,969)	(3,037,982)	
Payments for Claims							(37,710,064)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>21,139,590</b>	<b>3,456,914</b>	<b>591,615</b>	<b>3,730,630</b>	<b>89,687</b>	<b>29,008,436</b>	<b>(20,524,091)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Transfers In	88,369,088	1,054,641	9,396	2,698,058	511,000	92,642,183	
Transfers Out	(88,351,969)		(209,396)	(2,698,104)	(511,000)	(91,770,469)	
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>17,119</b>	<b>1,054,641</b>	<b>(200,000)</b>	<b>(46)</b>	<b>0</b>	<b>871,714</b>	<b>0</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchase of Capital Assets	(28,407,848)	(47,135)	(16,629)	(1,670,644)	(737,567)	(30,879,823)	
Proceeds from Note Payable	13,265,955			769,904		14,035,859	
Principal Paid on Bonds	(3,505,220)	(2,130,000)		(59,208)		(5,694,428)	
Interest and Fiscal Agent Fees Paid on Bonds	(2,348,241)	(2,334,416)		(26,680)		(4,709,337)	
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(20,995,354)</b>	<b>(4,511,551)</b>	<b>(16,629)</b>	<b>(986,628)</b>	<b>(737,567)</b>	<b>(27,247,729)</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>							
Purchase of Investments		(30)	(2,791)		(410)	(3,231)	
Proceeds from Sales and Maturities of Investments	22,603,774					22,603,774	
Income on Investments	613,915	29	2,791	20,000	710	637,445	
<b>Net Cash Flows Provided by Investing Activities</b>	<b>23,217,689</b>	<b>(1)</b>	<b>0</b>	<b>20,000</b>	<b>300</b>	<b>23,237,988</b>	<b>0</b>
<b>Net Increase (Decrease)</b>	<b>23,379,044</b>	<b>3</b>	<b>374,986</b>	<b>2,763,956</b>	<b>(647,580)</b>	<b>25,870,409</b>	<b>(20,524,091)</b>
<b>Cash at Beginning of Year</b>	<b>7,951,711</b>	<b>1,598,938</b>	<b>4,725,961</b>	<b>8,939,690</b>	<b>4,026,716</b>	<b>27,243,016</b>	<b>24,868,187</b>
<b>Cash at End of Year</b>	<b>\$31,330,755</b>	<b>\$1,598,941</b>	<b>\$5,100,947</b>	<b>\$11,703,646</b>	<b>\$3,379,136</b>	<b>\$53,113,425</b>	<b>\$4,344,096</b>

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds						Governmental Activities Internal Service Funds
	Sanitary Sewer System	Public Facilities Corporation	Landfill	Water Quality	Other Enterprise Funds	Total	
<b>Operating Income (Loss)</b>	\$9,329,333	(\$13,208)	\$1,004,792	\$4,006,902	\$2,446,771	\$16,774,590	(\$612,688)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>							
Depreciation	8,047,827		848,828	101,290	104,400	13,380,494	
Allowance for Bad Debts	2,475,289		268,649	394,179		3,138,117	
<b>(Increase) Decrease in Assets:</b>							
Accounts Receivable	(2,531,482)		(231,548)	(296,339)		(3,059,369)	
Other Receivables	(77,764)	(6,889)	23,306		(744,574)	(805,921)	218,097
Inventories and Prepaid Expenses	(265,753)		9	2,059	(27,375)	(291,040)	34,283
Due from Other Funds		(820,914)	98,520	(576,985)	(1,558,302)	(2,857,681)	(19,530,691)
Developments in Progress	(342,213)					(342,213)	
<b>Increase (Decrease) in Liabilities:</b>							
Accounts Payable	1,109,869	40,298	(785,625)	89,899	(137,319)	317,122	110,400
Accrued Payroll	36,875		(1,780)	19,420	7,671	62,186	
Claims Payable							(743,492)
Due to Other Funds	3,270,862			(8,132)	(990)	3,261,740	
Unearned Revenue	(2,444)		(200,000)		(691)	(203,135)	
Other Liabilities	33,170	(20,522)	(435,251)	2,501		(420,102)	
Compensated Absences	56,001		1,715	(4,164)	96	53,648	
<b>Total Adjustments</b>	11,810,257	3,470,122	(413,177)	(276,272)	(2,357,084)	12,233,846	(19,911,403)
<b>Net Cash Provided by (Used In) Operating Activities</b>	\$21,139,590	\$3,456,914	\$591,615	\$3,730,630	\$89,687	\$29,008,436	(\$20,524,091)

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