

Presentation to Lexington-Fayette Urban County Government



2019 Audit Results

January 28, 2020



- Audit - opinion
- Audit - overall
- Overview of the Comprehensive Annual Financial Report (“CAFR”)
- Required Communications

Audit Opinion

- Note: Per Pages 13 – 15 of the CAFR



In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2019, 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.



General Fund Activity

- Note: Per Page 37 of the CAFR

(in millions)

General Fund

	<u>2019</u>	<u>2018</u>
Revenues	\$ 369.91	\$364.10
Expenditures	(369.26)	(363.38)
Other, net	<u>2.87</u>	<u>(0.37)</u>
Net change	<u><u>\$ 3.52</u></u>	<u><u>\$ 0.36</u></u>

General Fund Balances

- Note: Per Page 35 of the CAFR

(in millions)



	<u>2019</u>	<u>2018</u>
Nonspendable	\$ 2.29	\$ 2.48
Restricted for:		
Public Safety	1.03	0.81
Energy Improvement	0.63	0.60
Committed for:		
General Government	4.23	3.64
Economic Stabilization	35.35	34.02
Assigned to:		
General Government	16.15	15.40
Capital Projects	2.32	1.66
Unassigned	<u>5.93</u>	<u>5.76</u>
	<u>\$ 67.91</u>	<u>\$ 64.36</u>

New Accounting Standard – Fiduciary Activities



Implementation of Government Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*

Establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is (1) whether a government is controlling the assets of the fiduciary and (2) the beneficiaries with whom a fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

New Accounting Standard – Fiduciary Activities (continued)



Implementation of this standard resulted in:

- A reduction of the Prisoner's Account net position of \$627,876
- Creation of a new fiduciary custodial fund
- A reduction of the Sanitary Sewer System net position of \$29,270,139
- Establishment of a new Fiduciary Investment Trust

CAFR Page # 45 and #46

Required Communications



- Significant Accounting Policies are disclosed in Note 1 to the CAFR – pages 50-62
- There were no uncorrected misstatements
- There were no difficulties in dealing with management or disagreements with management

Required Communications



Certain estimates are considered “sensitive” because of the significance to the financial statements and the possibility the actual results could differ from expected results. These include:

- Compensated Absences
- Unfunded Post-Retirement Health Benefits
- Net Pension Liability and Net OPEB Liability
- Landfill Closure and Postclosure Care Liability
- Claims and Judgments Payable
- Depreciation Expense
- Allowance for Doubtful Accounts

Accounting Standards Effective FY2020 or Later



- Statement No. 87, *Leases* (FY 2021)
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (FY 2021)
- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* (FY 2020)
- Statement No. 91, *Conduit Debt Obligations* (FY 2021)



Thank You for Allowing
Us To Be of Service
To Lexington-Fayette Urban
County Government